



COMPANIES: Fast Retailing Co., Ltd.

COUNTRY: China

ASSESSMENT DATE: 10/26/16

ASSESSOR: FLA China

PRODUCTS: Apparel

NUMBER OF WORKERS: 740

FLA Comments

This report was submitted with a corresponding corrective action plan to the FLA and was reviewed by FLA staff. In an effort to improve the effectiveness of remediation, the FLA has provided feedback and recommendations to the company, however the recommendations regarding the Social Insurance Participation and Contribution Base and Housing Provident Fund have not been agreed or incorporated by the company. The report is posted in its current state and is considered finalized. Updates on the progress of the corrective action will be posted when received by the company.

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.

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	Violations
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Findings and Action Plans

FINDING NO.1

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Training (Macro)

Finding Explanation

1. The factory does not have an effective and robust training system. The orientation training provided to new workers does not cover Grievance System, Industrial Relations, or Environmental Protection.
2. The factory does not provide ongoing training to workers on any of the Employment Functions, except for Health & Safety.
3. The factory does not provide specific training for the relevant supervisors on national laws or any of the Employment Functions.
4. The factory does not provide training for the relevant HR personnel and administrative staff on Workplace Conduct & Discipline.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.2, ER.15.1, ER.15.2, ER.17.1, and ER.27)

COMPANY ACTION PLANS

1. The factory will establish the training content of Grievance System, Industrial Relations, or Environmental Protection into the training material and plan and HR manager will be in charge of the training of all the employee.

Planned Completion Date 06/30/17

Action plan status: Completed

Planned completion date: 03/24/17

Progress update: 1. Factory updated the grievance, industrial relations and Environmental Protection in the employee book from 2018/3/8 . In the orientation training, all new workers had been trained by the contents. 01/29/19

1. As per training program and record provided in the orientation training in Feb and Apr 2017, the orientation training did not cover grievance training, industrial relations and environmental protection. 03/13/18

1. in progress as plan 03/22/17

Completion date: 03/08/18

2. 2. Factory will added the training plan of employee about Employment Functions, such as personal operating skills. HR manager will keeps the training record from 2017.

Planned Completion Date
06/30/17

Action plan status: Completed

Planned completion date: 03/24/17

Progress update: 2. Factory had established the 2018 training plan which included the Employment Functions, such as wage, working time, bonus, health and environmental. and provide the training records for canteen, grievance, environmental protection, environmental monitoring and measurement procedure training 01/29/19

2. HR set up a on going training program from Jan to Jun 2017 for all depts., there was no any training plan for employment functions, such as working hour, industrial relations, work place conduct and disciplines 03/13/18

2. in progress as plan 03/22/17

Completion date: 12/01/18

3. 3. Factory will add the law training requirement and employment functions on the training plan and arrange the training to all the employee once a year. HR manager will keep the training records.

Planned Completion Date 06/30/17

Action plan status: Completed

Planned completion date: 03/24/17

Progress update: 3. Factory had trained the supervisor about labor law, minimum wage, bonus, working hour training and provide the training records. 01/29/19

3. HR did not set up training plan for the supervisors on national laws of employment functions, such as employment terminations, industrial relations , working hour regulations, wage, etc. 03/13/18

3. Factory are gathering the law material now and make the employment functions, once finished it, will arranged training. 03/22/17

Completion date: 11/30/18

4. 4. Factory will add the training plan of HR person and administrative staff about Workplace Conduct & Discipline. HR manager will keep the training record from 2017 August.

Planned Completion Date 08/01/17

Action plan status: Completed

Planned completion date: 03/24/17

Progress update: 4. HR manager provided training regarding Workplace conduct and discipline to HR personnel and Administrative staff on May 3 2017 by gathering in a meeting, the training feedback noted that they understood well on the workplace conduct and discipline. 01/29/19

4. Factory are in the process of material parepareing. 03/22/17

Completion date: 06/15/17

FINDING NO.2

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Communication & Worker Involvement (Macro)

Finding Explanation

1. The factory does not communicate its policies, procedures, and any updates with the general workforce on almost all Employment Functions on an ongoing basis, and only partly communicate regarding Health & Safety. While there is an orientation process during which all new hires are informed of some of the factory's rules and practices, there is no follow-up to communicate updates.
2. The worker integration component is missing from all Employment Functions. The factory has not established and implemented

procedures to include workers' input/feedback on the creation, implementation, and revision of its policies and procedures. Therefore, workers are neither systematically integrated nor consulted in the decision-making process.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.2, ER.1.3, ER.16.1, ER.25, ER.27, and ER.30.2; Compensation Benchmark C.17)

COMPANY ACTION PLANS

2. Factory will establish the communication procedure include how to gather the suggestion and feedback from employee, how to implement the feedback into factory daily management. On the management review, factory will add one input is employee feedback. Worker representatives will be in charge of collect the feedback from workers and communicate to all the related person.
Planned Completion Date 08/01/17

Action plan status: Completed

Planned completion date: 03/24/17

Progress update: 2. Add clause 6.7 to the employee handbook: Factory will communicate the factory policy and procedure to the worker representatives at the end of the year. And if there is new procedures updates, management will arrange the meeting with worker representatives within 1 week. If the employees have suggestions or comments, they can reflect them through the suggestion box or the phone call of the general manager. The factory will not retaliate. The company carries on the annual audit to the internal document, when the audit listens to the worker representative's opinion, after the internal audit completes, needs to communicate the result through the worker representative to the worker. Factory provide the training record of the employee book. 01/29/19

Completion date: 10/31/18

1. Factory will establish the communication procedure include how to publish the factory rules and updated policy to all of the employee. HR manager will be in charge of the procedure and implementation.
Planned Completion Date 06/30/17

Action plan status: Completed

Planned completion date: 03/24/17

Progress update: 1. Add clause 6.7 to the employee handbook: Factory will communicate the factory policy and procedure to the worker representatives at the end of the year. And if there is new procedures updates, management will arrange the meeting with worker representatives within 1 week. If the employees have suggestions or comments, they can reflect them through the suggestion box or the phone call of the general manager. The factory will not retaliate. The company carries on the annual audit to the internal document, when the audit listens to the worker representative's opinion, after the internal audit completes, needs to communicate the result through the worker representative to the worker. Factory provide the training record of the employee book.

1. No any communication procedure on employment function. 03/13/18

1. in progress as plan 03/22/17

Completion date: 10/31/18

FINDING NO.3

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Review Process (Macro)

Finding Explanation

The factory does not conduct periodic reviews of its policies and procedures for any of the Employment Functions, except Health & Safety, to ensure that they updated according to local law and FLA requirements.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.3, ER.29.1.1, and ER.30.2)

COMPANY ACTION PLANS

1. 1. Factory will add the input of management review to check if all the policies and procedures for any of the Employment Functions were updated according to local law and FLA requirements. HR manager will be in charge of it.

Planned Completion Date 08/01/17

Action plan status: In progress

Planned completion date: 03/24/17

Progress update: 1. Factory will not conduct the management review individually, will be as a part of Huacheng group to arrange the group management review, it will implement by the end of 2019. 01/29/19

FINDING NO.4

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

1. The factory's policy on employment contracts does not cover workers who sign employment contracts two consecutive times or for those with ten or more years of work experience, which makes them eligible to choose between an indefinite employment contract and a fixed-term contract. As a result, the factory has not informed workers of this right nor have they signed indefinite employment contracts with any [MH1] eligible employees; instead, they have signed one-year fixed term employment contracts with those workers.
2. The factory does not have written procedures that encourage the ongoing training of all categories of workers with the goal of raising or broadening skills in order to advance in their careers within the factory or beyond.
3. The factory's policy on performance reviews does not outline the steps and processes, demonstrate linkages to job grading, prohibit discrimination, provide written feedback, and comply with legal requirements. As a result, the factory does not conduct performance reviews for any of its workers.
4. The factory has a policy on promotion, demotion, and job reassignment, however, there are no corresponding procedures that outline the steps and requirements in the promotion, demotion, and job reassignment scheme. As a result, workers' promotions are based on the supervisors' general judgement, not on a formal appraisal with clear criteria. The written outcomes of promotions, demotions, and job reassignments are not provided to workers.

Local Law or Code Requirement

Law of Employment Contract of PRC (2008), Article 14; FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.28.1, ER.29.1, and ER.30)

COMPANY ACTION PLANS

1. 1. Factory will added the requirement of non-fixed term employment contract on procedure. For the person who are able to sign non-fixed term labor contract, factory will provide the paper document to let employee choose by themselves. HR department will add the training about the difference of fixed and non-fixed contract on the training program, arrange the training to all of the employee once a year.

Planned Completion Date 06/23/17

Action plan status: Completed

Planned completion date: 03/24/17

Progress update: 1-1. HR had updated the employee handbook in June 2017 for the contract fixed and non-fixed term contract by adding that workers can choose to sign indefinite contract after two consecutive times or for those with 10 or more years of work experiences in the same company. The factory does survey before the renew of contracts with workers if they would like to sign indefinite contract with the factory from Jan 2017 and the workers understand well on this before they select the coming contract type.
1-2. HR manager had gather the supervisors in meeting room to provide training on the updated policy on June 16 2017, and the workshop supervisor delivered training to each workshop in their daily morning meeting with workers;
1-3.HR staff posted the updated policy in the Notice Board so the workers can read the policy if they want. 01/29/19

Completion date: 06/15/17

2. 2. Factory will add career training into training plan of employee, HR manager will be in charge of the implementation.

Planned Completion Date 08/01/17

Action plan status: Completed

Planned completion date: 03/24/17

Progress update: 2. Factory had established the promotion and demotion procedure, and arrange the training to all the workers.Factory provide the training records. 01/29/19

2. There was no training plan nor personal development goal set up for all categories of workers. 03/13/18

2. The procedure is under preparing, and factory will arrange the discussion with workers and management first. 03/22/17

Completion date: 10/30/17

3. 3. Factory will establish the procedure of performance assessment and review the employee performance timely. HR manager will be in charge of the implementation.

Planned Completion Date 08/01/17

Action plan status: In progress

Planned completion date: 03/24/17

Progress update: 3. At recent stage, factory use the product quality and output to evaluate the performance of the workers. In the future, factory will considerate other aspects to be a part of the performance review, and establish the performance review procedure by the end of 2019. 01/29/19

3. HR reviewed the supervisors' performance from the following 4 aspects: a. 6S management onsite, productivity, skill level and attendance performance. 2. HR outlines the procedures to review workers' 6S management that relating to their incentive. The team review is conducted by supervisor monthly and review result would be posted in the workshop. Incentive and attendance performance reward would be reflected in their monthly wage; 3. HR is establishing assessment reviewing procedure to review employees' personal performance. 03/13/18

3. The procedure is under preparing, and factory will arrange the discussion with workers and management first. 03/22/17

4. 4. Factory will add the procedures that outline the steps and requirements in the promotion, demotion, and job reassignment scheme and publish to all the employee. HR and supervisor will promote employee according to the new procedure.

Planned Completion Date 08/01/17

Action plan status: Completed

Planned completion date: 03/24/17

Progress update: 4. Factory had established the promotion and demotion procedure and application form of promotion, and arrange the training for all the workers. The HR department will publish the vacant position timely. Factory provide the training record and application form. 01/29/19

4. HR currently reviews the promotions based on employee's personal performance for supervisors or above level in different dept. For the supervisor in sewing workshop, HR conduct monthly review for their monthly defect rate, workers' monthly turnover, etc, and then will have annually review for each supervisor, the data and review result will be treated a base of the promotion and job reassignment. 03/13/18

4. The procedure is under preparing, and factory will arrange the discussion with workers and management first. 03/22/17

Completion date: 09/30/17

FINDING NO.5

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

1. The factory's Recruitment process poses a risk of discrimination. The job application form used for all positions requires applicants to provide information regarding marital status and political status.
2. 5% of the workforce (36 workers) is made up of returning workers; these workers are subject to a repeat probation period. According to local law, returning employees should not be subject to additional probation terms in the same workplace.
3. At the time of the assessment, the factory only employed one disabled worker (0.14% of the total workforce), which is a violation of the legal requirement stating that at least 1.5% of the total workforce should consist of disabled workers. Additionally, the factory does not contribute to the Employment Security Fund in lieu of employing disabled workers. (Note: There are eleven people with disabilities listed on the factory's roster, however, only one of them actually works at the factory. The factory pays the other ten people a basic wage on a monthly basis in lieu of contributing to the Employment Security Fund).

Local Law or Code Requirement

Regulations on the Employment of Persons with Disabilities (2007), Articles 8 and 9; Labor Law of PRC (1995), Article 12; Law of Employment Contract of PRC (2008), Article 19; FLA Workplace Code (Employment Relationship Benchmarks ER.3.1 and ER.3.2; Non-Discrimination Benchmarks ND.1, ND.2.1, ND.4.1, and ND.9)

Recommendations for Immediate Action

1. Remove questions about marital and political status from all job application forms. Make employment decisions based solely on candidates' qualifications and abilities.
2. Review and revise returning workers' labor contracts so that they are not to be subject to additional probation terms in the same

workplace.

COMPANY ACTION PLANS

1. 1. We will add the statement on the employee book, the data of the marital status and political status is just for the welfare data summary, they will not be as recruitment condition. HR manager will be in charge of updating the procedure. Factory deleted the marital status and political status on the employee registration form. After factory hired the employee, HR will collect these information.

Planned Completion Date 06/30/17

Action plan status: Completed

Planned completion date: 03/24/17

Progress update: 1-1. HR added the statement that the data of politicals for all the personal data that would be just for the welfare data only in Jan 2017
1-2. HR manager deleted the marital and political status in the job registration in June 2017 and will collect those information if in need after workers have recruited.

Completion date: 06/16/17

2. 2. Factory will add a information checking on the job application form to check if the employee is a returning workers. For the returning workers, factory will not set the probation period. HR clerk will be in charge of the application form and the labor contract.

Planned Completion Date 06/23/17

Action plan status: Completed

Planned completion date: 03/24/17

Progress update: 2. The probationary is not imposed for the workers from Jan 2017 for those who resigned the factory before. HR staff checks the employees system if this worker worked in the factory before, If yes, no more probation for this worker.

Completion date: 06/15/17

3. 3. Factory will re-evaluate the position to find out if any position is suitable for the disable person. Then communicate with disable employee if they want to join the work . If they prefer to work, factory will train them and arrange the work.Factory will add the information on the job advertisement to welcome disabled person to apply for the job.And arrange the disabled person to the proper position.

Planned Completion Date 08/01/17

Action plan status: In progress

Planned completion date: 03/24/17

Progress update: 3. Factory had identified the positions which was suitable for disabled workers.Now sewing positions have hired two disabled workers . In the future, factory plan to hire more disabled workers. The attachment is one of the recruitment advertisement for the disabled workers. 01/29/19

3. Financial staff communicates with disable employees in the list for the value of their job and the applicable positions. 03/13/18

FINDING NO.6

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Compensation

Finding Explanation

1. The factory does not contribute to the legally required Housing Provident Fund for any workers. No workers contribute either.
2. The factory does not make a reasonable effort to ensure that workers understand the wage structure, especially how bonuses are calculated. The factory does not have an established criteria for the allocation of bonuses, and the workers interviewed did not know how to calculate their bonuses. In the interviews, they shared that they understood that they needed to work hard and have good and cooperative attitudes to receive bonuses.

Local Law or Code Requirement

Regulation on the Housing Provident Fund Management (2002), Article 15; FLA Workplace Code and Benchmarks (Employment Relationship Benchmarks ER.16.1 and ER.22; Compensation Benchmarks C.1, C.10, and C.17)

COMPANY ACTION PLANS

1. 1. Factory has set a long-term goal to increase the rate of join the Housing Provident Fund. Now, factory will arrange the related training to all the workers about the importance of the housing fund and the related law requirement. After training, factory will arrange the discussion with workers and trade union to find out the suitable rate and timeline to join the housing provident fund.

Planned Completion Date 12/30/27

Action plan status: Scheduled

Planned completion date: 03/24/17

Progress update: 1. Factory now was sold to another group, so for Housing Provident Fund program will according to the group plan, for now, still no plan to participate it. 01/29/19

2. 2. The factory will establish the bonus procedure to explain the structure of bonus. HR will arrange the training to all the workers and publish the bonus structure on the notice board for every worker to access easily.

Planned Completion Date 06/30/17

Action plan status: Completed

Planned completion date: 03/24/17

Progress update: 2. Factory had established the bonus regulation as attachment 7-2. The bonus was distributed the annual bonus after Spring festival, The bonus was based on the 6S, quality, skill level etc. Factory provide the training record of the employee. (attachment 7-1) 01/29/19

Completion date: 02/28/18

FINDING NO.7

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Compensation

Finding Explanation

1. According to the HR administrative handbook (employee handbook) and worker interviews, the factory does not take workers' external seniority (previous job experience prior to factory employment) into account when calculating annual leave, as required by law.
2. The factory does not have policies on prenatal leave or breastfeeding, as legally required. 65% of the workforce is female, however, there were no pregnant workers at the time of assessment.
3. The factory's policies on maternity and paternity leave provide new mothers with 98 days of paid leave and new fathers with 10 days of paid leave. As of January 1, 2016, local law requires employers to provide 128 days of paid maternity leave and 15 days of paid paternity leave. Termination payouts are paid on the 25th day of the month, at the same time as regular wage payments. According to local law, termination payouts should be paid within five days of the termination of employment but the factory's policies and practices do not reflect this.
4. The factory contributes to work-related injury insurance, maternity insurance, and unemployment insurance for all workers, but only contributes to pension insurance and medical insurance for 58.6% workforce. Furthermore, the factory calculates its contributions for all forms of social insurance based on the minimum contribution level (CNY 2420 per month (USD 360)) rather than workers' actual earnings, as legally required. Approximately 55% of the workers' wages are higher than the minimum contribution base.

Local Law or Code Requirement

Social Insurance Law of PRC(2010), Article 60; Zhejiang Province Pension Insurance Regulations (2008), Article 9; Implementation Measures of Employees' Paid Annual Leave (2008), Article 4; Special Rules on the Labor Protection of Female Employees (2012), Articles 6 and Article 9; Regulations of Zhejiang Province on Population and Family Planning(2016), Article 30; Regulation on Wage Payment of Zhejiang Province (2010), Article 15; FLA Workplace Code (Employment Relationship Benchmarks ER.14, ER.18, ER.22, and ER.32; Hours of Work Benchmarks HOW.1, HOW.11, HOW.12, and HOW.13; Compensation Benchmarks C.1 and C.10; Non-Discrimination Benchmark ND.8)

Recommendations for Immediate Action

1. Provide paid annual leave to all workers based on their cumulative work experience. Also review all unused annual leave payments from the past 12 months to ensure that workers have been fully compensated for all annual leave to which they are legally entitled based on external seniority. Retroactively compensate any workers who have been underpaid.
2. Establish and implement prenatal leave and breast-feeding policies. Communicate these policies to workers.
3. Update maternity and paternity leave policies to comply with the latest legal requirements. Communicate the new policies to workers.
4. Pay termination payouts to workers within five days of the termination of employment, as legally required
5. Contribute to pension and medical insurance for all workers. Calculate all social insurance contributions based on workers' actual earnings.

COMPANY ACTION PLANS

1. 3. Factory will update the payment procedure to add the timeline of the payment of the resigned person within 5 days. For the

employee who are unable to resign the work 30 days earlier, factory will have an agreement for the pay date with the resigned worker.

Planned Completion Date 06/30/17

Action plan status: Completed

Planned completion date: 03/24/17

Progress update: 3. Factory update the employee book, add the attachment of the resigned wage should be paid within 5 days if workers apply for leave 30 days ahead.
(employee book, attachment 13) and provide the training records.
(attachment 3) resigned workers wage slip (attachment 12) 01/29/19

3. Due to the performance rewarding is relating to the efficiency of workers in group, the wage could not be calculated before confirmation of the group efficiency, so the final settlement day for the payout is negotiating with the trade union and approaching the suggestion from local bureau. 03/13/18

Completion date: 12/31/17

2. 1. Factory will revise the annual leave policy about annual leave that workers external seniority can be taken into account and train workers on the policy. HR manager will revise the policy and keep the training records.

Planned Completion Date 06/30/17

Action plan status: Completed

Planned completion date: 03/24/17

Progress update: 1-1. HR revised the annual leave policy that the company will take workers' external seniority into account for annual leave if she/he can provide relevant proof as per regulation. The worker's who meets the criteria can take annual leave as per policy.
1-2. HR provides orientation training to workers in Feb and Apr 2017 and posted the new policy in Notice Board in Mar 2017. 01/29/19

Completion date: 06/15/17

3. 2. The factory will add the terms of the prenatal leave or breastfeeding in the employee handbook, HR manager will arrange the training to all the workers.

Planned Completion Date 06/30/17

Action plan status: Completed

Planned completion date: 03/24/17

Progress update: 2-1. HR added ""the pregnant female who is taking prenatal examination during working hour will be accounted as normal attendance with wage"" and ""female who is after childbirth within one year is entitled to take one hour leave every working day for breastfeeding "" into the employee handbook;

2-2. HR arranged policy update training to workshop supervisor on Jun 16 2017. Workshop supervisor had oral update for the policy in their daily morning meeting with workers;

2-3. HR staff posted the updated new policy in the Notice Board. 01/29/19

Completion date: 06/16/17

4. 3. The factory will add the terms of the 128 days of paid maternity leave and 15 days of paid paternity leave in the employee handbook, HR manager had arrange the training to all the workers.

Planned Completion Date 06/23/17

Action plan status: Completed

Planned completion date: 03/24/17

Progress update: 3-1. HR added the maternity leave for female would be 128 days and plus more days in accordance with regulated conditions in law and 15 days paid nursing leave for the new father into the employee handbook;

3-2. HR arranged policy update training to workshop supervisor on Jun 16 2017. Workshop supervisor had oral update for the policy in their daily morning meeting with workers;

3-3. HR staff posted the updated new policy in the Notice Board. 01/29/19

Completion date: 06/16/17

5. 4. Factory will arrange the training of both new employee and existing employee about the law and importance of the social insurance to strength the consciousness of joining the social insurance. Factory will discuss with the workers and trade union. Employee can join the social insurance anytime they wanted. Factory will aimed to raise the social insurance step by step. At recently stage, the rate will be 1% annually, and the contribution base will be the social insurance base.

Planned Completion Date 12/30/27

Action plan status: In progress

Planned completion date: 03/24/17

Progress update: 4. Factory arrange the training to the workers who did not want to join social insurance, to educate the benefits to them. Factory made the increase plan of the social insurance, add 5% every year at least. The proportion now is 50%, by 2019, 55%, by 2020 by 60%, plan to finish it by 2025. 01/29/19

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Hours of Work

Finding Explanation

1. The factory's production planning is based on 57 hours per week, which requires 17 hours of overtime per week on a regular basis.
2. The factory obtained a Cumulative Working Hours System (CWHS) waiver from the local labor bureau which is valid from January 1, 2016 to December 31, 2016 and allows for a total of 432 overtime hours over those 12 months. However, at the time of the assessment, workers had already worked 654 overtime hours (between January 1 2016 and October 25, 2016), exceeding this limit.
3. During the last 12 months, except for February 2016 (Chinese New Year), all workers' monthly overtime hours exceeded the legal limit of 36 hours. As the factory has already exceeded the maximum number of overtime hours allowed by the CWHS waiver, their exemption from the monthly overtime limit is no longer applicable. The maximum monthly overtime recorded was 79 hours in July 2016.

Local Law or Code Requirement

Labor Law of PRC, Article 41; Provisions of Irregular Work System and Cumulative Working Hour System (1994), Article 5; FLA Workplace Code (Hours of Work Benchmarks HOW.1, HOW.7, and HOW.8.3)

Recommendations for Immediate Action

1. Do not include overtime in production planning. The FLA affiliate Company's Sourcing and Social Compliance teams should: a) implement FLA Principles of Fair Labor and Responsible Sourcing and b) accordingly coordinate on the topics mentioned below to help the factory address its excessive hours issue: How to provide better order forecasts to the factories; Possible workshops/consultancy for the factory on how to improve productivity/quality; Clear guidelines on how to extend shipment deadlines in case of contingencies; Steps that factory management must follow if overtime is inevitable (steps for how to communicate with the brand's Sourcing and Social Compliance teams); Clear guidelines on the calculation and setting of reasonable production targets that will not demand work beyond regular working hours or during breaks; Clear guidelines on how and when the factory can use subcontractors and/or temporary workers to avoid excessive overtime.
2. Ensure that working hours do not exceed legal overtime limits, including the limit set by the Cumulative Working Hours System (CWHS).
3. Ensure that workers do not work over 36 hours of overtime per month, as the CWHS exemption is no longer applicable.

COMPANY ACTION PLANS

1. 1. Factory will set the production plan according to the normal working hours from December ,2018

Planned Completion Date 12/01/18

Action plan status: In progress

Planned completion date: 03/24/17

Progress update: 1. Factory purchased automation machine to increase the productivity, and now control the working hours within 57 hours, it will be decreased with the progress of the efficiency. 01/29/19

1. Factory had purchased new filing machine and computer synchronous devices to increase the productivity. 03/13/18

2. 3. Factory will establish a long-term improvement countermeasures by increasing the number of employees, improving production equipment capacity to reduce working hours. HR manager and production manager will be in charge of to monitor the working hours.

Planned Completion Date 12/01/18

Action plan status: In progress

Planned completion date: 03/24/17

Progress update: 3. Factory had purchased new filing machine and computer synchronous devices to increase the productivity. 03/13/18

3. 2. Factory will establish a long-term improvement countermeasures by increasing the number of employees, improving production equipment capacity to reduce working hours. HR manager and production manager will be in charge of to monitor the working hours.

Planned Completion Date 12/01/18

Action plan status: In progress

Planned completion date: 03/24/17

Progress update: 2. Factory had purchased new filing machine and computer synchronous devices to increase the productivity. 03/13/18

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Termination & Retrenchment

Finding Explanation

1. The factory does not have written policies or procedures on Retrenchment or retirement. Around 5% of workers in the factory who are of retirement age (60 years old for men, 50 years old for women, and 55 years old for women in management positions) choose to continue working there.
2. The factory's Termination procedures do not outline how to calculate terminated workers' unused annual leave payments nor provide terminated workers with payments for their unused annual leave.

Local Law or Code Requirement

Implementation Measures of Employees' Paid Annual Leave (2008), Article 10; FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.19, and ER.32.1; Compensation Benchmark C.1)

COMPANY ACTION PLANS

1. 1. Factory will establish the recruitment policy of the retired workers. HR manager will be in charge of the documents and arrange the training of the related person.

Planned Completion Date 06/30/17

Action plan status: Completed

Planned completion date: 03/24/17

Progress update: 1. HR created recruitment policy and procedure to recruit retired workers, listing out the recruitment conditions and how to manage the retired workers;
2. HR manager provided update training to the existing retired workers and the workers who is retiring soon in Apr 2017.
01/29/19

Completion date: 06/16/17

2. 2. The factory will add the statement on the annual leave procedure for the person who resigned but not used of the annual leave, factory will pay 3 times daily wage as the annual leave wage.

Planned Completion Date 06/30/17

Action plan status: Completed

Planned completion date: 03/24/17

Progress update: 2. Factory had update the employee book to add the requirement of the who did not used of the annual leave, factory will pay 3 times daily wage as the annual leave wage.

Completion date: 12/31/17

FINDING NO.10

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Workplace Conduct & Discipline

Finding Explanation

The factory's Workplace Conduct & Discipline procedures do not require that disciplinary actions be witnessed by a third party during imposition.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1 and ER.27.4)

COMPANY ACTION PLANS

1. 1. Factory will add the requirement of arrange the disciplinary actions be witnessed by a third party during imposition. Add the records of the witness on the disciplinary form. HR manager will be in charge of to update the procedure and arrange the training to all the workers.

Planned Completion Date 06/30/17

Action plan status: Completed

Planned completion date: 03/24/17

Progress update: 1-1.HR updated the Grievance procedure and employee handbook for workers as well as the disciplinary form, including the requirement of arrange the disciplinary actions be witnessed by a third party during imposition.
1-2. HR provided updated training to supervisors after updated the procedure and format and the supervisors delivered the update training onsite in their daily morning meeting to their workers.
1-3. HR posted the new grievance procedure onsite to remind the supervisors."

Completion date: 06/16/17

FINDING NO.11

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Grievance System

Finding Explanation

1. According to the factory's written grievance procedures, there are a number of channels available for workers to lodge complaints: face to face (speaking directly with supervisors), letters, telephone, fax and email. However, according to worker interviews, two thirds of the workers were only aware of the face to face option. About one third of interviewed workers reported that there is also a suggestion box they can use, but the rest did not know about the suggestion box. None of the interviewed workers understood the grievance resolution process.
2. There are two suggestion boxes in the factory, one located in the female dormitory area and one at the entrance to the office building. This setup does not ensure enough privacy or an easy access for workers to feel comfortable using this channel. Additionally, the grievance procedures are not posted next to the suggestion box or elsewhere in the factory, so workers do not understand the grievance resolution process.
3. The factory does not record the verbal grievances that workers raise to their supervisors. Only two grievances collected from the Human Resources (HR) manager's Wechat (a local social networking application) have been recorded and addressed over the past year.
4. According to the factory's Grievance System procedures, the factory does not accept anonymous complaints and grievances.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.2.1, ER.16.1, ER.25.2, and ER.25.3)

COMPANY ACTION PLANS

1. 4. Factory will update the grievances procedure. Give the definition of what is anonymous and real-name grievances. Employee can raise the anonymous grievance and the record will be kept from now on.

Planned Completion Date 06/30/17

Action plan status: Completed

Planned completion date: 03/24/17

Progress update: 4-1. HR updated the documented grievance policy by adding the acceptance of anonymous grievance;
4-2. The workers are also aware of the update. 01/29/19

Completion date: 06/15/17

2. 1. Factory will add one channel of grievance by MMS or We chat for employee to appeal to the general manager directly.Factory will arrange the training about the grievance procedure to all the employees again. And after the training, factory do the test about the training result to make sure workers already know the channel of grievance.Factory published the grievance procedure on the notice board and beside the suggestion box for employee to access it freely.

Planned Completion Date 06/30/17

Action plan status: Completed

Planned completion date: 03/24/17

Progress update: 1. Factory updated the grievance procedure. And provide the oral grievance record as attachment 01/29/19

- 1-1. HR updated the grievance procedure by adding the mobile message , Wechat as well as publishing the phone number of General manager as additional grievance channels.
- 1-2. HR added the new grievance procedure to the orientation training materials, and started to train workers in turn. The interviewed workers confirmed they've had relevant training, they said they can talk to line leader and workshop manager directly if they have problems, they also know they can put forward their ideas through the suggestion box.
- 1-3. There are still other grievance channels like the daily workshop morning meeting and the annual workers survey in place, factory is creating written procedure regarding these two commonly used channels. 03/13/18

Completion date: 12/31/17

3. 2. The suggestion boxes will be resettled on the drinking water area and toilet area and HR will inform every workers through weekly meeting.

Planned Completion Date
06/30/17

Action plan status: Completed

Planned completion date: 03/24/17

Progress update: 2. Factory had posted the new grievance procedure near the suggestion box. 01/29/19

2. The suggestion box was shifted to Canteen (previously in the office building) where can secure a better privacy for workers, factory has posted the anti-retaliation policy to the suggestion box. 03/13/18

Completion date: 08/31/17

4. 3. Factory will update the grievances procedure , all the grievances included the verbal grievances need to be recorded. And the procedure will have the timeline of how long to address the grievances from workers. HR manager will be in charge of the procedure and records.

Planned Completion Date 06/30/17

Action plan status: Completed

Planned completion date: 03/24/17

Progress update: 3. Factory provided the oral grievance record as attachment, and all the grievance need to respond within 15 days. 01/29/19

3. There is a daily morning meeting between workshop supervisor and workers, most of the workers would raise their suggestion or concerns to supervisor directly in oral. But there's still no records of such communication. 03/13/18

Completion date: 08/30/17

FINDING NO.12

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Industrial Relations

Finding Explanation

1. The factory has a trade union that was established in April 2013 under the ACFTU (All China Federation of Trade Unions). As the union chairman considers all workers to be union members, even without the workers' written consent, the factory does not have an application process in place for workers to join (or not to join) the union. All 40 of the workers interviewed expressed that they are not union members.

2. The union committee is comprised of eight committee members, however, all of them are factory management staff and were self-appointed, not elected by workers. Additionally, factory management nominated production line leaders/supervisors as union worker representatives without holding an election.

3. The factory does not provide a dedicated office space or other facilities for the union to exercise their daily work.

4. The Collective Bargaining Agreement (CBA) is neither posted nor provided to workers. As a result, none of the workers interviewed were aware of the CBA.

5. 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

Trade Union Law of PRC, Article 45; FLA Workplace Code (Employment Relationship Benchmark ER.16.2; Freedom of Association Benchmarks FOA.1, FOA.2, FOA.10, FOA.11, and FOA.15)

COMPANY ACTION PLANS

1. 1. The trade union committee will introduce the ACFTU to all of the employee and sign the registration form with all the employee, All the employee can choose if they want to join or not. The registration form will be kept by the trade union chairman.

Planned Completion Date 06/30/17

Action plan status: Completed

Planned completion date: 03/24/17

Progress update: 1. Factory has added the rights and duties of the trade union members in new workers' training. new workers will confirm whether they will join the trade union in written when signing the contract

Completion date: 06/15/17

2. 2. The trade union will establish the union election procedures. All the representatives need to be elected by all the workers. After the new representative elected, the trade union in factory will report to the city federation of trade unions.

Planned Completion Date 06/30/17

Action plan status: In progress

Planned completion date: 03/24/17

Progress update: 2. The union representative election was conducted in 2017/5, 4 of the newly elected representatives are first line workers. The new Trade union election procedure, the voting records, assignment letter and approval from upper trade union were all provided for review. The first union activity were also held after the election, the topic was to communicate the responsibility of union representatives. However, as there were few workers volunteerly to be the candidates of the union representatives, most candidates were still recommended by the mid-management of each workshop other than elected by the workers. 03/13/18

3. 4. Factory will publish the Collective Bargaining Agreement on the notice board and give the copy version to every workers.

Planned Completion Date 06/30/17

Action plan status: Completed

Planned completion date: 03/24/17

Progress update: 4. Factory signed the collective bargaining contract on March, 2018, published on the board, and train the worker representatives about the collection bargaining contract. 01/29/19

4. The union representatives have had meetings with factory management in 2017/4 for yearly wage increase, welfare and annual bonus, the agreement and outcome were also posted on the bulletin board, but the meeting was not held in form of a collective bargaining, it's more like a decision sharing regarding welfare from factory management to union members. The interviewed workers were still not clear of the meaning of collective bargaining and the content of it 03/13/18

Completion date: 03/30/18

4. 3. Factory has set up trade union activity room.

Action plan status: Completed

Planned completion date: 03/24/17

Progress update: 3. Factory has set up trade union activity room. 03/22/17

Completion date: 01/01/17

FINDING NO.13

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Environmental Protection

Finding Explanation

1. The factory does not have written policies or procedures on Environmental Protection, although some documents or systems exist to manage practices. However, these documents or systems do not include: a) a statement of the factory management's general support of energy and water efficiency and a commitment to minimize impacts with respect to air emissions, waste, hazardous materials and other applicable environmental risks; b) procedures for managing the environmental impact of the factory on its surroundings, or c) procedures enabling workers to raise environmental concerns or include protections for workers who allege environmental violations.
2. The factory has not identified whether its on-site operations generate any negative environmental impacts.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1 and ER.31)

COMPANY ACTION PLANS

1. 2. Factory will arrange the environmental monitoring by third party, make sure the report shows that the result is qualified and no negative impact to the environment.

Planned Completion Date 06/30/17

Action plan status: Completed

Planned completion date: 03/24/17

Progress update: 2-1. Factory contracted an independent institute to conduct environmental monitoring for the onsite management, including waste water, waste air emission, noise, all the inspected items are in compliance with local regulation.
2-2. Factory will conduct this monitoring on annual basis.

Completion date: 06/15/17

2. 1. Factory will establish the environmental protection procedure to include a environmental statement, procedures for managing the environmental impact of the factory on its surroundings and enable workers to raise environmental concerns or include protections for workers who allege environmental violations. EHS manager will be in charge of the procedure.

Planned Completion Date 06/30/17

Action plan status: Completed

Planned completion date: 03/24/17

Progress update: 1. Factory updated the environmental protection procedure, add Clause 4.7 workers have the right to submit comments and suggestions concerning the environment to the Factory Administration, and the factory will not retaliate against workers who raise questions. Factory established the Solid waste management procedure, and classify the garbage according to the procedure. 01/29/19

1. HR created an environmental protection statement, indicating how to save water, how to reduce the hazardous discharge for environment, however the real practice in place such as the annual assessment of factory's environmental impact, hazardous waste handling, staff awareness training, kitchen waste handling, living waste water treatment were not mentioned as a full set of environmental protection procedures 03/13/18

1. The procedure is under preparing. 03/22/17

Completion date: 03/29/18

FINDING NO.14

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Environmental Protection

Finding Explanation

There is an air emission filtration system integrated into the kitchen smoke exhauster, however the exhauster outlet faces the soil, causing several square meters of soil around the outlet to be contaminated by the smoke and oil.

Local Law or Code Requirement

Emission Standard of Cook Fumes, GB18483-2001, Article 5; FLA Workplace Code (Health, Safety & Environmental Benchmarks HSE.1)

Recommendations for Immediate Action

Restore the contaminated soil and take measures to prevent the smoke and oil from the kitchen from contaminating the soil in the future (i.e upgrade the air emission filtration system and/or install a containment system beneath the exhauster outlet to collect the smoke and oil which are not fully filtered).

COMPANY ACTION PLANS

1. 1. Factory will arrange the qualified third party to do the treatment of contaminated soil and make the baffle to prevent the soil be polluted by the exhauster.

Planned Completion Date 06/30/17

Action plan status: Completed

Planned completion date: 03/24/17

Progress update: 1. The factory equipped a container to collect the waste oil under the the kitchen smoke exhauster, no more waste oil would be discharged directly to the ground

Completion date: 12/01/16

FINDING NO.15

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The factory has not installed an alarm, explosion-proof sockets/switches, and anti-static facilities in the chemical warehouse, as legally required.
2. According to the applicable Material Safety Data Sheet (MSDS), workers who use detergent spray guns to remove stains need to be provided with protective goggles. However, the Personal Protective Equipment (PPE) is not provided and the eligible workers are not aware of the need of to use goggles.
3. The factory uses an extremely hazardous cleaning detergent (locally called QiangShui) which contains n-Hexane, according to the MSDS. The monthly consumption is approximately 5kg.
4. The factory has two down-filling workshops where workers need to use PPE (dustproof masks, dedicated work clothes, and hats). Although workers were using the correct PPE at the time of factory tour, there was no sign requiring the use of PPE in one of the workshops and the sign in the other workshop only required the use of dustproof masks.

Local Law or Code Requirement

Regulations on the Safety Administration of Dangerous Chemicals(2011), Article 20; Law of Prevention and Control of Occupational Diseases (2016), Articles 22 and 24; FLA Workplace Code (Health, Safety & Environmental Benchmarks HSE.1, HSE.5, HSE.7, HSE.8, HSE.9, and HSE.14.3)

Recommendations for Immediate Action

1. Install alarms, explosion-proof sockets/switches, and anti-static facilities in the chemical warehouse.
2. Provide protective goggles to workers who use detergent spray guns to remove stains. Retrain workers on proper PPE usage and monitor to ensure compliance.
3. Replace the hazardous cleaning detergent which contains n-Hexane with a less hazardous cleaning agent.
4. Post comprehensive PPE signs in both down filling workshops.

COMPANY ACTION PLANS

1. 1. Factory will install the alarm, explosion-proof sockets/switches, and anti-static electrical outlet in the chemical warehouse. EHS manager will train all the related employee about the anti-static facilities knowledge and arrange the monthly check of all the equipment.

Planned Completion Date 06/30/17

Action plan status: Completed

Planned completion date: 03/24/17

Progress update: 1. Factory had installed the alarm, explosion-proof sockets/switches, and anti-static electrical outlet in the chemical warehouse. EHS manager had trained all the related employee about the anti-static facilities knowledge and arrange the monthly check of all the equipment. 01/29/19

Completion date: 06/16/17

2. 2. EHS manager will arrange the training about PPE for all the related workers and supervisors again. Post the sign to remind workers to wear goggles when they operated. Supervisors will be assigned to check the PPE everyday. EHS manager will monitor the implementation.

Planned Completion Date 06/30/17

Action plan status: Completed

Planned completion date: 03/24/17

Progress update: 2-1. EHS manager provided proper PPE(e.g. Eye protector for related workers ;
2-2. EHS manager provided training including in the orientation training for the workers on the usage(why, when, how) of proper PPE;
2-3. Workers in this position are sent for occupational check periodically. 01/29/19

Completion date: 06/16/17

3. 4. Factory will add the proper sign on site to remind employee to wear the correct PPE. And EHS manager will update the procedure of occupational health to add the requirement of the sign. The related person will be trained by this new requirement.

Planned Completion Date 06/30/17

Action plan status: Completed

Planned completion date: 03/24/17

Progress update: 4-1. In the two down-filling workshops were set up reminding sign for the usage of PPE (goggles, mask , golve and uniform) ;

- 4-2. Occupational procedure updated for the requirement of the reminding sign.
- 4-3. Workers had been trained for the update. 01/29/19

Completion date: 06/16/17

4. 3. For the short period, factory provide the PPE to the related workers and arrange the occupational health check annually. Supervisor will check if the workers are wearing the proper PPE during the working time. For the long term, factory are looking for another harmless cleaner to reduce the harmlessness to the operators.

Planned Completion Date
12/01/17

Action plan status: Completed

Planned completion date: 03/24/17

Progress update: 3. Factory changed the products from down coat to pants, so now they are not use this cleaning detergent. 01/29/19

- 3-1. Workers are provided with PPE(goggles, mask , golve and uniform) and supervise workers to use;
- 3-2. Workers are sent for occupational check periodically;
- 3-3. EHS had sourced another substitute for N-hexane, but no functioning as the previous one, will keep looking for a proper one. 03/13/18

3. Factory had used another cleaner to instead of N-hexane. And the health check is under preparing. 03/22/17

Completion date: 12/30/18

FINDING NO.16

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. Workers who lift heavy objects are not trained on proper lifting techniques nor provided with lifting belts, increasing the risks of bodily strain. There was a recent case of a worker who lifts heavy objects missing several days of work to recover from bodily strain.
2. The factory does not have an ergonomic health program and is not taking proactive steps to reduce repetitive-motion stress/injuries. There are no ergonomic breaks and only the office staff have adjustable chairs with backrests- the production workers sit on wooden benches which do not have backrests and cannot be adjusted in height (workers bring in their own cushions to make the seating more comfortable). Furthermore, the factory has not provided anti-fatigue mats for workers in the inspection department who stand for long periods and workers reported they sometimes feel tired.

Local Law or Code Requirement

FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.17.1 and HSE.17.2)

Recommendations for Immediate Action

Provide workers who lift heavy objects with lifting belts and train them on proper lifting techniques.

COMPANY ACTION PLANS

1. 1. Factory will arranged the training on proper lifting techniques of the employee who carrying heavy objects. And provide the lifting belts to the related employee to reduce the risks of bodily strain.

Planned Completion Date 06/30/17

Action plan status: Completed

Planned completion date: 03/24/17

Progress update: 1-1. EHS manager trained the 4 of the lifting operators by oral;
1-2. Lifting belts are provided to operators who can use to reduce the risk of bodily strain.
1-3. Supervisor checks the usage of PPE daily.

Completion date: 06/15/17

2. 2. Factory had equipped the anti-fatigue mats to the workers in the workshop. Factory had purchased some back chairs to some sample workers to use during the working time. After they get the feedback from the workers, factory will purchase the most suitable back chairs for all the workers.

Planned Completion Date 12/01/17

Action plan status: In progress

Planned completion date: 03/24/17

Progress update:

2. Factory plan to establish the ergonomic health program in 2023. At recently stage, workers in the workshop are provided with anti-fatigue mats. After communicate with workers, the use of the chair which had back rest is not suitable for the on-site work, so factory will not adapt this backup chair but to provide the rest area for workers if they want to have a rest. 01/29/19

2. Workers in the workshop are equipped with anti-fatigue mats; 03/13/18

2. The mats had been distributed to the related person. The chairs are in progress. 03/22/17

FINDING NO.17

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The factory has switched one of the five production buildings to be used as a dormitory and canteen building, however, the fire safety approval has not been updated accordingly. Under local law, fire safety approvals need to be updated to reflect changes in the usage of a building.

2. Before March 2016, the factory did not provide pre-job and pre-departure occupational health examinations for workers who are exposed to hazards (feather dust). After this issue was identified in a customer's audit, the factory started to provide the occupational health examinations.

3. The factory does not have a system to record, track and analyze all accidents, injuries, or near miss instances. For instance, workers are not required to record when they use the first aid kit. Only major injuries, like a limb being stabbed by a needle, are recorded. As a result of not tracking and analyzing injury records, the factory is unable to identify the root causes of accidents and establish preventative measures.

Local Law or Code Requirement

Provisions on the Supervision and Administration of Fire Protection of Construction Projects(2012), Articles 2 and 13; Law of Prevention and Control of Occupational Diseases(2016), Article 35; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.3, and HSE.4)

COMPANY ACTION PLANS

1. 2. Factory will update the procedure of occupational health management, add the requirement of arranging the pre-job and pre-departure occupational health examinations for workers who are exposed to hazards. And EHS manager will be in charge of the implementation.

Planned Completion Date 06/30/17

Action plan status: Completed

Planned completion date: 03/24/17

Progress update: 2-1.HR manager updated the procedure of occupational health management by adding pre-job and pre-departure occupational health check for the related workers in Dec 2017
2-2. EHS manager arranges pre-job occupational check for related workers after the procedure updated in Dec 2016;
2-3. EHS manager arranged training to the workers who exposes to hazard elements on the pre-job and post-departure occupational health check, and the workers understands the practices; 01/29/19

Completion date: 06/16/17

2. 1 .Factory had arranged the qualified third party to do the fire acceptance report as the usage of dormitory, the local fire safety bureau did the inspection of the fire safety of the buildings annually, the factory had the inspection report.

Action plan status: Completed

Planned completion date: 03/24/17

Progress update: 1. The report had been got from the third party and fire safety bureau. 03/22/17

Completion date: 12/01/16

3. 3. Factory will establish the job safety analysis procedure, all the incident will be recorded included the usage record of the first aid kit. The related person will be trained.

Planned Completion Date 06/30/17

Action plan status: Completed

Planned completion date: 03/24/17

Progress update: 3-1. HR set up job safety analysis procedure to analysis the potential safety issue and preventative actions for each position.
3-2. HR started to record all the incidents, injuries, or near miss instances, including the record of usage of first aid kit from Dec 2016.

Completion date: 06/16/17