



COMPANIES: Fast Retailing Co., Ltd.  
COUNTRY: China  
ASSESSMENT DATE: 06/27/18  
ASSESSOR: Openview Vietnam  
PRODUCTS: Apparel  
NUMBER OF WORKERS: 1273

## 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: Policies & Procedures (Macro)

##### Finding Explanation

1. Factory has not developed policies and procedures for the following Employment Functions: Hours of Work for Special Categories of Employees; Perform Review for production workers, Industrial Relations and Freedom of Association. Therefore, factory does not communicate these policies and procedures to the general workforce. [ER.1, ER.14, ER.16, ER.30]
2. Health and safety policy and procedures are not complete: 1) No steps for workers to raise health and safety concerns; 2) Do not include protection against retaliation for workers who raise health and safety concerns; 3) No Tagout-logout procedures; 4) Emergency evacuation procedures do not include steps on how to ensure that all visitors, contractors, service providers safely evacuated, and steps on how to ensure that all special categories of workers and children in dormitory safely evacuated. 5) Fire preparedness procedures do not include what workers should do in case of injury, and steps for reporting death, injury, illness, and other health and safety issues. [ER.31]
3. The environmental protection procedures do not enable workers to raise environmental concerns, and do not include protections for workers who allege environmental violations. There are no procedures for reporting environmental emergencies as well. [ER. 31]

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.14, ER.16, ER.30 and ER.31)

#### COMPANY ACTION PLANS

1. 1-1.Factory had revised the employment procedure to add the requirements of the working hours for special categories of employees, such as young workers, pregnant workers, performance review and industrial relations and freedom of association.
- 1-2.HR department had arrange the training to workers on 2018/7/5
- 1-3. HR will monitor the working hours for the special categories employees every month.

2-1. Factory had revised EHS procedure to add below requirements.

- 1) steps for workers to raise health and safety concerns;
- 2) protection against retaliation for workers who raise health and safety concerns;
- 3) Tag out-logout procedures;
- 4) Emergency evacuation procedures for non-employees and special categories of workers
- 5) steps for reporting death, injury, illness, and other health and safety issues.

2-2. HR had already arranged the raining for the workers on 2018/7/12

2-3. EHS committee will check the EHS procedure every year to verify if the procedure meet the law and clients' requirements.

3-1. Factory had revised environmental protection procedure to add below requirements.

1) will not retaliate against the workers who raise environmental concerns, and the steps for how to reporting environmental emergencies.

3-2. HR had already arranged the training for the workers on 2018/7/12.

3-3. Administration department will check the EHS procedure every year to verify if the procedure meet the law and clients' requirements.

Action plan status: Completed

Completion date: 08/02/18

## FINDING NO.2

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Training (Macro)

##### Finding Explanation

1. The orientation training for workers is missing Recruitment, Hiring & Personnel Development, Industrial Relations and Retrenchment. [ER.1, ER.15]
2. The specific training for managers and supervisors is missing across all Employment Functions except Health & Safety: Recruitment, Hiring & Personnel Development; Compensation; Hours of Work; Industrial Relations; Grievance System; Workplace Conduct & Discipline; Termination & Retrenchment and Environmental Protection. [ER.1, ER.17]
3. The ongoing training for employees is missing the following Employment Functions: Recruitment, Hiring & Personnel Development; Industrial Relations; Grievance System; Workplace Conduct & Discipline; Termination & Retrenchment. [ER.1, ER.15]

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.15 and ER.17.)

### COMPANY ACTION PLANS

1. 1. Factory had updated the orientation training contents to add the recruitment, hiring & personnel development , industrial relations and retrenchment regulations. And had use it for the new workers from August,2018.
2. HR arranged the training to the managers and supervisors about recruitment Hiring & Personnel Development on 2018/7/3. Compensation; Hours of Work; Industrial Relations; Grievance System; Workplace Conduct & Discipline; Termination & Retrenchment and Environmental Protection., And this training will arranged annually and once the procedure is updated
3. HR arranged the training to the employees about Recruitment, Hiring & Personnel Development; Industrial Relations; Grievance System; Workplace Conduct & Discipline; Termination & Retrenchment on 2018/7/10. And this training will arranged annually and once the procedure is updated

Action plan status: Completed

Completion date: 08/02/18

## FINDING NO.3

### SUSTAINABLE IMPROVEMENT REQUIRED

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

### Finding Explanation

The worker integration component is missing across all Employment Functions. This indicates that the factory has not established procedures to request and/or receive workers' input/feedback regarding the creation, implementation, and updating of its policies and procedures. Workers are neither systematically integrated nor consulted in decision-making processes. [ER.1, ER.25]

### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1 and ER.25.)

## COMPANY ACTION PLANS

1. Factory had added the requirement in the worker integration procedure about worker representatives need to participate the meeting when factory needs to create and update the procedures and policies.  
And arrange the training to the related workers representatives about it on 2018/7/10

Action plan status: Completed

Completion date: 07/30/18

## FINDING NO.4

## SUSTAINABLE IMPROVEMENT REQUIRED

## FINDING TYPE: Review Process (Macro)

### Finding Explanation

The factory has not conducted management or internal reviews to ensure that policies and procedures are updated according to local laws and the FLA Workplace Code and Benchmarks for the following Employment Functions: Recruitment, Hiring & Personnel Development, Compensation, Hours of Work, Termination & Retrenchment, Industrial Relations, Workplace Conduct & Discipline, Grievance System, Environmental Protection, and Health & Safety. [ER.1, ER.30, ER.31]

### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.30 and ER.31.)

## COMPANY ACTION PLANS

1. Factory established the internal reviews procedure, and will arrange the internal reviews at the end of the year according to the local laws and FLA COC and benchmarks.  
And arrange the training to the related internal auditor on 2018/7/3

Action plan status: In progress

## FINDING NO.5

## IMMEDIATE ACTION REQUIRED

## FINDING TYPE: Recruitment, Hiring & Personnel Development

### Finding Explanation

1. The factory has not arranged periodic physical examinations for juvenile workers when they have been working for the factory more than one year. [ER.14, CL. 4]
2. It is noted that the factory does not sign open-ended labor contract with workers who have signed the labor contract twice. [ER.10.1]
3. The factory does not have written policies and procedures outlining the process for performance reviews for the production workers; therefore, the factory does not conduct regular performance reviews for the production workers. In addition, the performance reviews for management staff does not include a section for feedback or agreement or disagreement from employees in writing. [ER.1, ER.29]
4. The factory does not have a system to review the performance of new employees during their probation period. [ER.29]
5. The factory has not hired an adequate number of disabled workers. Only eight disabled workers are hired, but the factory should hire 15 disabled workers according to the legal requirement that states at least 1.5% of the total workforce should be composed of disabled workers. The factory does not contribute an adequate amount to the Employment Security Fund. [ND.2]

### Local Law or Code Requirement

The Circular of the Ministry of Labor on Issuing the Provision on Special Protection for Juvenile Workers, Article 6; China Labor Contract Law, Article 14; Regulation on the Employment of the Disabled (2007), Articles 8 and 9. FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.10, ER.14 and ER.29; Child Labor Benchmark CL.4; Nondiscrimination Benchmark ND.2)

### Recommendations for Immediate Action

1. Arrange periodic physical examinations for juvenile workers as per legal requirement.
2. Sign open-ended labor contract with the workers who have the signed labor contract twice.

## COMPANY ACTION PLANS

- 1-1. Factory had arranged the physical examinations for juvenile workers who have worked for more than one year on 2018/7/6.
- 1-2. HR and arranged the training to the related workers and HR clerks about the training period according to the law on 2018/7/6.
- 1-3. HR manager will monitor the implementation every month.
  
- 2-1. Factory resigned the open-ended labor contract with the workers who have signed the labor contract twice.
- 2-2. For the workers who did not want to sign open-ended labor contract, factory kept the statement of the workers.
- 2-3. HR trained the workers about the differences about the open-ended and fixed term contracts on 2018/7/6
  
- 3-1. Factory had updated the performance reviews procedure, add the section for feedback or agreement or disagreement.
- 3-2. HR arranged the training to workers on 2018/7/11
- 3-3. HR will do the evaluation of the performance of the workers at the end of the year.
  
- 4-1. Factory had updated the performance reviews procedure, add the section for review of new employees during their probation period.
- 4-2. The training had been arranged on 2018/7/10 for the new workers and HR person.
- 4-3. HR will do the evaluation of the performance of the new workers after the probation period was passed.
  
- 5-1. The rate of the disabled workers are according to the local government's preferential policy.
- 5-2. If the rate was changed, factory will do it according to the requirement of the local government.
- 5-3. The factory always wanted to hire disabled people to work in the factory, and now the factory employs 2 more disabled people than before, That's up to 1.3 percent.
- 5.4 By the end of June 2020, the factory plans to employ more disabled people than the local government requires, and meet the national requirement of 1.5 percent.

Action plan status: In progress

## FINDING NO.6

### IMMEDIATE ACTION REQUIRED

### FINDING TYPE: Compensation

#### Finding Explanation

1. The factory pays maternity leave to workers as a one-time payment when the worker returns to work, instead of paying it month by month. [C.1, C.4]
2. The factory does not provide one hour rest time per day for female employees who are seven or more months pregnant. [ER.14, HOW.4]
3. The factory does not provide breastfeeding time for lactating employees. [ER.14]
4. A review of social insurance payments from July 2017 to June 2018, and interviews showed that the factory does not provide employees with sufficient social insurance. There are 899 employees working for the factory, including 99 employees over retirement age. All 800 eligible employees were provided with work-related injury and medical insurance, but only 750 out of 800 eligible employees (93.7%) were provided with pension, 746 out of 800 eligible employees (93.2%) were provided with unemployment and 783 out of 800 eligible employees (97.9%) were provided with maternity insurance in June 2018. [ER.22, C.10]
5. The contribution base of the five types of social insurance are not in line with legal requirements. The contribution is based on the local minimum requirement of each type of insurance instead of an employees actual monthly wage (about 80% of employees' wage range is between CNY 3, 500 (USD 513) to CNY 6,000 (USD 880) per month). The factory used the following minimum requirements to calculate the insurances: CNY 1,510 (USD 221) for work-related injury, maternity, and unemployment insurance, CNY 2,906 (USD 426) for pension, and CNY 3,854 (USD 565) for medical insurance. [ER.22, C.10]
6. The factory provides Housing Provident Fund for only 56 out of 800 eligible employees (7%). [ER.22, C.1, C.10]

### Local Law or Code Requirement

Provisions on Workers' Maternity Insurance in Guangdong Province, Article 17; Implementation of Special Rules on the Labor Protection of Female Employees in Guangdong Province, Articles 10 and 17; China Labor Law, Articles 72 and 73; Social Insurance Law of the PRC, Article 12 and 58; Regulations on Management of Housing Provident Fund, Article 2, 3 and 15. FLA Workplace Code (Employment Relationship Benchmarks ER.14 and ER.22; Compensation Benchmark C.1, C.4 and C.10; Hours of Work Benchmark HOW.4)

### Recommendations for Immediate Action

1. Ensure payments for employees on maternity leave are issued on time and as required by law.
2. Provide one hour of rest time per day for female employees who are seven months or more pregnant.
3. Provide adequate breastfeeding time for lactating employees and allow this category of workers to use their additional time when they want.
4. Provide all workers will all required social insurances. Calculate social insurance contributions on workers' actual wages.

## COMPANY ACTION PLANS

- 1-1. Factory had retrained the HR person about the requirement that the pays should be paid monthly to the maternity workers.
- 1-2. For the workers who did not have bank account, HR person will assist them to apply the bank account.
- 1-3. The regulations had been published on the board and notify the related workers.
- 1-4. From September, factory paid maternity leave compensation monthly by bank transfer.
  
- 2-1. Factory had updated the regulation for the rest time of the female employees who are seven or more months pregnant.
- 2-2. Factory arranged the training to the related female workers and HR person on 2018/7/6
- 2-3. Factory had recorded the rest hour records for the workers from July.
  
- 3-1. Factory had updated the regulation of the rest time for the lactating employees.
- 3-2. Factory arranged the training to the related female workers and HR person on 2018/7/6
- 3-3. Factory will record the rest hour records for the workers after there is lactating employees.
  
- 4-1. Factory will increase the rate by 2.5%/year to meet the requirement of the local government. And finish it by the end of year 2019.
- 4-2. Factory will arrange the training to the workers about the importance of the social insurance.
  
- 5-1. Factory will increase the rate by 20%/year to meet the requirement of the local government about the contribution base. And finish it by the end of year 2020.
- 5-2. Factory will arrange the training to the workers about the importance of the social insurance.
  
- 6-1. Factory will increase the rate by 20%/year to meet the requirement of the local government about the housing provident fund. And finish it by the end of year 2020.
- 6-2. Factory will arrange the training to the workers about the importance of the housing provident fund.

Action plan status: In progress

## FINDING NO.7

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Hours of Work

#### Finding Explanation

1. At the time of the assessment, there were 10 juvenile workers. Juvenile workers normally work the same amount of overtime as other workers; their monthly overtime exceeded 36 hours every month. [ER.14, HOW.4, CL.4]
2. The time records reviewed from June 2017 to June 2018 showed that 90% of workers' monthly overtime hours exceeded 36 per month, with the exception of February 2018, with a maximum of 80 hours in August 2017. [HOW.1]
3. It was noted that the factory did not control workers' swiping time during lunch breaks, for example, some workers swiped time-in 30 minutes before the start of the shift in the afternoon (13:30), but in actuality they do not start working until the start of the shift. [ER.1.1, ER.23]
4. Time records showed that about 90% of workers worked consecutively for eight days from April 7th to April 14th and seven days from April 23rd to April 29th. This was due to the factory swapping workdays with rest days so that workers could have long consecutive holidays following national holidays. [HOW.2]
5. Time records showed that about 90% workers' weekly working hours exceeded 60 in one week in April 2018 and reached a maximum of 70 hours due to the factory swapping work days with rest days to provide workers with a long consecutive holiday. [HOW.1.3, HOW.8]
6. The production plan includes overtime work. The factory usually makes production plans based on 9 to 10 hours per work day plus 8 to 10 hours overtime on Saturday, resulting in 13 hours to 20 hours overtime per week. [HOW.8.4]

### Local Law or Code Requirement

China Labor Law, Article 41. FLA Workplace Code (Employment Relationship Benchmarks ER.1.1, ER.14 and ER.23; Child Labor Benchmarks CL.4; Hours of Work Benchmark HOW.1, HOW.2, HOW.4 and HOW.8.4)

### Recommendations for Immediate Action

1. Stop arranging juvenile workers to work more than the legally mandated hours, for example, their overtime limit should be 36 hours a month.
2. Ensure workers' overtime hours do not exceed 36 hours a month.
3. Control workers' swiping time during lunch break, ensure workers do not swipe in 30 minutes before the start of the afternoon shift.

## COMPANY ACTION PLANS

1. 1-1. Factory had only arranged the these juvenile workers only worked for 8 hours on Saturday, and control the overwork time less then 36 hours/month
- 1-2. HR will monitor the time records monthly.

2.Factory had used below ways to improve the productivity to reduce the working hours.

- 1) IE department try to figure out the position which always work overtime, arrange the specific training to these positions.
- 2) Use automation equipment to replace some process
- 3) HR will monitor the working hours of workers to control excessive overwork time.

3.HR will train the workers about the time records systems.

Supervisor now begin to monitor the time records of each workers are make sure they are time records are accurate. HR will monitor the data monthly.

4. It was caused by the long holiday, In the future, HR will consider the long holiday, and arrange the rest days according to government's notice.

5. It was caused by the long holiday, In the future, HR will consider the long holiday, and arrange the rest days according to government's notice.

6. Factory had used below ways to improve the productivity to reduce the working hours.

- 1) IE department try to figure out the position which always work overtime, arrange the specific training to these positions.
- 2) Use automation equipment to replace some process
- 3) HR will monitor the working hours of workers to control excessive overwork time.

Action plan status: In progress

## FINDING NO.8

## SUSTAINABLE IMPROVEMENT REQUIRED

### FINDING TYPE: Industrial Relations

#### Finding Explanation

1. It was noted that the copy of the collective bargaining agreement was not provided to any workers. [ER.16.2]
2. The collective bargaining agreement defined that workers' wages would be issued on the 10th of each month, while the labor contract signed with workers defined the pay date as the 30th of each month and the factory actually paid workers on the 25th to 30th of each month. [ER.10]
3. FLA Comments: 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. [FOA.2]

### Local Law or Code Requirement

FLA Workplace Code (Freedom of Association Benchmark FOA.2, Employment Relationship Benchmarks ER.10 and ER.16)

## COMPANY ACTION PLANS

1. 1. Factory had provided the copy of the collective bargaining agreement to workers by 2018/7/30.
2. Factory had resigned the pay date to 30th of each month on collective bargaining agreement and provided the updated copy to workers by 2018/7/30.
3. Factory will learn the knowledge of the freedom of association and talk with brand and FLA about how to improve it.

Action plan status: Scheduled

## FINDING NO.9

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Workplace Conduct & Discipline

##### Finding Explanation

1. Workers do not receive written documentation that substantiates all the issues cover in orientation, including a copy of the workplace rules. [ER.15.3]
2. The disciplinary system does not include the workers' right to have a third-party witness present during imposition of the disciplinary action. [ER.27]
3. There were no records of disciplinary actions maintained for the past two years. [ER.2.1]

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.2, ER.15 and ER.27)

## COMPANY ACTION PLANS

1. 1-1. The factory had provided the workers manual to the new workers during the orientation training, which include the workplace rules.
- 1-2. Factory kept the distribution records from July,2018.
- 2-1. Factory established the mediator committee from 2012,May.
- 2-2. The committee updated their work procedure to add the requirement to arrange third-party witness present during imposition of the disciplinary action and will kept the records.
3. Since factory really did not have disciplinary action this years, now factory updated the records with NA if there is no disciplinary action.

Action plan status: In progress

## FINDING NO.10

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Health & Safety

##### Finding Explanation

1. Risk assessment report does not cover all risks associated with all hazards within the workplace, such as hazards in the ironing workshop and warehouse. [ER.31]
2. There has been neither test of occupational disease hazard factors conducted in the recent 12 months, nor occupational hazards test report posted in the relevant workshop. [HSE.1, HSE.2]
3. The factory expanded its production scale in 2010, but there has been no pre-assessment of occupational disease hazards, assessment of effects of occupational disease hazards control and assessment of current condition of occupational disease hazards conducted ever. [HSE.1]
4. Individual workstations are not adjustable to fit individual workers. [HSE.17]
5. The factory does not take proactive steps to reduce repetitive-motion stress/injuries, such as no seat back or anti-fatigue mat. [HSE.17]
6. There is no list of equipment and/or machines that require lockout-tagout in the factory. [HSE.14]
7. There is only tagout process without lockout process implemented in the factory. [HSE.14]

#### Local Law or Code Requirement

Provisions on the Supervision and Administration of Occupational Health at Work Sites, Article 20; Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, Article 17 & Article 18; FLA Workplace Code (Employment Relationship Benchmark ER.31; Health, Safety & Environment Benchmarks HSE.1, HSE.2, HSE.14 and HSE.17)

### COMPANY ACTION PLANS

- 1-1. Factory will arranged the risk assessment in all workplace by the end of the year.
- 1-2. The administrative department will review the risk assessment reports the quality annually.(include area, all the position included)
2. Factory plan to contact the third party to do the test of occupational disease by the end of the year.
3. Factory plan to contact the third party to do the assessment of occupational disease by the end of the year.
4. Factory will arrange the evaluation of the work condition of individual workers.
5. Factory will arrange the evaluation of the work condition of individual workers and arrange improvement of the work condition. The factory has provided anti-fatigue pads for all employees who work on their feet.
6. Factory will list the equipment list according to the lockout-tag out procedure
7. Factory will retrain the Maintenance about the lockout-tag out procedure by the end of 2018.

Action plan status: Scheduled

### FINDING NO.11

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Health & Safety

#### Finding Explanation

1. 20% electric panels are not installed with safety covers. [HSE.13]
2. Two stacks of raw materials are overall over 100 square meters each in the raw material warehouse, which is against the local law. [HSE.5]
3. The emergency alarm system does not have a backup battery. [HSE.5]
4. Some bathrooms in the workplaces are covered with dirt. [HSE.19, HSE.20]
5. Most washing basins in the factory are covered with dirt and moss. [HSE.19, HSE.20]
6. Public bathrooms and shower rooms in the dormitory are covered with dirt and moss. [HSE.19, HSE.20]

#### Local Law or Code Requirement

The General Guide for Safety of Electric User, Article 5.1.1; Rules for Warehouse Fire Prevention Safety Management, Article 18; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.5, HSE.13, HSE.19 and HSE.20)

#### Recommendations for Immediate Action

1. Install safety covers for all electric panels.
2. Maintain the size of each stack of raw materials in the warehouse less than 100 square meters, as required by law.
3. Install a backup battery for the emergency alarm system.
4. Maintain clean bathrooms and washing basins in the factory.
5. Maintain clean public bathrooms and shower rooms in the dormitory.

### COMPANY ACTION PLANS

- 1-1. Factory rechecked all the electric panels in factory and correct if there is missing the safety covers.
- 1-2. Factory had arranged EHS employee about the safety use of electric.
- 1-3. Maintenance department will check it monthly.
- 2-1. Factory updated the warehouse management regulation according to the to add the requirement the stacks can not be more than 100 square meters.
- 2-2. Factory had rearranged store of the materials.
- 2-3. The warehouse keepers had been trained on 2018/7/20
- 2-4. The administrative department will check monthly.

- 3-1. Factory had installed the backup battery immediately.
- 3-2. The engineering department had tested the function.
- 3-3. Firefighting maintenance workers will check monthly.

- 4-1. Cleaners had cleaned all the area thoroughly.
- 4-2. The administrative department had arranged the requirements to cleaners on 2018/7/26.
- 4-3. The administrative department will check weekly about the cleaning work.

- 5-1. Cleaners had cleaned all the area thoroughly.
- 5-2. The administrative department had arranged the requirements to cleaners on 2018/7/26.
- 5-3. The administrative department will check weekly about the cleaning work.

- 6-1. Cleaners had cleaned all the area thoroughly.
- 6-2. The administrative department had arranged the requirements to cleaners on 2018/7/26.
- 6-3. The administrative department will check weekly about the cleaning work.

Action plan status: Completed

Completion date: 07/30/18

## FINDING NO.12

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Environmental Protection

##### Finding Explanation

1. The secondary containment in the chemical warehouse is not properly sized, the volume of the secondary containment is around 20% of the volume of the chemicals being stored, which is less than the 110% as per the industrial practice. [HSE.1, HSE.9]
2. Empty chemical containers (oil and liquid coolant) are stored with non-hazardous waste in air compressor room. [HSE.1]
3. The factory does not collect oily wastewater produced by the air compressor, and directly discharges wastewater outside on to the ground without any treatment. [HSE.1]
4. The factory has not signed a contract with any qualified hazardous waste disposal company to dispose hazardous waste. [HSE.1, HSE.4]
5. There is no secondary containment provided for the empty chemical containers in the air compressor room. [HSE.1]
6. There are no safety labels posted on cleaning agent containers. [HSE.9]

##### Local Law or Code Requirement

Regulation for Safety of Dangerous Chemical, Article 20; China Law of Prevention and Treatment of Environmental Pollution by Solid Wastes, Article 57 and Article 58; Standard for Pollution Control on Hazardous Waste Storage, Article 6.2.4 and 6.2.5; Regulation of Chemical Safety Usage in Workplace, Article 12. FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.4 and HSE.9)

##### Recommendations for Immediate Action

1. Install the secondary containment in chemical warehouse with proper size for the amount of chemicals being stored.
2. Store hazardous waste in a proper place away from non-hazardous waste.
3. Collect oily wastewater produced by the air compressor and dispose of in the correct and safe manner.
4. Provide secondary containment for all empty chemical containers in proper place.
5. Post safety labels on cleaning agent containers.

### COMPANY ACTION PLANS

1. 1-1. Factory replaced the secondary container immediately.
- 1-2. Factory will purchase small volume chemicals instead of big volume.
- 1-3. The administrative department will check quarterly.
  
- 2-1. Factory had moved the empty chemical containers immediately.
- 2-2. Administrative department trained the warehouse keeper about chemical storage on 2018/7/4
- 2-3. The administrative department will check quarterly.
  
- 3-1. Factory had installed the recycling facilities beside the air compressor.
- 3-2. The maintenance workers will check it monthly.
  
- 4-1. Factory signed the contract with a hazardous waste disposal company on 2018/7/7.
- 4-2. Factory will keep the records every time.

- 5-1. Factory had moved the empty chemical containers immediately.
- 5-2. Administrative department trained the warehouse keeper about chemical storage on 2018/7/4
- 5-3. The administrative department will check quarterly.

- 6-1. Factory had designed the safety labels and posted on the containers immediately.
- 6-2. Administrative department trained the warehouse keeper about chemical storage on 2018/7/4
- 6-3. The administrative department will check quarterly.

Action plan status: Completed

Completion date: 08/02/18

## FINDING NO.13

### NOTABLE FEATURE

### FINDING TYPE: Compensation

#### Finding Explanation

1. Factory provides free dormitory for employees.