



COMPANY: Chenfeng Group
COUNTRY: China
ASSESSMENT DATE: 09/04/13
MONITOR: FLA Assessor Team (China)
PRODUCTS: Apparel
PROCESSES: Full [= full package]
NUMBER OF WORKERS: 1368
NUMBER OF WORKERS INTERVIEWED:
ASSESSMENT NUMBER: AA0000000314

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Understanding this Assessment Report

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

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

Glossary

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

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

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

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

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

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

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

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

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

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

Finding type

- **Immediate action required:** discoveries or findings at the workplace that need immediate action because they not only constitute an imminent danger, risk the workers' basic rights, threaten their safety and well-being or pose a clear hazard to

the environment, but also are clear non-compliances with the FLA Workplace Code of Conduct and local laws. Examples include a finding by the assessor that crucial fire safety elements are not in place or that there is underpayment of wages and/or worker entitlements or that there is direct discharge of waste water, etc.

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

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

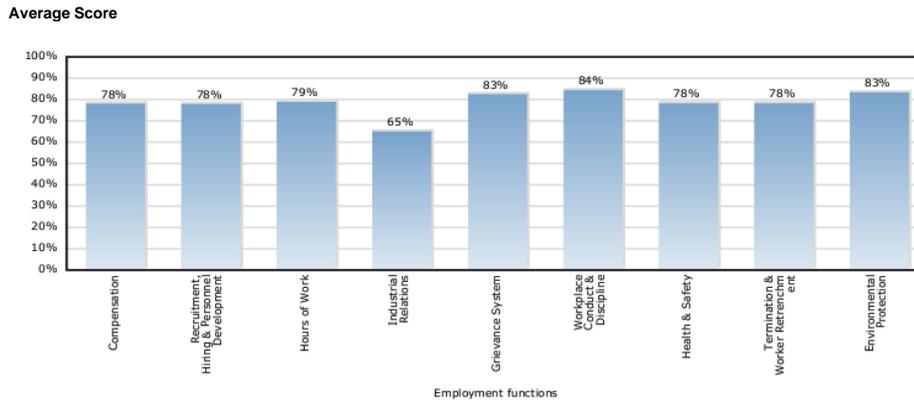
Root causes: a systemic failure within an employment function, resulting in a "finding." Findings are symptoms of underlying problems or "root causes." Consider, for example, the case of workers not wearing hearing protection equipment in a high noise area. The most expedient conclusion might be that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

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

Factory Profile

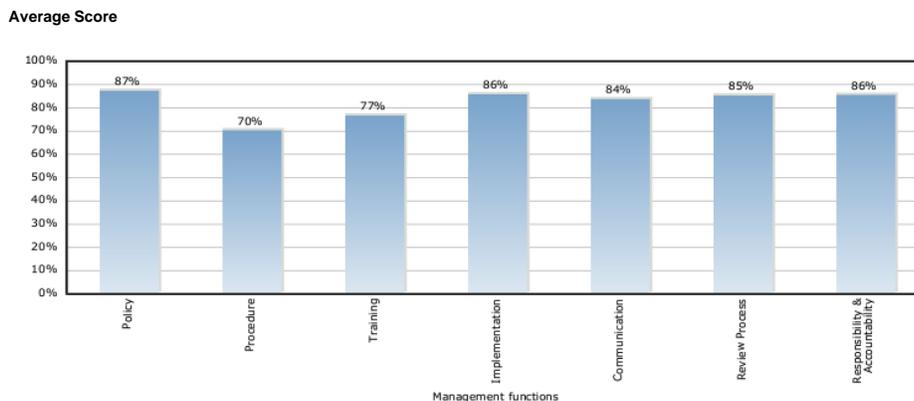
Score by Employment Function

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



Score by Management Function

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



Score Summary

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

Management Functions	Recruitment, Hiring & Personnel Development	Compensation	Hours of Work	Industrial Relations	Grievance System	Workplace Conduct & Discipline	Termination & Worker Retrenchment	Health & Safety	Environmental Protection
Policy	70.83%	100%	100%	87.5%	100%	92.86%	92.31%	90%	100%
Procedure	71.88%	77.27%	80%	23.53%	100%	100%	76.19%	61.88%	100%
Responsibility & Accountability	83.43%	75%	83.33%	55.67%	75%	75%	66.75%	55.67%	55.67%
Review Process	75%	83.33%	100%	66.67%	100%	100%	100%	100%	100%
Training	80.56%	67.78%	73.08%	68.75%	75%	89.47%	60%	69.88%	68.56%
Implementation	80.63%	81.78%	83.33%	61.9%	100%	100%	100%	89.53%	89.26%
Communication	83.33%	80%	65%	50%	75%	75%	87.5%	87.5%	100%

Summary of Code Violations

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

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

FLA Code Element	Number of Violations	Violations
Compensation	1	Workers Awareness and Understanding of Compensation
Employment Relationship	7	General/Human Resource Management Systems Terms and Conditions/New Employee Orientation Terms and Conditions/Communication Administration of Hours/Production and Incentive Schemes Industrial Relations Health, Safety, and Environmental Management System/Policies and Procedures Termination and Retrenchment/General Policies and Procedures
Freedom of Association and Collective Bargaining	5	Employer Interference Employer Interference/Constitution, Elections, Administration, Activities and Programs Employer Interference/Registration Employer Interference/Favoritism Employer Interference/Police and Military Forces
Hours of Work	1	Rest Day
Health, Safety and Environment	4	General Compliance Health, Safety, and Environment Material Safety Data Sheets/Workers Access and Awareness Ergonomics Notification and Record Maintenance

Findings and Action Plans

FINDING NO.1

INDUSTRIAL RELATIONS

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. Management occupied all of the committee member positions in the trade union; two-thirds of the trade union's "worker" representatives were managerial staff.
2. Collective bargaining agreement (CBA) was not negotiated with workers representatives, as most members of the trade union are managerial staff. Based on worker interviews, workers were not aware of the existence of a CBA. Copies of the current CBA are not provided to workers.

Local Law or Code Requirement

Employment Contract Law of PRC, Article 51; FLA Workplace Code (Employment Relationship Benchmark ER.16.2 ; Freedom of Association Benchmarks FOA.2, FOA.10; FOA.11,and FOA.16)

Root Causes

1. **FLA Comment:** The Chinese constitution guarantees Freedom of Association; however, the Trade Union Act prevents the establishment of trade unions independent of the sole official trade union – the All China Federation of Trade Unions (ACFTU). According to the 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.
2. Factory management: a) is not aware of FLA Workplace Code as related to the CBA and b) does not think it is necessary to provide employees copies of the CBA. Additionally, it is not a legal requirement in China to provide workers with a copy of the CBA.

COMPANY ACTION PLANS

1. 1.20 representatives of the production line workers have been added in the fifth session of the Second Representative Meeting of the trade union. Three-fifths of the trade union's members are production line workers.
2. Copies of the current CBA are posted in the bulletin board in the factory.
3. The factory will inform all the employees that they can obtain the copies of CBA for free in the factory manager's office anytime they want.

Action plan status: Completed

Planned completion date: 06/06/14

Progress update: 08/17/15 : 1.20 representatives of the production line workers have been added in the fifth session of the Second Representative Meeting of the trade union. Three-fifths of the trade union's members are production line workers. 2. Copies of the current CBA are posted in the bulletin board in the factory. 3. The factory has informed all the employees that they can obtain the copies of CBA for free in the factory manager's office anytime they want.

Completion date: 06/06/14

FINDING NO.2

HOURS OF WORK

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. According to document review and interviews with management and workers, except for February 2012, the monthly overtime exceeded the legal limit of 36 hours every month from September 2012 through July 2013. The highest monthly overtime reached 74 hours in several months.
2. It was found that almost none of the workers were provided with 1 day off in every 7 consecutive days during the periods of April 22 – 28 and June 3 – 9, 2013. Workers were provided with an alternative day off in the following week.

Local Law or Code Requirement

Labor Law of PRC, Articles 38 and 41; FLA Workplace Code (Hours of Work Benchmarks HOW.1 and HOW.2; Employment Relationship, ER.24)

Root Causes

1. Factory's production planning is based on a 58-hours work week, which means 72 hours of overtime per month.

2. Most workers accept to work overtime as a way to increase their income.
3. The central government publishes a holiday schedule which often combines some holidays with working days for an extended holiday, using subsequent Saturday and Sunday to make up for the lost working days.

COMPANY ACTION PLANS

1. Workers can normally receive 1 day of rest in every 7 consecutive days except the rest day which is used to make up for the lost working days before or after the official holiday.
2. Factory's current production planning has been adjusted to be based on a 48-hours work week, which was a 58-hours work week in the past.
3. Factory's parent company will implement FLA Principles of Fair Labor and Responsible Production and accordingly coordinate on the topics which can help the factory address the excessive hours issue.

Action plan status: In Progress

Planned completion date: 12/31/14

Progress update: 08/17/15 : 1.Factory's current production planning had adjusted to be based on a 48-hours work week, which was a 58-hours work week in the past. 2.Factory's parent company has implemented FLA Principles of Fair Labor and Responsible Production and accordingly coordinated on the topics which can help the factory address the excessive hours issue and will keep this going.

FINDING NO.3

COMPENSATION

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. Around 75% of the total workforce is not covered by all 5 types of social insurance (pension, medical, unemployment, maternity, and injury).
2. Based on document review and management interview, wages of resigned workers were not paid in a timely manner (within 2 days after the last work day as per Jiangsu Provisional regulations), but paid on the regular payment day of the 15th of each month.
3. Factory did not make a reasonable effort to make workers understand fringe benefits, such as prenatal leave, paternity leave, breastfeeding leave: a) related content was not included in either the training material or the employee handbook; b) orientation training covered 10 topics and only lasted 1 hour, making it difficult for the trainer to deliver sufficient information to workers. The three types of leave mentioned above are seldom taken by workers, as many interviewed workers were not aware of them.

Local Law or Code Requirement

Labor Law of PRC, Article 72; Regulations of Jiangsu Province on Wage Payment, Article 19; FLA Workplace Code (Employment Relationship Benchmark ER.16 and ER.22; Compensation Benchmarks C.1 and C. 17)

Root Causes

1. The factory considers social insurance payments too costly.
2. The Chinese social insurance system is under development and, as a result, the process of insurance transfer across the country is still complicated. Workers are not provided adequate support and assurance from either the local government or their employer with respect to the transfer of their pension funds back to their hometowns. As a result, most workers prefer higher disposable income in the short-term and opt not to contribute to social insurance.
3. The local labor and social security bureau does not strictly enforce compliance in regards to social insurance contributions.
4. According to management, paying resigned workers on the last working day results in more of a workload for accounting staff.
5. The factory has limited resources to deliver the orientation training; it only has 1 office manager in charge of the whole training program..

COMPANY ACTION PLANS

1. The Collective Contract Agreement has been revised. The agreement about payment of resigned wage has been

- added — wages of resigned workers and in-service workers will be paid simultaneously.
- 2.Training materials have been revised. The content of all fringe benefits policies has been added in.
- 3.One HR specialist has been assigned to be in charge of all the trainings in the factory.
- 4.The HQ will set up a six-year SI plan for the factory to meet full coverage of the workers,which requires the factory to raise the SI coverage rate to 60% within 3 years and to 100% within six years.

Action plan status: In Progress

Planned completion date: 12/25/19

Progress update: 08/17/15 : 1.The Collective Contract Agreement has been revised. The agreement about payment of resigned wage has been added — wages of resigned workers and in-service workers will be paid simultaneously. 2.Training materials have been revised. The content of all fringe benefits policies has been added in. 3.One HR specialist has been assigned to be in charge of all the trainings in the factory. 4.The HQ has set up a six-year SI plan for the factory to meet full coverage of the workers,which requires the factory to raise the SI coverage rate to 60% within 3 years and to 100% within six years.

FINDING NO.4

ENVIRONMENTAL PROTECTION

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. The sludge generated by the wastewater treatment plant has not been analyzed, as required by law; there is no secure and formal procedure for its disposal.

Local Law or Code Requirement

Ministry of Environmental Protection PRC, Announcement [2010] No.129; Article 2 --
[2010] 129; FLA Workplace Code (Health, Safety, and Environment Benchmark HSE.1)

Root Causes

1. The wastewater treatment plant is newly set up; therefore, the sludge has not been either tested or disposed of yet.

COMPANY ACTION PLANS

1. Assign responsible personnel to be in charge of wastewater treatment and sludge disposal.
- 2.Sign the garbage recycling agreement between the factory and the environmental department of the municipal government.
- 3.Send the sludge to the environmental department to be disposed, according to the environmental assessment requests.
- 4.General affairs department will deliver trainings for the HSE specialists to help enhance their ability of recognizing environmental risks.
- 5.General affairs department will inspect all the environmental risks in the company, classify wastes carefully, and dispose all sorts of wastes in compliant way.
- 6.The project will be included in the annual internal audit to make sure the remediation measures are reasonable and effective.

Action plan status: Completed

Planned completion date: 01/16/14

Progress update: 08/17/15 : 1.We had assigned responsible personnel to be in charge of wastewater treatment and sludge disposal. 2.We had signed the garbage recycling agreement between the factory and the environmental department of the municipal government. 3. We had sent the sludge to the environmental department to be disposed, according to the environmental assessment requests. 4.General affairs department had delivered trainings for the HSE specialists to help enhance their ability of recognizing environmental risks. 5.General affairs department had inspected all the environmental risks in the company, classify wastes carefully, and disposed all sorts of wastes in compliant way. The remediation project has included in the annual internal audit to make sure the remediation measures are reasonable and effective.

FINDING NO.5

TRAINING

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. The factory has limited coverage of policies and procedures in the orientation and ongoing training. across all employment functions. Following shortcomings were noted:
 - a) There is only 1 trainer, whose title is office supervisor, to deliver all kinds of training. Based on an interview, the trainer does not have solid knowledge of most employment functions;
 - b) According to management and worker interviews, the orientation training only lasts 1 hour and there is no timeframe for ongoing trainings, which are conducted on an ad hoc basis;
 - c) No training material is provided for new workers in the orientation training;
 - d) Except for those regarding hours of work, the majority of interviewed workers were not aware of most of the factory's policies and procedures.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.2, ER.15.2, ER.15.3 and ER.17)

Root Causes

1. FLA affiliate (factory's parent company) does not allocate enough human resources to the training program.
2. The factory management lacks awareness of the benefits of effective training.
3. There is no mechanism in place to balance production needs with training needs.

COMPANY ACTION PLANS

1. One HR specialist has been assigned to be in charge of training in the factory.
2. The parent company has set an annual training plan for the factory; focus on the orientation training for supervisors, CSR specialists and HR specialists.
3. The training materials will be provided to the new employees. The employees can also obtain the materials for free anytime from the factory manager's office.

Action plan status:	Completed
Planned completion date:	05/06/14
Progress update:	08/17/15 : 1.One HR specialist had assigned to be in charge of training in the factory. 2.The parent company has set an annual training plan for the factory; focus on the orientation training for supervisors, CSR specialists and HR specialists. 3.The new employees have obtained the training materials. They can also obtain the materials for free anytime from the factory manager's office.
Completion date:	05/06/14

FINDING NO.6

HEALTH & SAFETY

FINDING TYPE: Immediate Action Required

Finding Explanation

1. There are not enough seats for workers in the ironing, cutting, quality inspection, and thread residue vacuuming area and packing department. The seats provided for workers are not ergonomically designed with a backrest and are not adjustable in height.

2. The factory's drinking water machines are not regularly maintained. The factory has not yet conducted a water quality test on the drinking water processed by the machines.
3. 2 of the 3 canteen service providers don't keep food samples for at least 48 hours, as per applicable law.

Local Law or Code Requirement

FLA Workplace Code (Health, Safety, and Environment benchmark HSE.1, HSE.17, HSE.23)

Root Causes

1. FLA affiliate (factory's parent company) is in the process of replacing all of the seats with ergonomically designed ones in all of its facilities.
2. Factory lacks a monitoring mechanism to manage canteen service providers.

Recommendations for Immediate Action

1. Require all canteen service providers to keep food samples for at least 48 hours.

COMPANY ACTION PLANS

1. 1 After the probation in parent company and other two factories, the chairs will be equipped in all the branch factories
The general affairs department has delivered trainings related to ergonomics (handling posture, standard of body loads and so on) for the staff in packaging and finished product warehouses.
We are planned to provide ergonomically designed chairs for the workers at the end of 2014.
- 2 Keep safety monitoring of the drinking water
The general affairs department assigns a specialist to be in charge of regular maintenance of the drinking water machines, make sure the filter elements are qualified and valid. Conduct a regular water quality test on the drinking water and make sure the safety and sanitation.
The general affairs department will enhance training for personnel in charge of the factory's HSE and improve their ability to recognize HSE risks.
The general affairs department will inspect the HSE risks existing in the company and avoid the similar situation from happening.
The project will be included in the annual internal audit to make sure the remediation measures are reasonable and effective.
- 3 Conduct management of food safety in canteens
Keep food samples immediately for at least 48 hours and at least 150 grams of each sample, according to related laws.
The general affairs department will assign a specialist to be in charge of the inspection of the food safety in canteens and to deliver regular training for the canteen staff, in order to enhance the staff's health and safety awareness of food and insure dietary hygiene.
The general affairs department will inspect the HSE risks existing in the company and avoid the similar situation from happening.
The project will be included in the annual internal audit to make sure the remediation measures are reasonable and effective.

Action plan status: In Progress

Planned completion date: 03/27/14

Progress update: 08/17/15 : After the probation in parent company and other two factories, the chairs will be equipped in all the branch factories.

2. 1 After the probation in parent company and other two factories, the chairs will be equipped in all the branch factories
The general affairs department has delivered trainings related to ergonomics (handling posture, standard of body loads and so on) for the staff in packaging and finished product warehouses.
We are planned to provide ergonomically designed chairs for the workers at the end of 2014.
- 2 Keep safety monitoring of the drinking water
The general affairs department assigns a specialist to be in charge of regular maintenance of the drinking water machines, make sure the filter elements are qualified and valid. Conduct a regular water quality test on the drinking water and make sure the safety and sanitation.
The general affairs department will enhance training for personnel in charge of the factory's HSE and improve their ability to recognize HSE risks.
The general affairs department will inspect the HSE risks existing in the company and avoid the similar situation from happening.
The project will be included in the annual internal audit to make sure the remediation measures are reasonable and effective.
- 3 Conduct management of food safety in canteens
Keep food samples immediately for at least 48 hours and at least 150 grams of each sample, according to related laws.
The general affairs department will assign a specialist to be in charge of the inspection of the food safety in canteens and to deliver regular training for the canteen staff, in order to enhance the staff's health and safety awareness of food and insure dietary hygiene.
The general affairs department will inspect the HSE risks existing in the company and avoid the similar situation from

happening.

The project will be included in the annual internal audit to make sure the remediation measures are reasonable and effective.

Action plan status: Completed

Planned completion date: 03/27/14

Progress update: 08/17/15 : After the probation in parent company and other two factories, the chairs will be equipped in all the branch factories.

Completion date: 03/27/14

FINDING NO.7

HEALTH & SAFETY

FINDING TYPE: Immediate Action Required

Finding Explanation

1. The collar ironing machines: a) have bare iron that is exposed and b) do not have proper warning signs to alert workers to the hot surface,
2. There is no safety guard on the compressed air gun and the standard operation procedure was not posted near the machine. A worker was seen using it improperly by blowing it on herself.

Local Law or Code Requirement

FLA Workplace Code (Employment Relations benchmark ER.31, Health, Safety, and Environment benchmark HSE.14)

Root Causes

1. Factory did not evaluate all hazards and risks, especially for machinery safety. Factory thought of machinery safety as a low risk on account of the facility being a garment factory.
2. There are limited resources in the factory's HSE department.
3. There is a lack of internal monitoring on machinery safety.

Recommendations for Immediate Action

1. Post caution signs on all collar ironing machines and post safety instructions for the compressed air gun.

COMPANY ACTION PLANS

1. Remediation measures and projects: Post caution signs on all collar ironing machines and post safety instructions for the compressed air gun.
1. On the basis of equipment regulation, turn off the power and air source when stop using the equipment; set up related safety warning signs according to the requirement of occupational health and safety.
2. The general affairs department will enhance training for personnel in charge of the factory's HSE and improve their ability to recognize HSE risks.
3. The general affairs department will enhance the health and safety training for the workers, demand them to follow the safety operation rules and let them know the risks existing in production process, and avoid accidents.
4. The factory's HSE specialist will enhance the daily inspection and supervision of the machines' safety and protection; reform different kinds of potential safety hazard.
5. The general affairs department will inspect the HSE risks existing in the company and avoid the similar situation from happening.
6. The project will be included in the annual internal audit to make sure the remediation measures are reasonable and effective.

Action plan status: Completed

Planned completion date: 01/24/14

Progress update: 08/17/15 : Caution signs had posted on all collar ironing machines and post safety instructions for the compressed air gun.

Completion date: 06/17/14

FINDING NO.8

HEALTH & SAFETY

FINDING TYPE: Immediate Action Required

Finding Explanation

1. Earplugs were not provided for the workers stationed at the collar sewing area where the noise level is higher than 85 db.
2. 1 cutting machine operator at the grinding wheel was not provided with PPE (mask) against dust coming out from the wheel.

Local Law or Code Requirement

Law of Prevention and Control of Occupational Diseases, Article 23; Provisions on the Supervision and Administration of Occupational Health at Work Sites, 2012, Article 20; FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.1 and HSE.7)

Root Causes

1. The factory has not done a comprehensive workplace H&S risk assessment. The workplace noise level was not checked.
2. There is not enough worker participation in the factory's H&S Committee.

Recommendations for Immediate Action

1. Provide earplugs to workers who operate collar sewing machines and masks for workers who operate the cutting machine with the grinding wheel.
2. Suitable protection should be procured and installed on the grinding wheel to absorb the dust.

COMPANY ACTION PLANS

1. Remediation measures and projects: Enhance the maintenance of the equipment; lower the noise; provide the workers stationed at the collar sewing area with earplugs; provide cutting machine operator at the grinding wheel with PPE (mask).
 - 1.Maintain and tend all the equipment according to the maintenance regulations; lower the noise at workplace; provide earplugs for the workers stationed at the area where the noise level is higher than 85db; set up related safety warning signs in maintenance room and reminder them to wear suitable PPEs during maintenance operation.
 - 2.The general affairs department will enhance training for personnel in charge of the factory's HSE and improve their ability to recognize HSE risks.
 - 3.The general affairs department will enhance the occupational health and safety training for the maintenance personnel; demand them to follow the safe operation rules and equipment maintenance regulations; let them know the existing risks; help them improve responsibility; ensure all the equipment operate normally, and avoid accidents.
 - 4.The factory's HSE specialist will enhance the daily inspection and supervision of the machines' safety and protection; reform different kinds of potential safety hazard.
 - 5.The general affairs department will inspect the HSE risks existing in the company and avoid the similar situation from happening.
 - 6.The project will be included in the annual internal audit to make sure the remediation measures are reasonable and effective.

Action plan status: Completed

Planned completion date: 10/30/13

Progress update: 08/17/15 : We had enhanced the maintenance of the equipment; lowered the noise; provided the workers stationed at the collar sewing area with earplugs; provided cutting machine operator at the grinding wheel with PPE (mask). 1.We had maintained all the equipment according to the maintenance regulations; lowered the noise at workplace; provided earplugs for the workers stationed at the area where the noise level is higher than 85db; set up related safety warning signs in maintenance room and reminded them to wear suitable PPEs during maintenance operation. 2.The general affairs department had enhanced training for personnel in charge of the factory's HSE and improved their ability to recognize HSE risks. 3.The general affairs department had enhanced the occupational health and safety training for the maintenance personnel; demanded them to follow the safe operation rules and equipment maintenance regulations; let them know the existing risks; helped them improve responsibility; ensure all the equipment operate normally, and avoid accidents. 4.The factory's HSE specialist had enhanced the daily inspection and supervision of the machines' safety and protection; reformed different kinds of potential safety hazard. 5.The general affairs department had inspected the HSE risks existing in the company and avoided the similar situation from happening. 6.The project has been included in the annual internal audit to make sure the remediation

measures are reasonable and effective

Completion date: 06/18/14

FINDING NO.9

COMPENSATION

FINDING TYPE: Uncorroborated Risk of Non Compliance

Finding Explanation

1. Based on worker interviews, their salary is not enough to cover all of their basic needs and provide a discretionary income. (FLA Comment: The assessment methodology in use by the FLA at the time of this assessment did not involve collection of compensation data nor specific benchmarks against which to measure the adequacy of compensation received by the workers. Fair Compensation findings were based solely on worker interviews/perception and are therefore not actionable for remediation purposes. In 2015, the FLA launched its Fair Compensation Work Plan which requires the collection and benchmarking of compensation data.)

Local Law or Code Requirement

FLA Workplace Code (Compensation Benchmark C.1.3)

Root Causes

1. The Chinese apparel industry currently does not provide wages that allow for the fulfillment of workers' basic needs plus a discretionary income.
2. There is no wage structure in the factory that would enable workers to progressively earn a wage level that meets their basic needs.

COMPANY ACTION PLANS

1. We have completed the online self-assessment on FLA platform. We will contact responsible person to complete the Fair Wage Self-Assessment.

Action plan status:	In Progress
Planned completion date:	09/30/15
Progress update:	08/17/15 : 1.We haven't create strategies that would progressively ensure workers a wage level that covers their basic needs and discretionary income / Continuous 2.We will contact responsible person(Ms Qian) to complete the Fair Wage Self-Assessment as soon as possible.

FINDING NO.10

RECRUITMENT, HIRING AND PERSONNEL DEVELOPMENT

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. The number of disabled workers (0.5% of total workforce) is below the legal requirement (1.5% of total workforce.) Although the factory contributes to the employment security fund in lieu of employing disabled workers as allowed under the local law, this practice carries the risk of discrimination based on FLA benchmarks.

Local Law or Code Requirement

Regulations on the Employment of Persons with Disabilities, Article 8; FLA Workplace Code (Nondiscrimination Benchmark

ND.2)

Root Causes

1. While this practice is in line with local law and regulations, it is in violation of FLA standards. Regulations on the Employment of Persons with Disabilities, Article 9 allows employers to contribute to the employment security fund in lieu of hiring disabled workers.
2. As the type and severity of disability is an important factor for deciding if a candidate is suitable for the workplace/task to which they will be assigned, factory finds it difficult to recruit eligible disabled workers at times

COMPANY ACTION PLANS

1. To revise the policies related to the employment of disable workers in the Employee Handbook and to define the positions and areas that may be suitable for disable workers.
2. To train the administrative staff, CSR and HR specialists in the factory with the above policy.

Action plan status: In Progress

Planned completion date: 12/31/16

Progress update: 08/17/15 : We had training the administrative staff, CSR and HR specialists in the factory with the above policy.