



COMPANY: **Kathmandu**
COUNTRY: **China**
ASSESSMENT DATE: **10/08/15**
MONITOR: **Openview Service Limited**
PRODUCTS: **Apparel**
PROCESSES: **Cut, Sew, Full [= full package], Screen Printing/Printing,
Other, Packing, Pressing/Ironing**
NUMBER OF WORKERS: **340**
NUMBER OF WORKERS
INTERVIEWED:
ASSESSMENT NUMBER: **AA0000001873**

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Understanding this Assessment Report

This is a report of a workplace assessment conducted by Fair Labor Association assessors following FLA's Sustainable Compliance methodology (SCI), which evaluates a facility's performance in upholding fair labor standards through effective management practices throughout the entire employment life cycle.

This report identifies violations and risks of noncompliance with the Fair Labor Association Workplace Code of Conduct in its assessment of the employment functions, and includes a description of the root causes of violations, recommendations for sustainable and immediate improvement, and the corrective action plan for each risk or violation as submitted by the company. This document is not a static report; rather, it reflects the most recent progress updates on remediation in the "Progress Update" section for each finding.

Glossary

De minimis: A de minimis factory is a factory (1) with which the Company contracts for production for six months or less in any 24-month period; or (2) in which the Company accounts for 10% or less of the annual production of such facility. The FLA Charter states that in no event shall de minimis facilities constitute more than 15% of the total of all facilities of a Company, and the list of facilities designated as de minimis by a Company is subject to the approval of the FLA. Please note that collegiate-producing factories cannot count as de minimis.

Facility performance: how a facility rates in terms of a particular employment or management function, with 100% being the best possible score.

Fair labor standards: the minimum requirement for how workers should be treated in a workplace, as outlined in the [FLA Workplace Code of Conduct](#).

Employment life cycle: all aspects of an employee's relationship with the employer, from date of hire to termination or end of employment.

Code violation: failure to meet standards outlined in the FLA Workplace Code of Conduct in the workplace implementation of employment or management functions.

Employment Functions: The different components of the relationship between management and employees in a factory. An employment function is a process regulating an aspect of the employment relationship, such as the recruitment of workers. All employment functions together constitute the employment relationship between an employer and an employee.

1. Recruitment, Hiring & Personnel Development (e.g., performance reviews)
2. Compensation (e.g., wages, health care)
3. Hours of Work (e.g., overtime, documentation of working hours)
4. Industrial Relations (e.g., collective bargaining agreements)
5. Grievance System (e.g., worker communication with management)
6. Workplace Conduct & Discipline (e.g., discrimination, harassment)
7. Termination & Worker Retrenchment (e.g., downsizing, resignation)
8. Health & Safety (e.g., exposure to chemicals)
9. Environmental Protection (e.g., energy saving)

Management functions: violations or risks related to an employment function could be caused by the absence – or a problem in the operation – of any one of the management functions or in more than one.

1. Policy
2. Procedure
3. Responsibility & Accountability
4. Review Process
5. Training
6. Implementation
7. Communication & Worker Involvement
8. Support & Resources (only for the in-depth level)

Finding: indicators of potential gaps between desired and actual performance of the workplace on different employment functions.

Finding type

- **Immediate action required:** discoveries or findings at the workplace that need immediate action because they not only constitute

an imminent danger, risk the workers' basic rights, threaten their safety and well-being or pose a clear hazard to the environment, but also are clear non-compliances with the FLA Workplace Code of Conduct and local laws. Examples include a finding by the assessor that crucial fire safety elements are not in place or that there is underpayment of wages and/or worker entitlements or that there is direct discharge of waste water, etc.

- *Sustainable improvement required*: findings that require sustainable and systematic actions. The factory will be asked to tackle the underlying root causes and to do so in a long-term and systematic manner to bridge the gap between actual and desired performance. Examples include a finding by the assessor that there is lack of termination policies and procedures in the workplace, lack of grievance system, etc.
- *Notable feature*: indicates a remarkable feature or best practice at a workplace. Examples might include workers' wages and benefits that are significantly above the industry average, or community benefits such as free daycare.

Local law or Code Requirement: applicable regulations and standards in a workplace, which serve as the basis for an assessment, as per local law or FLA Workplace Code of Conduct. When these two do not concur, the stricter of the two standards applies.

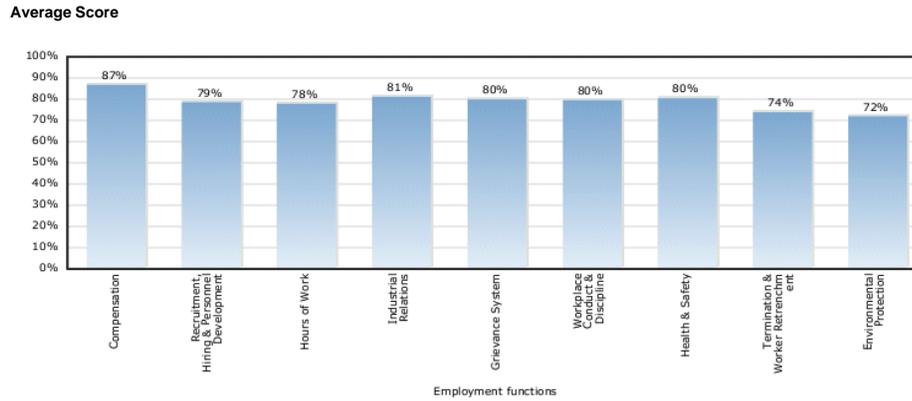
Root causes: a systemic failure within an employment function, resulting in a "finding." Findings are symptoms of underlying problems or "root causes." Consider, for example, the case of workers not wearing hearing protection equipment in a high noise area. The most expedient conclusion might be that the worker did not use the hearing protection equipment because such equipment was not provided by management. However, upon a more thorough evaluation of available information, the assessor might find that the worker was indeed supplied with hearing protection equipment and with written information about the importance of wearing hearing protection, but was not trained on how to use the equipment and that use of the equipment was not enforced in a consistent manner by management.

Company action plan: a detailed set of activities outlined by the sourcing company and/or direct employer to address FLA findings.

Factory Profile

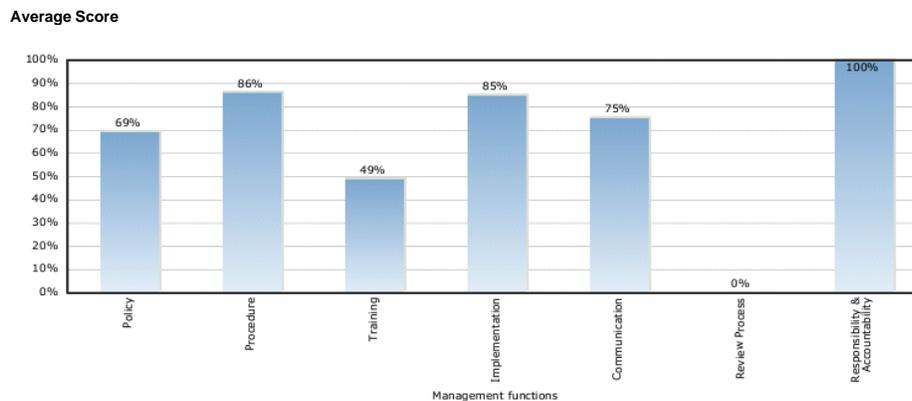
Score by Employment Function

Scores indicate a factory's performance related to a specific employment function based on an FLA assessment. A score of 100 percent indicates flawless operation of an employment function. A score of less than 100 percent indicates need for improvement.



Score by Management Function

Scores indicate a factory's performance related to a specific management function based on an assessment conducted for FLA by independent, accredited assessors. A score of 100 percent indicates flawless operation of a management function. A score of less than 100 percent indicates need for improvement.



Score Summary

Scores indicate the strength of management functions as they relate to different elements of the employment relationship (employment functions). For example (reading left to right), a score of 100 percent in the cell on the top left corner would indicate the existence of appropriate policies related to recruitment, hiring and personnel development.

Management Functions	Recruitment, Hiring & Personnel Development	Compensation	Hours of Work	Industrial Relations	Grievance System	Workplace Conduct & Discipline	Termination & Worker Retrenchment	Health & Safety	Environmental Protection
Policy	66.71%	66.67%	66.67%	75%	66.67%	66.67%	60%	60%	83.33%
Procedure	89%	100%	100%	100%	100%	83.33%	62.5%	85.71%	50%
Responsibility & Accountability	100%	100%	100%	100%	100%	100%	100%	100%	100%
Review Process	0%	0%	0%	0%	0%	0%	0%	0%	0%
Training	65.38%	33.33%	33.33%	0%	66.67%	25%	33.33%	70%	0%
Implementation	84.81%	88.89%	80%	100%	87.5%	100%	77.78%	81.58%	77.27%
Communication	83.33%	87.5%	75%	50%	75%	75%	66.67%	100%	0%

Summary of Code Violations

Companies that join the FLA agree to uphold the FLA Workplace Code of Conduct throughout their entire supply chain. The Code of Conduct is based on International Labour Organization (ILO) standards, and defines labor standards that aim to achieve decent and humane working conditions.

While it is important to note when violations of the FLA Workplace Code of Conduct occur, the purpose of these assessments is not simply to test compliance against a particular benchmark, but rather to develop an understanding of where and how improvements can be made to achieve sustainable compliance. Code of Conduct violations can be found throughout the course of an assessment of the employment and management functions, and are addressed in companies' action plans.

FLA Code Element	Number of Violations	Violations
Compensation	4	General Compliance Compensation Record Maintenance False Payroll Records
Employment Relationship	13	Workers Awareness and Understanding of Compensation General/Human Resource Management Systems Terms and Conditions/New Employee Orientation Terms and Conditions/Communication Terms and Conditions/Supervisor Training Administration of Compensation/Termination Payouts General/Documentation and Inspection Administration of Hours/Time Recording System Industrial Relations Work Rules and Discipline Skills Development/Management of Performance Reviews Skills Development/Promotion, Demotion and Job Reassignment Health, Safety, and Environmental Management System/Policies and Procedures Termination and Retrenchment/General Policies and Procedures
Health, Safety and Environment	7	General Compliance Health, Safety, and Environment Proper Use of Machinery Ergonomics Dormitory Facilities Permits and Certificates Evacuation Requirements and Procedure Personal Protective Equipment

Findings and Action Plans

FINDING NO.1

RECRUITMENT, HIRING & PERSONNEL DEVELOPMENT

FINDING TYPE: Immediate Action Required

Finding Explanation

1. There are no policies and procedures regarding employees' career paths or personnel development.

2. Although the factory has written policies and procedures outlining the review process for performance reviews, the factory does not conduct regular performance reviews for employees.
3. The job application form includes a question regarding marital status, which might lead to discrimination during the recruitment process.
4. The factory has not hired any disabled workers. The local law requires that at least 0.5% of the total workforce be comprised of disabled workers. Although the factory contributes to the Employment Security Fund in lieu of employing disabled workers as allowed under the local law, this practice carries the risk of discrimination based on the FLA Workplace Code and Benchmarks.
5. The factory does not provide workers with written documentation that substantiates all the issues covered in orientation briefings.

Local Law or Code Requirement

Regulation on the Employment of the Disabled (2007), Articles 8 and 9; FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.3, ER.15, ER.28, ER.29, and ER.30; Non-Discrimination Benchmarks ND.1 and ND.4)

Recommendations for Immediate Action

1. Remove the question regarding marital status from the job application form.

COMPANY ACTION PLANS

1. 1. Factory to create policies and procedures regarding employees' career paths and personnel development.
2. Factory to ensure regular performance reviews are conducted for employees according to their policy
3. Factory to remove question on marital status, which might lead to discrimination during the recruitment process.
4. Factory to investigate opportunities to hire disabled workers as opposed to contributing to the Employment Security Fund in lieu of employing disabled workers.
5. Factory to provide workers with written documentation that substantiates all the issues covered in orientation briefings.

Action plan status:	In Progress
Planned completion date:	04/30/16
Progress update:	08/08/16 : July 2016: Evidence provided for issues 2 & 4 with remaining in progress but not final. 05/02/16 : 2. Factory has an appraisal system (performance reviews) but could not provide the document during the audit. To improve filing and provide supporting evidence. 4. Factory does employ disabled workers but did not provide the document during the audit. To improve filing and provide supporting evidence.

FINDING NO.2

COMPENSATION

FINDING TYPE: Immediate Action Required

Finding Explanation

1. There were inconsistencies regarding working hours between the time records provided by factory management and the down feather distribution records collected from the raw materials warehouse. Due to this inconsistency, assessors could not draw conclusions on following related wage issues:
 - a. According to the down feather distribution records collected from the raw material warehouse, the warehouse staff distributed down feathers to the filling workshop on June 6, 2015, July 4, 2015 and August 8, 22, & 29, 2015 (Saturdays). However, according to the time records provided by factory management, these employees did not work on those days. There were a total of five discrepancies. The warehouse staff attributed the inconsistency in time records to mistakes in recording.
 - b. About 10% of the other interviewed employees reported that they occasionally worked on Sunday, even though the records the factory provided did not show Sunday work. During the closing meeting, assessors disclosed the details of the inconsistencies to factory management. Factory management also attributed these inconsistencies to errors in recording.
2. Due to an inconsistency found, assessors could not draw conclusions on social insurance coverage. One female employee who

was 52 years old and had reached the retirement age cannot participate in social insurance, according to the local law. However, the payroll showed a social insurance deduction as a personal contribution from her account in the past 12 months. During a private interview, this employee stated that she actually had not been deducted the personal contribution of social insurance. The factory has acknowledged this issue and had no further explanation for it.

3. The factory could not provide evidence to show that the contribution base for the five types of social insurance is in line with the legal requirements. The person in charge of social insurance was on personal leave on the assessment days. A review of social insurance payments from September 2014 to August 2015, and interviews, shows that the factory provided all 235 employees with work-related injury, pension, unemployment, medical, and maternity insurance in August 2015, however due to the lack of accurate payment records, assessors believe the contribution base is below the legal insurance contribution base.
4. The factory does not pay into the legally required Housing Provident Fund for any of the workers.

Local Law or Code Requirement

China Labor Law, Articles 72 and 73; Social Insurance Law of the PRC, Articles 12 and 58; Regulations on Management of Housing Provident Fund, Article 15; Shenzhen City Housing Provident Fund Deposit Management Interim Measure, Articles 3, 15, and 16; FLA Workplace Code (Employment Relationship Benchmarks ER.2 and ER.23; Compensation Benchmarks C.1, C.3, C.15, and C.16)

Recommendations for Immediate Action

1. Maintain complete and accurate wage records and social insurance receipts for assessment.
2. Since the social insurance records could not be verified, recommend the factory provide workers with legally required work-related injury insurance.

COMPANY ACTION PLANS

1. 1. Factory to ensure payroll records are accurate with no inconsistencies and managers are accountable.
- 2-4. Factory to ensure appropriate social insurance and Housing Provident Fund is paid in full for relevant workers.

Action plan status:	In Progress
Planned completion date:	06/01/16
Progress update:	08/08/16 : July 2016: Evidence provided however issue 2-4 is on-gong with long term continuous improvement being assessed. 05/02/16 : 1.Factory is recording the working hour by time recorder and will cross check the records to ensure accuracy. 2-4.Factory submitted social insurance payment records from Sep/14 to Aug /15 and will ensure filing is improved. Factory submitted KMD SI-HPF template for Sep/15 providing status of existing contribution% for all social benefits – communication underway to discuss improvement required for maternity and housing provident fund.

FINDING NO.3

TERMINATION & RETRENCHMENT

FINDING TYPE: Immediate Action Required

Finding Explanation

1. The factory does not have any retrenchment policies or procedures.
2. The policy, procedure, and implementation of the final payout for termination do not consider the benefit of remaining annual leave. The factory neither provides remaining annual leave nor reimburses it to resigned employees before termination.

Local Law or Code Requirement

Implementation Measures for Employee Paid Annual Leave, Article 10; Employee Paid Annual Leave Regulation, Article 5; FLA Workplace Code (Employment Relationship Benchmarks ER.19 and ER.32)

Recommendations for Immediate Action

1. Ensure the final payout for termination is in compliance with legal requirements.

COMPANY ACTION PLANS

1. Factory to create retrenchment policies and procedures.
2. The policy, procedure is to include implementation of the final pay-out for termination that includes remaining annual leave.

Action plan status: In Progress

Planned completion date: 02/28/16

Progress update: 08/08/16 : July 2016: Whilst evidence has been provided it does not fully meet requirement therefore progress is on-going for all issues.

05/02/16 : 2. Factory amended policy however KMD proposed further enhancement required..

FINDING NO.4

INDUSTRIAL RELATIONS

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. FLA Comment: The Chinese constitution guarantees Freedom of Association; however, the Trade Union Act prevents the establishment of trade unions independent of the sole official trade union – the All-China Federation of Trade Unions (ACFTU). According to the International Labor Organization (ILO), many provisions of the Trade Union Act are contrary to the fundamental principles of freedom of association, including the non-recognition of the right to strike. As a consequence, all factories in China fall short of the ILO standards on the right to organize and bargain collectively. Recently, however, the government has introduced new regulations that could improve the functioning of the labor relations' mechanisms. The Amended Trade Union Act of October 2001 stipulates that union committees have to be democratically elected at members' assemblies and trade unions must be accountable to their members. The trade union has the responsibility to consult with management on key issues of importance to their members and to sign collective agreements. It also grants the trade union an enhanced role in dispute resolution. In December 2003, the Collective Contracts Decree introduced the obligation for representative trade unions and employers to negotiate collective agreements, in contrast to the previous system of non-negotiated administrative agreements.

Local Law or Code Requirement

FLA Workplace Code (Freedom of Association Benchmark FOA.2)

COMPANY ACTION PLANS

1. Factory to advise of any activity to inform workers of their rights to form an association in the absence of any union.

Action plan status: In Progress

Planned completion date: 06/01/16

Progress update: 08/08/16 : July 2016: Evidence has been submitted however it does not meet full requirement therefore progress is on-going.

05/02/16 : Factory has a workers' representatives committee and factory will promote workers to organize the labor organization after CNY holiday. Factory submitted representative meeting organisational chart. KMD will seek further information on committee objectives and if any Collective Bargaining Agreement exists.

FINDING NO.5

WORKPLACE CONDUCT & DISCIPLINE

FINDING TYPE: Immediate Action Required

Finding Explanation

1. The disciplinary procedure calls for all disciplinary actions to be confirmed and signed by employees and then publicly posted. However, interviews with management and employees found that the factory does not actually implement the public posting of disciplinary actions.
2. The factory's current disciplinary procedure does not include a third party witness during the imposition of the disciplinary action.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.27; Harassment or Abuse Benchmark H/A.6)

Recommendations for Immediate Action

1. Eliminate the policy of publicly posting disciplinary actions with workers' names.

COMPANY ACTION PLANS

1. 1. Factory to amend disciplinary procedure to not be publicly posted.
2. Factory to amend disciplinary procedure to include a third party witness during the imposition of the disciplinary action.

Action plan status: Completed

Planned completion date: 04/01/16

Progress update: 08/08/16 : July 2016: Evidence provided supporting action required.

05/02/16 : Factory provided amended policy however whilst it addresses point 1, point 2 is outstanding.

Completion date: 08/01/16

FINDING NO.6

GRIEVANCE SYSTEM

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. Management does not maintain grievance records. According to interviews with workers and management, there were few grievances (mostly about the quality of the food at the canteen) in recent years, so grievances were handled verbally or through meetings with employees.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.2)

COMPANY ACTION PLANS

1. Factory to review and improve grievance policy and process to ensure all grievances are recorded and a manager is accountable. Suggestion that factory refer to "Grievance Toolkit" document provided by KMD to ensure process is robust.

Action plan status:	In Progress
Planned completion date:	04/01/16
Progress update:	08/08/16 : July 2016: Evidence submitted however follow up will continue on robustness of process. 05/02/16 : The factory has provided feedback on existence of comment boxes and provided some evidence of workers representative discussion at meetings however, a more robust process is yet to be verified.

FINDING NO.7

ENVIRONMENTAL PROTECTION

FINDING TYPE: Immediate Action Required

Finding Explanation

1. The factory does not communicate its environmental protection program to the general workforce, including new workers.
2. The factory discharged oil-contaminated water from the air compressor into the storm sewer.
3. The factory did not have an environmental impact assessment report available for the 7-story production building completed in 2012 (the factory uses the 3rd floor as office space and uses the 4th floor and 5th floor as warehouse space; the rest of the building is rented out to another factory) and for all dormitory buildings.

Local Law or Code Requirement

China Law of Prevention and Treatment of Water Pollution, Article 29; China Environmental Impact Assessment Law, Article 16; FLA Workplace Code (Employment Relationship Benchmark ER.1; Health, Safety & Environment Benchmarks HSE.1 and HSE.4)

Recommendations for Immediate Action

1. Collect the oil-contaminated water from the air compressor and dispose properly.
2. Obtain the environmental impact assessment for the 7-story production building.

COMPANY ACTION PLANS

1. 1. Factory to communicate its environmental protection program to the general workforce, including new workers.
2. Factory to cease to discharged oil-contaminated water from the air compressor into the storm sewer.
3. Factory to conduct an environmental impact assessment report available for the 7-story production building.

Action plan status:	In Progress
Planned completion date:	02/28/16
Progress update:	08/08/16 : July 2016: Evidence submitted for issue 3 with copy of full report. Issues 1 & 2 remain in progress. 05/02/16 : 2. Discussion taking place to build up an environmental committee to review factory existing problem and solution. 3. Environmental report submitted.

FINDING NO.8

HEALTH & SAFETY

FINDING TYPE: Immediate Action Required

Finding Explanation

1. There is not a backup battery for the emergency alarm.
2. Exit signs in the 7-story dormitory building and the canteen do not light up.
3. Emergency lights for both exits of the warehouse on the 2nd floor of product building 1 were malfunctioning.
4. There was no fire extinguisher available and no exit sign installed in the 3-story dormitory (around 100 square meters in size).
5. 80% of workers in the down filling workshop were wearing common cotton/non-woven masks instead of dust-proof masks.
6. The factory did not obtain the Report on Inspection and Acceptance of Completed Construction Project for the all of the factory buildings. The factory holds property ownership certificates for the 5-story dormitory building and the 6-story production building.
7. The factory did not have a Fire Permit or Filing Document for the 7-story dormitory building or the 3-story dormitory building. The factory did not provide information about the date these constructions were completed.
8. The factory does not conduct ergonomics management for workers, such as taking steps to reduce repetitive-motion stress/injuries or providing adjustable workstations for sitting workers. The factory does not provide anti-fatigue mats for workers who work in a standing position, and there are no removable armrests or proper backrests on chairs for sitting workers.

Local Law or Code Requirement

Law of the China on Work Safety, Article 37; Fire Prevention Law of the People's Republic of China, Article 13 and Article 16(2); Code for Design of Extinguisher Distribution in Buildings (GB50140-2005), Article 7.3.1; Code of Design on Building Fire Protection and Prevention (GB50016-2014), Article 10.3.5; Construction Law of the People's Republic of China, Article 61; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.4, HSE.5, HSE.7, HSE.17, and HSE.25)

Recommendations for Immediate Action

1. Install back-up batteries in the fire alarms in all buildings in the factory.
2. Repair the emergency lights and conduct effective regular check to ensure all emergency lights are in good condition.
3. Install a sufficient number of firefighting facilities, such as fire hydrants and fire extinguishers, in the 3-story dormitory building.
4. Provide proper personal protective equipment, and monitor to ensure that employees wear this equipment correctly.
5. Obtain the Report on Inspection and Report on Inspection and Acceptance of Completed Construction Project for the all of the factory buildings.
6. Obtain the Fire Permit or Filing Document for the 7-story dormitory building and the 3-story dormitory building

COMPANY ACTION PLANS

1. 1. Factory to ensure there is a backup battery for the emergency alarm.
2. Factory to ensure "Exit" signs in the 7-story dormitory building and the canteen light up.
3. Factory to ensure emergency lights for both exits of the warehouse on the 2nd floor of product building 1 are in working order.
4. Factory to ensure a fire extinguisher is available and an 'exit sign' is installed in the 3-story dormitory.

Action plan status:	Completed
Planned completion date:	02/28/16
Progress update:	08/08/16 : July 2016: Evidence submitted indicates requirement has been met. 05/02/16 : 1-4. Factory has taken action and submitted photo evidence for various locations throughout the factory.
Completion date:	08/01/16

2. Factory to provide appropriate PPE (personal protective equipment), and monitor to ensure that employees wear this equipment correctly. Specifically to ensure that dust-proof masks are provided, not common masks.

Action plan status:	In Progress
Planned completion date:	01/31/16
Progress update:	05/02/16 : Factory conducted briefing 15Oct to all workers about use of PPE. Factory submitted photo evidence on use of masks however further clarification required that the masks are correct

dust-proof. Communication underway to re-verify.

1. Factory to obtain the Report on Inspection and Acceptance of Completed Construction Project for the all of the factory buildings.
2. Factory to obtain a Fire Permit or Filing Document for the 7-story dormitory building and the 3-story dormitory building.

Action plan status: In Progress

Planned completion date: 02/28/16

Progress update: 05/02/16 : 1. An application has been made to the local government and update expected post CNY holiday. 2. A fire department certification has been provided however it does not clearly cover two separate dormitory building therefore communication continues.

4. Factory to review occupational health and safety practices including examples identified by auditor (repetitive motion risks / appropriate workstations / anti-fatigue mats / removable armrests / backrests). If no in-house knowledge exists, recommend engaging with an expert.

Action plan status: In Progress

Planned completion date: 02/28/16

Progress update: 05/02/16 : Factory seeking to identify training options for senior management.

FINDING NO.9

TRAINING (MACRO)

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. The factory does not provide training to managers and supervisors on the following Employment Functions: Recruitment, Hiring, & Personnel Development, Compensation, Hours of Work, Termination & Retrenchment, Industrial Relations & Freedom of Association, Workplace Conduct & Discipline, the Grievance System, and Environmental Protection.
2. The factory does not provide ongoing training to employees on the following Employment Functions: Recruitment, Hiring, & Personnel Development, Compensation, Hours of Work, Termination & Retrenchment, Industrial Relations & Freedom of Association, Workplace Conduct & Discipline, and Health, Safety, & Environmental Protection.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.2, ER.15, ER.17.1, ER.17.3, and ER.27)

COMPANY ACTION PLANS

1. 1. Factory to provide training to managers and supervisors on the following Employment Functions: Recruitment, Hiring, & Personnel Development, Compensation, Hours of Work, Termination & Retrenchment, Industrial Relations & Freedom of Association, Workplace Conduct & Discipline, the Grievance System, and Environmental Protection.
2. Factory to provide ongoing training to employees on the following Employment functions: Recruitment, Hiring, & Personnel Development, Compensation, Hours of Work, Termination & Retrenchment, Industrial Relations & Freedom of Association, Workplace Conduct & Discipline, and Health, Safety, & Environmental Protection.

Action plan status: In Progress

Planned completion date: 02/28/16

Progress update: 05/02/16 : Factory will look to build up a committee about internal training issue. Committee will seek a training course for senior staff

FINDING NO.10

WORKER INTEGRATION (MACRO)

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. The worker integration component is missing across all Employment Functions: Recruitment, Hiring & Personnel Development, Compensation, Hours of Work, Termination & Retrenchment, Industrial Relations, Workplace Conduct & Discipline, Grievance System, Health and Safety, and Environmental Protection. This indicates that the factory has not established procedures to request and/or receive workers' input/feedback regarding the creation, implementation, and updating of its policies and procedures. Workers are neither systematically integrated nor consulted in decision-making processes.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.1.3)

COMPANY ACTION PLANS

1. Factory to implement process to seek worker input/feedback regarding the creation, implementation and updating of policies and procedures. Workers should be consulted in decision-making processes. Specifically this is missing with regard to employment functions: Recruitment, Hiring & Personnel Development, Compensation, Hours of Work, Termination & Retrenchment, Industrial Relations, Workplace Conduct & Discipline, Grievance System, Health and Safety, and Environmental Protection.

Action plan status: In Progress

Planned completion date: 02/28/16

Progress update: 05/02/16 : .

FINDING NO.11

REVIEW PROCESS (MACRO)

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. The factory does not have policies and procedures for reviewing all Employment Functions: Recruitment, Hiring, & Personnel Development, Compensation, Hours of Work, Termination & Retrenchment, Industrial Relations, Workplace Conduct & Discipline, the Grievance System, and Health, Safety, & Environmental Protection. The factory has not conducted management or internal reviews to ensure that policies and procedures are updated according to local laws and the FLA Workplace Code and Benchmarks.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.3, ER.29.1, and ER.30.2)

COMPANY ACTION PLANS

1. Factory to ensure policies and procedures are in place for reviewing all Employment Functions: Recruitment, Hiring, & Personnel Development, Compensation, Hours of Work, Termination & Retrenchment, Industrial Relations, Workplace Conduct & Discipline, the Grievance System, and Health, Safety, & Environmental Protection.

Factory to conduct management or internal reviews to ensure that policies and procedures are updated according to local laws the

Action plan status: In Progress

Planned completion date: 06/01/16

Progress update: 05/02/16 : .

FINDING NO.12

COMPENSATION

FINDING TYPE: Notable Feature

Finding Explanation

1. The factory provides an annual free outing for all employees, estimated at about CNY 80 (~USD 12.63) per employee. This event is for employees to relax and participate in team building activities.
2. Air conditioners are installed in all dormitory rooms, which workers are allowed to use without restrictions.