

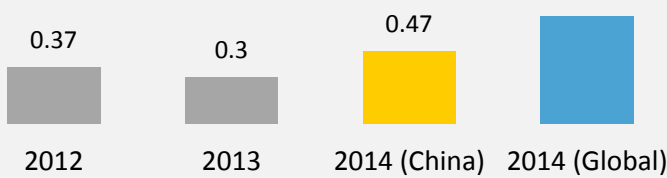


Factory Survey Analysis 2015 - Infographics

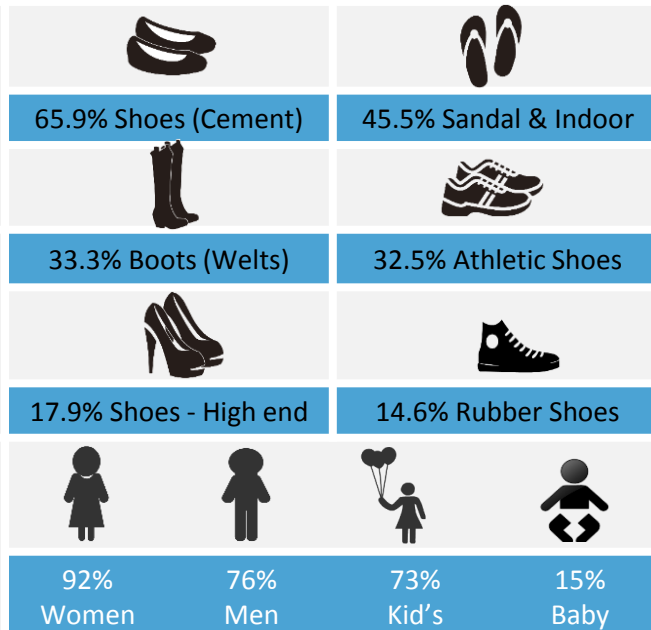
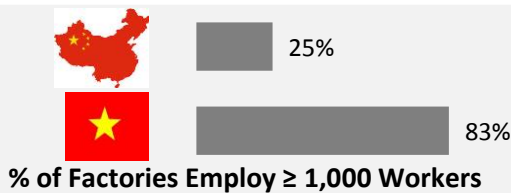
To better understand the complexity and dynamics of footwear production, in Mar 2015, FDRA in partnership with ELEVATE, invited footwear manufacturers to participate in the association's annual survey for the sixth consecutive year. As in previous years, the goal of the survey was to gain insight into the current state of footwear production in China and other emerging manufacturing countries and to develop a better understanding of how factories are managing the various challenges facing the industry

Factory Information

Total Pair of Shoes Shipped (Billion)

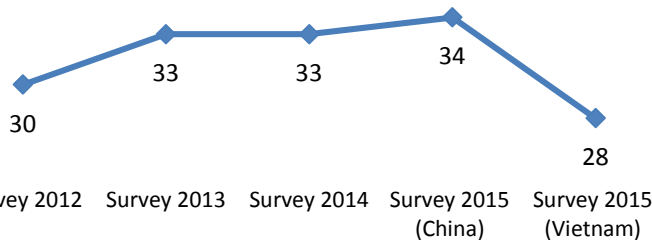


Avg. # of Employees



Employee Structure

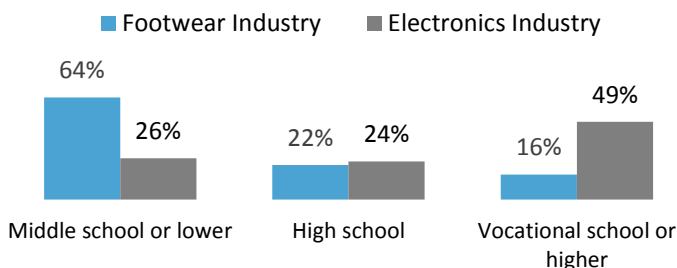
Average Age



% of Female Workers



Workers' Education Level



Use of Juvenile Workers

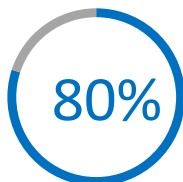
38% of Chinese manufacturers employ workers aged between 16 to 18 to varying degrees. This is 7% more than the percentage obtained in 2013 data. In some factories, juvenile workers make up as high as 15% of the total labor force. It is a more common practice amongst larger factories. 62% of factories that have more than 1,000 workers utilizing juvenile workers.

Business Challenges

Survey 2015	Survey 2014	Top Business Challenges
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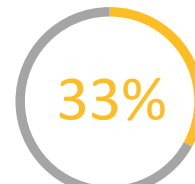
56%	59%	Raw Material Cost
53%	40%	Wage & Compensation
30%	19%	Business Competition
25%	47%	Labor Shortage
20%	16%	Finding Good Management
15%	8%	Economic Downturn
12%	26%	RMB Currency Appreciation

Seasonal Fluctuation



■ % Chinese Factories Experienced Seasonal Fluctuations

Small factories are hit the hardest by seasonality. The average gap is 65% for factories with < 300 workers.



■ % Vietnamese Factories Experienced Seasonal Fluctuations

Chinese factories utilize temporary workers during high season to help meet production needs.

Labor Shortage (China Data)

% of Factories Have Experienced Labor Shortage

Survey 2014	55%
Survey 2015	40%

Labor shortage is reported to be less of an issue this year with only 5 Chinese factories feeling labor shortage is a serious challenge for them.

Other Challenges

Wages (China Data)

10%	Wage Increased from 2014 (Non-Peak)
4%	Factories Do Not Pay Legal Minimum Wage.
34%	% of Migrant Workers Covered by Accident Insurance in The Manufacturing Sector (Official Data from National Bureau of Statistics of China)

Worker Retention

4%	Avg. Monthly Turnover Rate
17%	Workers Didn't Come Back after 2015 New Year
The data reported by factories is believed to be overestimating the stability of footwear workforce and not taking into account of the turnover of temporary workers.	

CSR & EHS Management

% Factories Have Full Time CSR Personnel

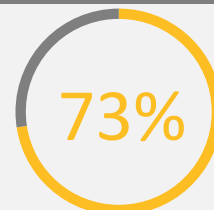
China: 60%

Vietnam: 73%

Auditing Experience



FDRA Code of Conduct



■ % Know FDRA Code of Conduct
■ % Don't know

The 2015 FDRA Factory Survey includes the aggregate findings of 123 responses. Survey reveals that despite the overall growth in production volume, Chinese factories are facing increasing competition from emerging producing countries, and are also suffering from continued domestic challenges in regards to production seasonality, labor shortages and increasing labor and material costs. For the full factory survey report, please contact us at info@fdra.org.

