



COMPANIES: PVH Corp  
COUNTRY: China  
ASSESSMENT DATE: 04/22/16  
ASSESSOR: FLA China  
PRODUCTS: Apparel  
NUMBER OF WORKERS: 808

## 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

#### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Recruitment, Hiring & Personnel Development

##### Finding Explanation

1. The factory does not hire any disabled workers, which is a violation of the legal requirement that at least 1.5% of the total workforce be comprised of disabled workers. Furthermore, the factory did not contribute to the Employment Security Fund in lieu of employing disabled workers, as per local law.
2. The factory does not conduct any performance reviews for any production workers. The performance review policy and procedure has just been developed in October 2015.
3. There are no written job descriptions for any positions.
4. The factory's recruitment advertisements include discriminative clauses that require a) the procurement assistant to be female and between 20-30 years old; b) quality control staff to be female. From the current employee list, all the quality control staff and procurement assistants are female in line with the recruitment advertisements.
5. There was a repeated probation term for workers who resigned, reapplied and returned for employment. According to applicable legal regulations, returning employees should not be subject to additional probation terms in the same workplace.

##### Local Law or Code Requirement

Regulation on the Employment of Persons with Disabilities, Articles 8 and Article 9; Regulation on the Employment of the Disabled in Guangdong (2000), Article 6 and Article 8; Labor Law of PRC (1995), Article 12, Law of Employment Contract of PRC (2008), Article 19; FLA Workplace Code (Employment Relationship Benchmarks ER.1.1, ER.3, and ER.29; Nondiscrimination Benchmarks ND.1 and ND.2)

##### Recommendations for Immediate Action

1. Remove the discriminative clause of gender and age limits from recruitment procedure and all job advertisements (online and posted at the factory). Employment decision shall be made on candidates' qualifications and abilities only.
2. Stop the practice of repeated probation periods for returning workers. For those who are currently in the repeated probation period, cease the probation immediately.

## COMPANY ACTION PLANS

1. a. Immediate Action: The factory has employed two disabled workers and all relevant disability certifications are maintained. The factory has consulted with the local tax bureau which has confirmed that the factory is not required to pay into the Employment Security Fund as it has hired the requisite number of disabled workers.

b. Sustainable Action: The factory will continue to strengthen its social compliance and Human Resources management system to ensure compliance.

Planned Completion Date

07/31/16

Action plan status: Scheduled

Planned completion date: 07/24/16

2. a. Immediate Action: The factory's Performance Review Procedure was created in October 2015. All workers' performance bonuses will be linked to their associated performance review.

b. Sustainable Action: The factory will update the Performance Review Procedure with details regarding implementation as part of the factory's efforts to strengthen its Human Resources management system.

Planned Completion Date

07/31/16

Action plan status: Scheduled

Planned completion date: 07/24/16

3. a. Immediate Action: The factory has been in the process of drafting job descriptions for each relevant position.

b. Sustainable Action: The factory will continue to strengthen its social compliance and Human Resources management system to ensure compliance.

Planned Completion Date

07/31/16

Action plan status: Scheduled

Planned completion date: 07/24/16

4. a. Immediate Action: The factory has updated the Recruitment Policy by deleting the article which contains discriminatory language related to age and gender limitations.

b. Sustainable Action: The factory will continue to strengthen its social compliance and Human Resources management system to ensure compliance.

Planned Completion Date

07/31/16

Action plan status: Scheduled

Planned completion date: 07/24/16

5. a. Immediate Action: The factory has updated the fixed-term probationary contracts to reflect no probationary periods for returning employees, as per local law.

b. Sustainable Action: The factory will continue to strengthen its social compliance and Human Resources management system to ensure compliance.

Planned Completion Date

07/31/16

Action plan status: Scheduled

Planned completion date: 07/24/16

## FINDING NO.2

### IMMEDIATE ACTION REQUIRED

FINDING TYPE: Termination & Retrenchment

### Finding Explanation

1. There are no policies and procedures governing Retrenchment and Retirement. At the time of the assessment, there were 55 workers who are facing retirement within 5 years and who therefore are affected by the missing procedures and policies on Retirement.
2. The factory's termination payout procedure does not include a process for paying workers who leave the factory without notification. In practice, workers who leave the factory without notification did not receive termination payouts at all.

### Local Law or Code Requirement

Labor Law of PRC (1995), Article 50; FLA Workplace Code (Employment Relationship Benchmarks ER.1.1, ER.19.1, and ER.32.1)

### Recommendations for Immediate Action

Ensure that the termination payout is paid to workers who leave the factory without notification. Establish procedures to send registered notification letters to the workers' last registered address in order to inform workers of consequences of leaving without notification and the following steps, including termination payouts.

## COMPANY ACTION PLANS

1. a. Immediate Action: The factory is currently in the process of optimizing the Human Resources management system and drafting related SOPs in order to manage the full process i.e. recruitment to resignation. This includes the creation of a policy on Recruitment and Retrenchment. The anticipated completion date for this project will be August 2016. All new policies and procedures will be implemented after training and the factory will also work to educate workers on these new policies.

b. Sustainable Action: The factory will further strengthen the Human Resources management system and social compliance systems to ensure compliance in the future.

Planned Completion Date

07/31/16

Action plan status: Scheduled

Planned completion date: 07/24/16

2. a. Immediate Action: The factory will perform the following actions:

1.) The factory has assigned one administrative staff member to be responsible for addressing the issue that certain workers did not receive leave notification or termination payouts. The administrative staff member will inform the workers who have resigned under these terms that they may return to the factory to receive their payout.

2.) The factory will also immediately create files for each worker who has resigned which will include all related time records, payroll records and labor contracts etc. This process will help to ensure that all workers who have resigned receive termination payouts on the day of termination and that workers who have not submitted a resignation letter/application in advance will receive required payouts.

b. Sustainable Action: The factory will strengthen its social compliance system and Human Resources management system to ensure compliance in the future.

Planned Completion Date

07/31/16

Action plan status: Scheduled

Planned completion date: 07/24/16

## FINDING NO.3

### SUSTAINABLE IMPROVEMENT REQUIRED

### FINDING TYPE: Workplace Conduct & Discipline

### Finding Explanation

1. The factory implemented monetary fines as a form of workplace discipline from April to July 2015. For instance, worker A was deducted 10 CNY (USD 1.54) for leaving duty early in May 2015. However, the factory has ceased such practice since August 2015.
2. The policy and procedure on Discipline & Workplace Conduct indicates that any disciplinary actions should be posted on the bulletin boards; however, in practice, no disciplinary actions have been posted on the bulletin boards over the past 12 months
3. The policy and procedure on Discipline & Workplace Conduct does not include the following components, as required by FLA benchmarks:
  - a) Workers must be informed when a disciplinary procedure has been initiated against them. Workers have the right to participate and be heard if any disciplinary procedure is taken against them.
  - b) Workers must sign all written records of disciplinary action taken against them. Records of disciplinary action must be maintained

in the worker's personnel file.

c) The disciplinary system shall include a third party witness during imposition, and an appeal process.

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.27; Harassment or abuse Benchmarks H/A.2 and H/A.6)

### COMPANY ACTION PLANS

1. a. Immediate Action: The factory has eliminated the provisions outlining monetary fines for leaving duty early from its policies and has reimbursed workers all monetary fines imposed.

b. Sustainable Action: The factory will strengthen the Human Resources management system and its social compliance system to ensure compliance in the future.

Planned Completion Date

08/20/16

Action plan status: Scheduled

Planned completion date: 07/24/16

2. a. Immediate Action: The factory is in the process of updating its code of conduct including the policy on Discipline and Workplace Conduct to comply with social compliance standards in accordance with FLA benchmarks. All workers and union members will receive training on the new code of conduct and the policy on Discipline and Workplace Conduct and a record of training completion will be retained in the employees file. Additionally, the updated code of conduct will be posted on the bulletin board. Disciplinary actions will not be posted on the bulletin board.

b. Sustainable Action: The factory will strengthen the Human Resources management system and its social compliance system to ensure compliance in the future.

b. Sustainable Action: The factory will strengthen the Human Resources management system and its social compliance system to ensure compliance in the future.

Planned Completion Date

08/20/16

Action plan status: Scheduled

Planned completion date: 07/24/16

### 3. Workplace Conduct & Discipline 3

#### Details

a. Immediate Action: The factory is in the process of updating its code of conduct including the policy on Discipline and Workplace Conduct to comply with social compliance standards in accordance with FLA benchmarks.

b. Sustainable Action: All workers and union members will receive training on the new code of conduct and the policy on Discipline and Workplace Conduct. The factory will strengthen the Human Resources management system and its social compliance system to ensure compliance in the future.

Planned Completion Date

08/20/16

Action plan status: Scheduled

Planned completion date: 07/24/16

## FINDING NO.4

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Hours of Work

#### Finding Explanation

1. The factory's production planning is based on 50 hours/week, including overtime. This planning requires 10 hours' overtime per week on a regular basis.

2. On average, 25% of the workers worked for 73 hours per week on a regular basis for the last 12 months (except February 2016 – Chinese New Year), exceeding the FLA limit of 60 hours per week. In August 2015, weekly working hours reached 77 hours.

3. For the last 12 months (except February 2016 – Chinese New Year), 25% of the workers' monthly overtime ranged from 62 hours to 115 hours, with an average of 83 hours, exceeding the monthly legal limit of 36 overtime hours. The highest monthly overtime (maximum of 134 hours) occurred in August 2015.

4. In 9 out of 12 months, 25% of the workers' daily overtime ranged from 3.5 hours to 4.5 hours, exceeding the daily legal limit of 3 overtime hours.

5. The factory did not ensure one day off in each seven-day period for the last 12 months. 45% of the workers worked 7 - 13 days consecutively, with a maximum of 26 days in July 2015.

#### Local Law or Code Requirement

Labor Law of PRC, Articles 38 and 41; FLA Workplace Code (Employment Relationship Benchmark ER.24; Hours of Work Benchmarks HOW.1.3, HOW.2, and HOW.8.3)

#### Recommendations for Immediate Action

1. Ensure that workers' weekly hours do not exceed the FLA limit of 60 hours/week.
2. Ensure workers' monthly overtime hours does not exceed 36 hours.
3. Ensure workers' daily overtime hours does not exceed 3 hours.
4. Ensure that all workers receive a rest day in every 7-day period.
5. Ensure that overtime is not included as a general practice into the factory's production planning. 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:
  - a. How to provide better order forecasts to the factories;
  - b. Possible workshops/consultancy for the factory on how to improve productivity/quality;
  - c. Clear guidelines on how to extend shipment deadlines in case of contingencies;
  - d. Steps that factory management must follow if overtime is inevitable (steps for how to communicate with the brand's Sourcing and Social Compliance teams);
  - e. Clear guidelines on the calculation and setting of reasonable production targets that will not demand work beyond regular working hours or during breaks;
  - f. Clear guidelines on how and when the factory can use subcontractors and/or temporary workers to avoid excessive overtime.

## COMPANY ACTION PLANS

1. Sustainable Action: The factory is in the process of establishing control plans and conducting analysis and follow-up on different production plans in order to address the working hours issue. The factory and PVH have discussed this matter and are working to design corrective measures as the factory moves toward meeting FLA benchmarks.

Planned Completion Date

05/31/17

Action plan status: Scheduled

Planned completion date: 07/24/16

2. Sustainable Action: The factory is in the process of establishing control plans and conducting analysis and follow-up on different production plans in order to address the working hours issue. The factory and PVH have discussed this matter and are working to design corrective measures as the factory moves toward meeting FLA benchmarks.

Planned Completion Date

05/31/17

Action plan status: Scheduled

Planned completion date: 07/24/16

3. Sustainable Action: The factory is in the process of establishing control plans and conducting analysis and follow-up on different production plans in order to address the working hours issue. The factory and PVH have discussed this matter and are working to design corrective measures as the factory moves toward meeting FLA benchmarks.

Planned Completion Date

05/31/17

Action plan status: Scheduled

Planned completion date: 07/24/16

4. Sustainable Action: The factory is in the process of establishing control plans and conducting analysis and follow-up on different production plans in order to address the working hours issue. The factory and PVH have discussed this matter and are working to design corrective measures as the factory moves toward meeting FLA benchmarks.

b. Sustainable Action: The factory will assign administrative staff in order to ensure continued compliance with the requirement.

Planned Completion Date

05/31/17

Action plan status: Scheduled

Planned completion date: 07/24/16

5. "Immediate Action: The factory is in the process of establishing control plans and conducting analysis and follow-up on different production plans in order to address the working hours issue. The factory is also working towards ensuring one day off per seven working days and PVH and the factory have discussed this matter and will work to design corrective measures as the factory moves toward meeting FLA benchmarks. In an effort to begin to address this issue, the factory has communicated with workers to inform them that weekend work is voluntary.

Please note: PVH is examining new ways of evaluating hours of work so as to better inform CR, Sourcing and the factory about annual cycles and trends."

Planned Completion Date

05/31/17

Action plan status: Scheduled

Planned completion date: 07/24/16

## FINDING NO.5

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Compensation

##### Finding Explanation

1. The factory does not take workers' cumulative work experience (previous job experience prior to employment at the factory) into account when calculating annual leave, as legally required. The factory's fringe benefits policy states that workers are only able to enjoy such benefits after they have been working for the factory for at least one year.
2. The official national holidays for the Chinese New Year is five days; however, most workers at the factory are not local and therefore return to their home villages to celebrate the holidays. Thus, the factory regularly provides 10 to 15 days, as a common practice in China, combining annual leave with the Chinese New Year holiday. This practice was uniformly arranged by the factory management, without worker consultation or consent. As a result, workers have to apply for unpaid leave during the rest of the year since their annual leave was already used during the Chinese New Year.
3. Workers' paid annual leave was uniformly arranged during the Chinese New Year holiday, without worker consultation or consent. As a result, most of the workers applied for unpaid leave during the rest of the year.
4. There is no policy and procedure with regard to prenatal leave.
5. Other fringe benefits, such as sick leave, maternity leave, marital leave and funeral leave have been written in the employee handbook; however, 95% of the interviewed workers were not aware of such benefits. Practically, none of the workers have asked for sick leave, maternity leave, marital leave and funeral leave.

##### Local Law or Code Requirement

Implementation Measures of Employees' Paid Annual Leave (2008), Articles 4; Special Rules on the Labor Protection of Female Employees, Article 6; FLA Workplace Code (Employment Relationship Benchmark ER.16 and ER.22.1; Compensation Benchmarks C.1 and C.17.1.3; Nondiscrimination Benchmark ND.8, Hours of Working Benchmarks HOW.11)

##### Recommendations for Immediate Action

Provide workers with the legally mandated leaves based on their seniority status (previous job experience prior to employment at the factory). Regularly train and communicate workers on annual leave, sick leave, maternity leave, marital leave, prenatal leave, and funeral leave.

### COMPANY ACTION PLANS

1. a. Immediate Action: Employees cumulative work experience will be taken into account when calculating annual leave, as legally required and relevant policies will be updated accordingly.

b. Sustainable Action: The factory will strengthen its Human Resources department and management system in order to comply with social compliance standards.

Planned Completion Date

08/31/16

Action plan status: Scheduled

Planned completion date: 07/24/16

2. a. Immediate Action: The factory is in the process of adjusting its system to allow employees the freedom to choose how their annual leave time will be utilized. Workers will be able to choose whether they wish their annual leave to be merged with the New Year holiday break or may also apply for leave during other time periods without limitation.

b. Sustainable Action: The factory will strengthen its Human Resources department and management system in order to comply with social compliance standards.

Planned Completion Date

08/31/16

Action plan status: Scheduled

Planned completion date: 07/24/16

3. a. Immediate Action: The factory is in the process of adjusting its system to allow employees the freedom to choose how their annual leave time will be utilized. Workers will be able to choose whether they wish their annual leave to merged with the New Year holiday break or may also apply for leave during other time periods without limitation.

b. Sustainable Action: The factory will strengthen its Human Resources department and management system in order to comply with social compliance standards.

Planned Completion Date

08/31/16

Action plan status: Scheduled

Planned completion date: 07/24/16

4. a. Immediate Action: The factory is currently in the process of implementing policies on pre-natal leave and related benefits for eligible workers.

b. Sustainable Action: The factory will strengthen its Human Resources department and management system in order to comply with social compliance standards.

Planned Completion Date

08/31/16

Action plan status: Scheduled

Planned completion date: 07/24/16

5. a. Immediate Action: The factory will train workers on all available benefits including, sick leave, maternity leave, marital leave and funeral leave.

b. Sustainable Action: The factory will strengthen its Human Resources department and management system in order to comply with social compliance standards.

Planned Completion Date

08/31/16

Action plan status: Scheduled

Planned completion date: 07/24/16

## FINDING NO.6

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Compensation

##### Finding Explanation

1. Factory did not pay into the Housing Provident Fund for any employees, as per local law.

2. 2% of the workers are not covered by work-related injury insurance and medical insurance. 5% of the workers are not covered by maternity insurance. 63% of the workers are not covered by pension insurance and unemployment insurance. In addition, the factory provides commercial accident insurance for all workers who are not covered with work-related injury insurance. Furthermore, among those who contribute to work-related injury insurance, maternity insurance, pension, and unemployment insurance, all of their contribution base is lower their actual earnings. The same occurs to 57% of the workers who contribute to medical insurance. Thus, the contribution base is not in alignment with legal requirement.

##### Local Law or Code Requirement

Labor Law of PRC, Article 72; Social Insurance Law of PRC, Articles 58 and 60; Regulation on Work-Related Injury Insurances (2004), Article 2 ; Notice on Social Insurance Contribution Base of Dongguan City (2015); Regulation on the Housing Provident Fund Management (2002), Article 15; FLA Workplace Code (Employment Relationship Benchmark ER.22)

##### Recommendations for Immediate Action

Ensure that 100% of the workers are covered by work-related injury insurance.

### COMPANY ACTION PLANS

1. "Immediate Action: The factory has signed a contract for commercial injury insurance which will be formally delivered in August 2016. Factory will gradually work toward appropriately paying into all legally required funds and programs.

b. Sustainable Action: The factory will strengthen its Human Resources department and management system in order to comply with social compliance standards including payment into all legally required funds and programs.

Planned Completion Date

08/31/16

Action plan status: Scheduled

Planned completion date: 07/24/16

2. a. Immediate Action: The factory is in the process of purchasing commercial injury insurance which will aim to cover 100% of workers. The factory will pay into all legally required funds or programs. Additionally, the factory will encourage workers to participate in all social insurance schemes.

b. Sustainable Action: The factory will train workers to raise awareness about social insurance schemes available to workers to encourage their participation in such programs.

Planned Completion Date

08/31/16

Action plan status: Scheduled

Planned completion date: 07/24/16

## FINDING NO.7

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Compensation

##### Finding Explanation

1. From April to July 2015, all the workers were charged a management fee (20 CNY – USD 3.07 per month), which was a mandatory deduction. According to factory management, the management fee is a required fee for factories located at the local industrial zone area and the factory has deducted the fee from workers' salaries instead of covering the fee themselves. The factory has ceased this practice since August 2015.

2. The latest wage structure and pay slips do not show the item of tax deduction. As a result, all interviewed workers had no idea about tax payment. The management claimed all the tax was covered by the factory. However, the factory was not able to prove that the tax was deducted for all the eligible workers.

3. All the workers have signed on the payroll records; however, they did not indicate the receiving date. From worker interview, all the workers confirmed that they received wages in cash by the end of each month. 4. The factory has improved its wage structure twice during the last 12 months, such as simplifying the pay slips to make it easier for workers to understand and read them. However, the training on wage structure and pay slip updates were not sufficient as all the interviewed workers lacked knowledge and details on wage structure.

##### Local Law or Code Requirement

Individual Income Tax Law of the People's Republic of China, Article 2; FLA Workplace Code (Compensation Benchmarks C.1, C.10, C.11.1, C.13.6, C.14.1, C.15, and C.17)

##### Recommendations for Immediate Action

1. Retrospectively compensate all affected workers the management fee (20CNY per worker per month) for the period between April 2015 to July 2015.

2. Ensure that taxes are paid according to local law. Maintain complete wage records, including tax deductions and documentation to prove that workers' income tax are paid in line with legal requirements.

### COMPANY ACTION PLANS

1. a. Immediate Action: The factory has arranged for workers and management to be trained on salary structure and calculation methods.

b. Sustainable Action: The factory will assign administrative staff to regularly monitor this issue to ensure continued compliance.

Planned Completion Date

06/30/16

Action plan status: Scheduled

Planned completion date: 07/24/16

2. "a. Immediate Action: The factory has discontinued the practice of withholding administration fees from employees wages since August 2015. The factory is in the process of reimbursing workers who had a fee deducted from their paychecks.

b. Sustainable Action: The factory will assign administrative staff to regularly monitor this issue to ensure continued compliance."

Planned Completion Date

06/30/16

Action plan status: In progress  
Planned completion date: 07/24/16  
Progress update: 10/24/16 : Pending PVH verification.

3. a. Immediate Action: As of June 2016, the factory has included the tax deduction item in payroll documents.

b. Sustainable Action: The factory will assign administrative staff to regularly monitor this issue to ensure continued compliance.  
Planned Completion Date  
06/30/16

Action plan status: Scheduled  
Planned completion date: 07/24/16  
Progress update: 10/24/16 : Pending PVH verification.

4. a. Immediate Action: After the FLA assessment, the factory has added the payroll receiving date to payroll records.

b. Sustainable Action: The factory will assign administrative staff to regularly monitor this issue to ensure continued compliance.  
Planned Completion Date  
06/30/16

Action plan status: Scheduled  
Planned completion date: 07/24/16  
Progress update: 10/24/16 : Pending PVH verification.

## FINDING NO.8

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Grievance System

##### Finding Explanation

1. According to written grievance procedure, the factory provides four channels for workers to lodge complaints through the immediate supervisor, suggestion box, email and telephone. However, all the interviewed workers were unaware of the channels of telephone and email. Furthermore, workers have no idea about the grievance procedure.
2. The factory management did not track and maintain the workers' complaints:
  - a. The assessors unlocked a suggestion box randomly at the time of assessment, and found a piece of paper covered in heavy dust, which was a worker's complaint about the food quality. This indicates that the factory management did not unlock this suggestion box for a long time.
  - b. Although the factory management explained workers usually lodged their concerns to the immediate supervisors, there is currently no system/resource available to request any officially designated personnel to maintain grievance records.
3. The grievance procedure that was posted at the entrance gate of canteen was written in 2007, while the grievance procedure that the factory provided to assessor was written in 2015.
4. The grievance procedure stated that the hotline for complaints is 22676653 – 8888, while there is an EHS supervisor's private phone number near the suggestion box. Thus, the grievance number is inconsistent and ineffective since workers lack clarity about the actual active grievance number and procedures.

##### Local Law or Code Requirement

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

### COMPANY ACTION PLANS

1. a. Immediate Action: Workers are informed during new hire training of the available complaint channels. i.e. 1. telephone to inform the supervisor or director; 2. suggestion box; 3. oral complaint to supervisor.

b. Sustainable Action: The factory will train workers on the grievance mechanism channels to enhance awareness and will assign administrative staff to regularly monitor this issue to ensure compliance in the future.

Planned Completion Date  
06/30/16

Action plan status: Scheduled  
Planned completion date: 07/24/16

2. a. Immediate Action: The factory has arranged for the Ministry of Personnel to check the suggestion box every Saturday, create relevant records and deliver the records to the Human Resources Department for tracking.

b. Sustainable Action: The factory will assign administrative staff to regularly monitor this issue to ensure compliance in the future.

Planned Completion Date

06/30/16

Action plan status: Scheduled

Planned completion date: 07/24/16

3. a. Immediate Action: The factory will post the most current grievance procedure at the entrance gate of the canteen.

b. Sustainable Action: The factory will assign administrative staff to regularly monitor this issue to ensure compliance in the future.

Planned Completion Date

06/30/16

Action plan status: Scheduled

Planned completion date: 07/24/16

4. "a. Immediate Action: The factory has updated the contact information posted aside the suggestion box in the kitchen and changed the complaint hotline number to the correct and valid phone number to ensure consistency. The factory has created more extensive policies and procedures to ensure that verbal grievances are routinely recorded and responded. Additionally, the factory is currently in the process of ensuring all workers receive training on these new policies and procedures.

b. Sustainable Action: The factory will assign administrative staff to regularly monitor this issue to ensure compliance in the future."

Planned Completion Date

06/30/16

Action plan status: In progress

Planned completion date: 07/24/16

Progress update: 10/24/16 : Pending PVH Verification.

## FINDING NO.9

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Industrial Relations

##### Finding Explanation

1. The factory has a trade union established in 2005 under the ACFTU (All China Federation of Trade Unions). Although the union has communicated on its establishment to general workers, the interviewed workers were not clear whether or not they are union members, and neither knew their worker representative.
2. The factory management filled in 10 out of 11 trade union committee member positions. Furthermore, the factory did not implement the multi-candidates for union committee election as per local union law.
3. The factory did not establish the Collective Bargaining Agreement (CBA), which violates local regulation.
4. There is no designated office with the necessary equipment for the union to conduct daily meetings in and for the union representatives to perform their related functions.
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 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 does stipulate 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

Regulation of the Guangdong Province on Collective Contracts( 2015), Article 5; FLA Workplace Code and Benchmarks (Employment Relationship Benchmarks ER.1, ER.16.2, and ER.25; Freedom of Association Benchmarks FOA.1, FOA.2, FOA.15 and FOA.16)

### COMPANY ACTION PLANS

1. a. Immediate Action: The factory will work with employees to clarify membership to the union and inform the workers who

their worker representative is.

b. Sustainable Action: The factory will train workers to raise awareness around unions and union membership.

Planned Completion Date

07/31/16

Action plan status: Scheduled

Planned completion date: 07/24/16

2. a. Immediate Action: The factory will work towards increasing the number of general staff members serving in positions on the trade union committee. Additionally, the factory will hold a multi-candidate election for the union committee, as per local law.

b. Sustainable Action: The factory will assign administrative staff to oversee and monitor the process to ensure compliance with the requirement.

Planned Completion Date

09/30/16

Action plan status: Scheduled

Planned completion date: 07/24/16

3. a. Immediate Action: In accordance with relevant regulations the factory will sign collective contracts.

b. Sustainable Action: The factory will assign administrative staff to monitor compliance with the requirement to sign a CBA.

Planned Completion Date

07/31/16

Action plan status: Scheduled

Planned completion date: 07/24/16

4. a. Immediate Action: The factory is currently in the process of communicating with the union to discuss the working sites and related activities.

b. Sustainable Action: The factory will assign administrative staff to regularly monitor this issue to ensure compliance in the future.

Planned Completion Date

07/31/16

Action plan status: Scheduled

Planned completion date: 07/24/16

## FINDING NO.10

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Environmental Protection

##### Finding Explanation

1. The factory does not have the legally required Environmental Acceptance Check for the completed expansion project (gluing machines and exhaust tubes): The expansion project has been completed in August 2015. The factory has conducted an assessment on environmental impact and submitted the Environmental Impact Assessment (EIA) Form in April 11, 2016, and is waiting for the local environmental bureau's legally required approval (Environmental Acceptance Check). Additionally, this Environmental EIA form did not include the assessment of hazardous chemicals and hazardous wastes since this factory uses the super glues that contains 40% ~ 50% Methyl Ethyl Ketone, which is a hazardous chemical.

2. The production wastewater is disposed without treatment by the factory's unlicensed service provider although this company's business scope does not cover handling hazardous wastes. Additionally, around 80% wasted chemical containers were disposed by chemical suppliers; however, the chemical suppliers was not licensed to handle hazardous waste.

3. It was observed that all cutting machines in the cutting department leaked oil into the ground without collecting.

##### Local Law or Code Requirement

Law of the People's Republic of China on Appraising of Environment Impacts (2002), Article 25; Law on Prevention and Control of Environmental Pollution by Solid Wastes (2013), Article 57; FLA Workplace Code (Health, Safety & Environment Benchmarks, HSE.1, HSE.4 and HSE.9.1)

##### Recommendations for Immediate Action

1. Assign maintenance staff to inspect and repair all cutting machines for collecting and treating the oil generated from the cutting machines. Establish an effective monitoring and maintenance system for all machines to ensure that they are all properly functioning.
2. Cease the practice to transfer the hazardous wastes to the unlicensed handler (waste chemical containers and industrial wastewater). Arrange for a licensed waste handler for all hazardous waste, including chemical waste.

## COMPANY ACTION PLANS

1. a. Immediate Action: The factory has received the EIA report and EIA approval for the completed expansion project and is currently in the process of rectifying issues and awaiting acceptance by the local authorities.

b. Sustainable Action: The factory will assign administrative staff in order to oversee and monitor the process to ensure compliance with this requirement.

Planned Completion Date

07/31/16

Action plan status: Scheduled

Planned completion date: 07/24/16

2. "a. Immediate Action: The factory has asked a licensed provider to collect the wastewater treatment, a company qualified by Dongguan Municipal Environmental Protection Bureau with qualified acceptance code (2014) No. 0861. The factory has also requested a qualified third party to assist in disposing hazardous chemical waste and conduct internal monitoring for the glue processes and appropriate use of PPE. Factory will further check with supplier on how to handle disposal of the buckets. Lastly, the factory is currently in the process of training workers to raise awareness on these issues.

b. Sustainable Action: The factory will assign administrative staff in order to oversee and monitor the process to ensure compliance with the requirement."

Planned Completion Date

07/31/16

Action plan status: Scheduled

Planned completion date: 07/24/16

3. a. Immediate Action: The machinery and equipment in the cutting department will be maintained to prevent oil spill or leakage in the future.

b. Sustainable Action: The factory will assign administrative staff in order to oversee and monitor the equipment and ensure proper working order.

Planned Completion Date

07/31/16

Action plan status: Scheduled

Planned completion date: 07/24/16

## FINDING NO.11

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Health & Safety

##### Finding Explanation

1. The factory has arranged for a third-party assessment regarding building safety and has yet to obtain the approval and certificate by the local authority. Regarding the fire safety, the factory has not arranged for the local fire brigades to conduct an onsite inspection in order to obtain the fire safety approval by the local authority, the local fire department. Thus, there were no legally required official certificates for building safety acceptance and fire safety for the hazardous chemical warehouse and hazardous waste warehouse.
2. The factory has not installed a legally required ventilation facility for the chemical warehouse. In addition, the factory does not provide any secondary containers for hazardous chemical waste, posing a Health & Safety risk in case of spilling. It was observed that the chemical waste leaks into the ground at the time of assessment.
3. The Material Safety Data Sheets MSDSs do not have a Chemical Abstracts Service Number (CAS No.), as legally required.
4. The hazardous chemical storage areas are not properly segregated from the production lines and the factory does not post the legally required occupational hazard notification card. The occupational hazard notification card contains information regarding the hazardous impact factors, the various ranges for danger, and necessary measures for protection. Additionally, the factory does not provide the Proper Personal Protective Equipment (PPE) in the production building and sample room, such as respirator and rubber gloves.

##### Local Law or Code Requirement

Safety Data Sheet for Chemicals-content and Order of Sections- GB 16483 – 2008, Appendix A.4; PRC Fire Prevention Law (2009), Articles 13; Regulations on the Safety Administration of Dangerous Chemicals (2011), Article 20; FLA Workplace Code (Health, Safety & Environment Benchmarks, HSE.1, HSE.4, HSE.7, and HSE.9.1)

##### Recommendations for Immediate Action

1. Ensure that all MSDS contain all of the legal required information, including the Chemical Abstracts Service Number.
2. Install a ventilation facility and provide secondary containers for all hazardous chemicals in the chemical storage room; install

secondary containers in the hazardous waste room.

3. Reach out to the local authorized representatives with respect to building safety and fire safety to inspect the hazardous chemicals warehouse and hazardous waste warehouse and obtain the safety certificates/approval.

4. Segregate the chemical storage areas from the production lines and post the occupational hazard notification card, as legally required. Provide the proper PPEs to all eligible workers in the production building and sample room, such as respirators and rubber gloves.

## COMPANY ACTION PLANS

1. a. Immediate Action: The certificate of construction completion and building safety acceptance was provided to the FLA during the assessment. Furthermore, the factory has also arranged for a third-party to inspect the warehouse building for safety acceptance and fire safety for the hazardous chemicals. The factory will further consult the local bureau on the fire safety certification.

b. Sustainable Action: The factory will assign administrative staff in order to oversee and monitor the process to ensure compliance with the requirement.

Planned Completion Date

07/31/16

Action plan status: Scheduled

Planned completion date: 07/24/16

2. a. Immediate Action: Ventilation equipment has been installed in the chemical warehouse. Additionally, the factory will provide secondary containers for hazardous chemical waste.

b. Sustainable Action: The factory will assign administrative staff in order to oversee and monitor the process to ensure compliance with the requirement.

Planned Completion Date

08/15/16

Action plan status: Scheduled

Planned completion date: 07/24/16

3. "a. Immediate Action: The factory has properly segregated from the production lines the hazardous chemical storage area. Additionally, labeling has been corrected to comply with relevant requirements. The factory will also provide occupational hazard notification cards to relevant workers and the proper PPE to workers in the production building and sample room.

b. Sustainable Action: The factory will assign administrative staff in order to ensure continued compliance with the requirement. Additionally, the factory will provide training to workers on the use of new PPE. "

Planned Completion Date

08/15/16

Action plan status: Scheduled

Planned completion date: 07/24/16

4. a. Immediate Action: Factory has completed adding a Chemical Abstracts Service Number to the MSDSs, as legally required.

b. Sustainable Action: The factory will assign administrative staff in order to ensure continued compliance with the requirement.

Planned Completion Date

06/30/16

Action plan status: In progress

Planned completion date: 07/24/16

Progress update: 10/24/16 : Pending PVH Verification.

## FINDING NO.12

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Health & Safety

##### Finding Explanation

1. The factory has not arranged for a licensed service provider to conduct the preliminary evaluation of occupational disease hazards at the time of the factory's establishment in 2003 and at the time of the expansion project completed in August 2015. In addition, the factory has not received an evaluation of effects of occupational disease hazards prior to the acceptance checks of a construction project, as required by law.
2. The factory's occupational health protection facility was put into using without the local Work Safety Bureau's approval.

3. The factory, categorized as a facility with severe occupational health hazards, has not arranged for a licensed service provider to conduct the status quo assessment of occupational hazard, as per local legal requirement.

#### Local Law or Code Requirement

Interim Measures for Supervision and Administration of the "Three Simultaneities" for Occupational Health at Construction Projects (2012), Article 10; Law of Prevention and Control of Occupational Diseases(2011), Article 8; Provisions on the Supervision and Administration of Occupational Health at Work Sites(2012), Article 20

FLA Workplace Code (Health, Safety & Environment Benchmark HSE.4)

#### Recommendations for Immediate Action

Arrange for a licensed technical service institution to conduct an evaluation of the current situation of occupational disease hazards.

(Note: The preliminary evaluation and the evaluation of effects of occupational disease hazard prior to the acceptance check of construction project are not retroactive as the factory has formally started the production).

### COMPANY ACTION PLANS

1. a. Immediate Action: The factory will arrange for a licensed service provider to conduct an evaluation of occupational disease hazards.

b. Sustainable Action: The factory will assign related staff to regularly monitor issues with respect to occupational health and hazards to ensure compliance in the future."

Planned Completion Date

08/31/16

Action plan status: Scheduled

Planned completion date: 07/24/16

2. a. Immediate Action: The factory will apply for the local Work Safety Bureau's approval for the occupational health protection facility.

b. Sustainable Action: The factory will assign related staff to regularly monitor issues with respect to occupational health and hazards to ensure compliance in the future.

Planned Completion Date

08/31/16

Action plan status: Scheduled

Planned completion date: 07/24/16

3. a. Immediate Action: The factory will arrange for a licensed service provider to conduct a status quo assessment of occupational hazards, as per local law.

b. Sustainable Action: The factory will assign related staff to regularly monitor issues with respect to occupational health and hazards to ensure compliance in the future.

Planned Completion Date

08/31/16

Action plan status: Scheduled

Planned completion date: 07/24/16

### FINDING NO.13

#### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Health & Safety

#### Finding Explanation

1. The factory does not provide any legally required pre-job and pre-departure occupational health examinations for workers in gluing position who are exposed to hazardous chemicals. Employees working in hazardous conditions should be provided with legally required pre-job, on-the-job, and pre-departure occupational health examinations at the employer's expense.

2. The factory did not provide the appropriate Personal Protective Equipment (PPE) (respirator and rubber gloves based on the MSDS) to workers of the gluing position.

3. Workers for positions (gluing and cutting) with occupational hazards were not informed in writing about the specific occupational disease hazards they would be exposed to. In addition, the factory did not post the legally required occupational hazard notification cards in the positions with hazardous conditions, including gluing and cutting processes.

4. Two randomly selected interviewed workers in the gluing process did not know about the location of the eye washer; the sample room (including gluing process) has not installed an eye washer; the water pressure of the eye washer is insufficient in the wallet production area in the third floor.

#### Local Law or Code Requirement

Law of Prevention and Control of Occupational Diseases (2011), Article 23, Article 34 and Article 36; Norms of Employers' Notification and Warning Signs of Occupational Hazards (2014), Article 4 and Article 12; FLA Workplace Code (Health, Safety & Environment Benchmarks, HSE.6.1, HSE.7, HSE.8, and HSE.9.1)

#### FLA's Recommendations for Sustainable Improvements

1. Provide pre-job and pre-departure occupational health examinations for eligible workers (new workers and departing workers in positions exposed to hazards).
2. Provide respirators and rubber gloves for workers in gluing process as per MSDS's instruction.
3. Inform candidates in writing about the occupational disease hazard they are exposed to and post the testing report of factors of occupational hazards and the occupational hazard notification card in the gluing process and cutting processes to indicate the hazard categories, consequences, prevention of occupational hazards, and emergency treatment measures.
4. Repair the eye washer of wallet production area on the third floor to make sure the water supply is sufficient. Install an eye washer in the sample room. Regularly train and communicate workers on the location and purpose of the eye washer.

### COMPANY ACTION PLANS

1. a. Immediate Action: The factory will provide workers in gluing positions with the appropriate Personal Protective Equipment, specifically, rubber gloves based on the MSDS and carbon masks.

b. Sustainable Action: The factory will provide training to workers to raise awareness on PPE and assign a staff member to regularly monitor this issue and ensure compliance.

Planned Completion Date

07/31/16

Action plan status: Scheduled

Planned completion date: 07/24/16

2. a. Immediate Action: The workers in positions with occupational hazards, such as gluing and cutting, will be informed in writing about specific occupational hazards associated with their positions. The factory will also post the legally required occupational hazard notification on the bulletin board of the workers' area.

b. Sustainable Action: The factory will provide training to workers to raise awareness on occupational hazards associated with certain job functions and assign a staff member to regularly monitor this issue and ensure compliance.

Planned Completion Date

07/31/16

Action plan status: Scheduled

Planned completion date: 07/24/16

3. a. Immediate Action: The factory will inform all relevant employees as to the location of the eye washer and has resolved the insufficient water pressure issue in the wallet production area on the third floor. After the FLA audit, an eye washing station was installed in the sample room.

b. Sustainable Action: The factory will provide training and inform relevant workers as to the location of the eye washer and instructions on how to use it.

Planned Completion Date

07/31/16

Action plan status: Scheduled

Planned completion date: 07/24/16

4. a. Immediate Action: All eligible factory employees including those working with chemicals will undergo health examinations prior to beginning employment, during employment and upon departure, as legally required.

b. Sustainable Action: The factory will provide training to workers to raise awareness on this issue and assign a related staff member who will regularly monitor health examinations for relevant employees to ensure compliance.

Planned Completion Date

06/25/16

Action plan status: In progress

Planned completion date: 07/24/16

Progress update: 10/24/16 : Pending PVH verification.

## IMMEDIATE ACTION REQUIRED

## FINDING TYPE: Health &amp; Safety

Finding Explanation

1. The evacuation route on the stairway between the first floor and the second floor of management dormitory is locked in violation of the local law, which would hinder safe evacuation for people in the dormitory in case of an emergency.
2. There is no legally required fire safety equipment in the storeroom of the space between the second floor and the roof of the second floor2.5 floor in the production building, such as fire extinguishers.
3. The exit sign on the stairway between the first floor and the second floor of the sample room was malfunctioning and not illuminated, posing a safety risk in case of an evacuation.
4. The warehouse between production building and sample room was built in 2005; however, the factory did not arrange for an assessment of the building and construction safety, which was supposed to be submitted to the local authority, the Local Construction Monitoring Bureau at the time the warehouse was built in order to obtain the building safety acceptance check. However, in April 2016, the factory recently arranged for a third party service provide to conduct an analysis of the warehouse structure and the test results showed that the warehouse meet the legal requirements of building structure.

Local Law or Code Requirement

Code of Design on Building Fire Protection and Prevention (2014), Article 8.1.6; Fire Control Law of the People's Republic of China, Article 28; Construction Law of PRC (1997), Article 61; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1 and HSE.5.1)

Recommendations for Immediate Action

1. Remove the lock in the stairway between the first floor and the second floor of one side in the management dormitory for emergency escape.
2. Install fire extinguishers in the storeroom on the 2.5 floor of the production building.
3. Repair the exit sign of the stairway between the first floor and the second floor of the sample room and ensure that all exit signs are illuminated at all times.

## COMPANY ACTION PLANS

1. a. Immediate Action: The factory has unlocked and unblocked the evacuation route between the first floor and second floor management dormitory.

b. Sustainable Action: The factory will train workers on relevant procedures and assign administrative staff in order to ensure continued compliance.

Planned Completion Date

06/25/16

Action plan status: In progress

Planned completion date: 07/24/16

Progress update: 10/24/16 : Pending PVH Verification.

2. a. Immediate Action: The factory has installed fire extinguishers in the specified locations.

b. Sustainable Action: The factory will train workers on relevant procedures and assign administrative staff in order to ensure continued compliance.

Planned Completion Date

06/25/16

Action plan status: In progress

Planned completion date: 07/24/16

Progress update: 10/24/16 : Pending PVH Verification.

3. a. Immediate Action: The factory has replaced the related exit signs after the audit.

b. Sustainable Action: The factory will train workers on relevant procedures and assign administrative staff in order to ensure continued compliance.

Planned Completion Date

06/25/16

Action plan status: In progress

Planned completion date: 07/24/16

Progress update: 10/24/16 : Pending PVH Verification.

4. Immediate Action: In April 2016, the factory arranged for a third party service provider to conduct an analysis of the warehouse structure and the test results showed that the warehouse met the legal requirements of building structure.

Planned Completion Date

06/25/16

Action plan status: Scheduled

Planned completion date: 07/24/16

Progress update: 10/24/16 : Pending PVH Verification.

## FINDING NO.15

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Health & Safety

##### Finding Explanation

1. The factory did not conduct any of the legally required self-assessments regarding safety, which also has to be submitted to the local authority, the State Administration for Worker Safety.
2. Workers who lift goods are not trained on proper lifting techniques or provided with lifting bets, which increases the risks of bodily strain. In addition, the factory does not provide ergonomic breaks.
3. The factory only provides 2 chairs with backrest on the 2nd floor and 3rd floor in the production building with all other chairs not being ergonomically designed with a backrest and adjustable in height.
4. The factory does not keep any food samples against the risk of food poisoning, as legally required.
5. The factory does not maintain records for any work-related injuries and accidents/incidents, such as minor and near miss cases. For example, workers are not required to register for using medical supplies when they take them from first aid boxes.
6. During the assessment it was observed that standard operating procedures (SOP) and safety instructions are not posted at most of the workstations.
7. The electronic distribution box cover is broken in the maintenance & repair room, posing a fire risk and risk of work-related injuries.

##### Local Law or Code Requirement

Interim Measures for Supervision and Administration of the "Three Simultaneities" for Construction Projects (2015), Article 9; Regulation on Hygienic of Food Industry and Delivery Unit of Group Meals (2005), Article 35; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.3.2, HSE.13, HSE.14.3, HSE.17, HSE.19, and HSE.22.1)

##### Recommendations for Immediate Action

1. Provide eligible workers with lifting belts.
2. Keep food samples for at least 48 hours.
3. Post the SOP and safety instructions at the workstations, and train workers on the SOP and safety instructions.
4. Install cover for the distribution box in the maintenance & repair room

### COMPANY ACTION PLANS

1. a. Immediate Action: The Safety Officer will regularly conduct safety inspections of the factory including the factory self-assessment to be submitted to the State Administration on Worker Safety, as legally required.

b. Sustainable Action: The factory will train workers on relevant procedures and assign administrative staff in order to ensure compliance with the requirement.

Planned Completion Date

06/30/16

Action plan status: Scheduled

Planned completion date: 07/24/16

2. a. Immediate Action: The factory has provided ergonomic training to workers after the audit.

b. Sustainable Action: The factory will train workers on relevant procedures and assign administrative staff in order to ensure compliance with the requirement.

Planned Completion Date

06/30/16

Action plan status: Scheduled

Planned completion date: 07/24/16

3. "a. Immediate Action: The factory has provided additional backrest chairs on the third floor of the workshop for employee's

use on an as needed basis. The factory is currently researching the feasibility of providing ergonomic adjustable chairs to workers. Additionally, the factory is in the process of training workers on taking ergonomic breaks.

b. Sustainable Action: The factory will train workers on relevant procedures and assign administrative staff in order to ensure follow-up on this issue."

Planned Completion Date

06/30/16

Action plan status: Scheduled

Planned completion date: 07/24/16

4. a. Immediate Action: The factory will keep food samples for at least 48 hours to guard against the risk of food poisoning, as legally required.

b. Sustainable Action: The factory will train workers on relevant procedures and assign administrative staff in order to ensure continued compliance.

Planned Completion Date

06/30/16

Action plan status: Scheduled

Planned completion date: 07/24/16

5. a. Immediate Action: The factory will maintain records for any work-related injuries and retain all related records for the first aid supplies receiving and distribution.

b. Sustainable Action: The factory will train workers on relevant procedures and assign administrative staff in order to ensure continued compliance.

Planned Completion Date

06/30/16

Action plan status: Scheduled

Planned completion date: 07/24/16

6. a. Immediate Action: The factory will post standard operating procedures and safety instructions in all workstations.

b. Sustainable Action: The factory will train workers on relevant procedures and assign administrative staff in order to ensure continued compliance with the requirement.

Planned Completion Date

06/30/16

Action plan status: Scheduled

Planned completion date: 07/24/16

7. a. Immediate Action: The factory will repair the electronic distribution box cover in the maintenance and repair room.

b. Sustainable Action: The factory will train workers on relevant procedures and assign administrative staff in order to ensure continued compliance.

Planned Completion Date

06/30/16

Action plan status: Scheduled

Planned completion date: 07/24/16

## FINDING NO.16

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Training (Macro)

##### Finding Explanation

1. Workers were not provided with written documentation that substantiates all the issues covered in orientation briefings.
2. The orientation training does not include Environmental Protection.
3. There is no on-going training for regular workers on any of the Employment Functions.
4. There is no supervisor training on national laws, the policies and procedures of any Employment Functions, and the FLA Workplace Code & Benchmarks.

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.2, ER.15, ER.17.1, and ER.27.2; Health, Safety & Environment Benchmark

## COMPANY ACTION PLANS

1. a. Immediate Action: The factory is in the process of developing a "management training program" which will outline necessary training content, objectives, methods and assessments. These materials will include documentation and information included in orientation briefings.

b. Sustainable Action: The factory will train workers on relevant procedures and assign administrative staff in order to ensure compliance with the requirement.

Planned Completion Date

08/31/16

Action plan status: Scheduled

Planned completion date: 07/24/16

2. a. Immediate Action: The factory is in the process of developing a "management training program" which will outline necessary training content, objectives, methods and assessments. These materials include training on Environmental Protection.

b. Sustainable Action: The factory will train workers on relevant procedures and assign administrative staff in order to ensure continued compliance with the requirement.

Planned Completion Date

08/31/16

Action plan status: Scheduled

Planned completion date: 07/24/16

3. a. Immediate Action: The factory will develop an annual training plan for employees.

b. Sustainable Action: The factory will roll out this newly developed training schedule to all relevant workers.

Planned Completion Date

08/31/16

Action plan status: Scheduled

Planned completion date: 07/24/16

4. a. Immediate Action: The factory has arranged for one staff member to be responsible for the collection and compilation of relevant legislation, policy, regulations and archiving.

b. Sustainable Action: The factory will use these compiled materials to train management on all relevant topics.

Planned Completion Date

08/31/16

Action plan status: Scheduled

Planned completion date: 07/24/16

## FINDING NO.17

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Review Process (Macro)

##### Finding Explanation

The factory does not conduct periodic reviews of its policies and procedures. Also, there is no system in place to indicate on the document its version number or the revision date to demonstrate that regular document review is performed.

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.3, ER.30.2, and ER.31.1)

## COMPANY ACTION PLANS

1. "a. Immediate Action: The factory will conduct annual reviews of its policies and procedures as well as improve its document maintenance system in accordance with its ICO9000 management system.

b. Sustainable Action: Given that the solution to this issue relies on a management systems overhaul, the factory will continue to make improvements in this area to work towards a system where documents are annually reviewed and version number and

revision date are included on all relevant documents."

Planned Completion Date

05/31/17

Action plan status: Scheduled

Planned completion date: 07/24/16

## FINDING NO.18

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Communication & Worker Involvement (Macro)

##### Finding Explanation

1. The factory only sporadically communicates its policies and procedures to the general workforce for all Employment Functions: Recruitment, Hiring, & Personnel Development, Compensation, Hours of Work, Grievance, Discipline, Termination, Industrial Relations, Environmental Protection, and Health & Safety. While there is an induction process during which all new hires are informed on 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. 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 processes.

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.3, ER.16.1, ER.25, ER.27.2, ER.29.1.1, ER.30.2, and ER.32.5; Compensation Benchmark C.17)

### COMPANY ACTION PLANS

1. a. Immediate Action: To strengthen general communication and communication with employees, channels will be set up to facilitate timely communication on the specific policies, employees sharing of their views, ideas for improvement and timely complaints.
- b. Sustainable Action: The factory will train workers and will assign staff to regularly monitor implementation of this plan to ensure compliance in the future.  
Planned Completion Date  
12/31/16  
Action plan status: Scheduled  
Planned completion date: 07/24/16
2. "a. Immediate Action: With the optimization of management systems, a management mechanism will be established to facilitate employees to improve involvement in management and decision making.
- b. Sustainable Action: The factory will train workers on engaging with management and will assign staff to regularly monitor implementation of this plan to ensure compliance in the future."

Immediate Action: The factory has scheduled an internal meeting for July 29th 2016 with worker representatives, union members and senior factory management to discuss a detailed plan for elections. The factory anticipates that the detailed plan and decision making process will be published in mid August.

Planned Completion Date

12/31/16

Action plan status: Scheduled

Planned completion date: 07/24/16