



FAIR LABOR
ASSOCIATION®

INDEPENDENT EXTERNAL ASSESSMENT REPORT



COMPANIES: Top of the World by Fanatics
COUNTRY: China
ASSESSMENT DATE: 08/23/16
ASSESSOR: FLA China
PRODUCTS: Apparel
NUMBER OF WORKERS: 120

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.

Findings and Action Plans

FINDING NO.1

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Training (Macro)

Finding Explanation

1. The factory does not provide adequate or ongoing training for any of the Employment Functions; this includes orientation training and supervisor training.
2. Orientation training does not cover the following Employment Functions: Recruitment, Hiring and Personnel Development, Industrial Relations & Freedom of Association, Grievance System, Termination & Retrenchment, Health & Safety, and Environmental Protection.
3. Workers do not receive written documentation that includes any of the issues covered during orientation.
4. The factory does not train any of the supervisors on national laws, regulations, or the FLA Workplace Code in any of the Employment Functions.
5. The factory does not provide Health & Safety training in relation to fire safety, emergency response, first aid, PPE usage and maintenance, specific workplace safety and maintenance safety to any of the workers.
6. The factory does not update the training module on a regular basis for any of the Employment Functions.
7. The factory does not provide any ongoing training to regular workers and managerial staff on updated factory policies, procedures, or legal requirements.
8. The factory does not provide any ongoing training to workers to raise or broaden their skills for career advancement.

Local Law or Code Requirement

The Safety Manufacturing Law, Article 42; Fire Safety Management for Organs, Organizations, Enterprises and Institutional Organizations, Article 36; FLA Workplace Code (Employment Relationship Benchmarks ER.1.2, ER.15, ER.17.1, ER.17.3, ER.27, and ER.28, Health, Safety & Environment Benchmarks HSE.5.2, HSE.6.2, HSE.8, and HSE.14.2)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1.1. The HR Manager will develop orientation training policy and provides orientation training to all newly hired workers. The HR Manager will work with Operations Manager/ GM/Production Manager to develop an appropriate Annual Master Training Schedule for Supervisors, team leads, and workers. The Ops Mgr/GM/Production Mgr conducts and/or ensures that proper training is administered to supervisors and workers on an annual and ongoing basis.

1.2 The HR Manager will develop proper orientation training to cover all employment functions: Recruitment, Hiring and Personnel Development, Industrial Relations & Freedom of Association, Grievance System, Termination & Retrenchment, Health & Safety, and Environmental Protection.

1.3 The HR Manager will distribute written documentation that includes all topics covered during orientation including an employee handbook to all workers during new hire orientation. 1.4 The HR Manager will receive and provide training to the supervisors on national laws, regulations, or the FLA Workplace Code in any of the Employment Functions.

1.5 The factory health and safety committee will receive Health & Safety training from a third party(outside of factory) regarding fire safety, emergency response, first aid, PPE usage and maintenance, specific workplace safety and maintenance safety and then provide this training to workers.

1.6 The HR Manager will develop a written policy on creating and managing a master training schedule and update the training module on a regular basis for any of the Employment Functions on an ongoing basis.

1.7 The HR Manager will create a written policy and ensure ongoing training is provided to workers and managerial staff on updated factory policies, procedures, or legal requirements. 1.8. The HR manager will develop a policy to ensure workers receive ongoing training to raise or broaden their skills for career advancement.

Planned completion date

11/20/16

Company Action Plan Update

08/14/18 : 08/13/18 : The supplier has completed all planned actions for Issues 1.1 – 1.8. Please see supporting documents uploaded.

FINDING NO.2

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Policies & Procedures (Macro)

Finding Explanation

1. There are no written policies or procedures regulating Personnel Development.
2. The training policies and procedures do not include steps to encourage ongoing training to raise or broaden skills for career advancement.
3. There are no policies or procedures with regard to performance reviews that outlines the review steps and processes, demonstrates linkages to job grading, prohibits discrimination, provides written feedback, and complies with legal requirements.
4. There are no policies or procedures for Retrenchment. There are no procedures to determine termination payout; however, the termination payout is paid as per legal requirements based on termination payment records.
5. There are no policies or procedures for Environment Protection.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.1, ER19.1, ER.28.1, ER.29, ER.31, and ER.32.1; Health, Safety & Environment Benchmark HSE.1)

COMPANY ACTION PLANS

Action Plan no 1.

Description

2.1 HR Manager will develop written procedures regulating personnel development.

2.2 The HR Manager will develop written training policies and procedures that include steps to encourage ongoing training to raise or broaden skills for career advancement.

2.3 The HR Manager will develop written policies and procedures with regard to performance reviews that outlines the review steps and processes, demonstrates linkages to job grading, prohibits discrimination, provides written feedback, and complies with legal requirements.

2.4 The HR Manager will develop written policies or procedures for Retrenchment and procedures to determine termination payout.

2.5 The factory will appoint someone in charge of Environmental Protection and this person will develop written policies and procedures for Environment Protection.

Planned completion date

11/20/16

Company Action Plan Update

08/14/18 : 08/13/18 : The supplier has completed all planned actions for Issues 2.1 – 2.5. Please see supporting documents uploaded.

FINDING NO.3

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

The factory does not conduct performance reviews for any of the workers.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.29.1; Nondiscrimination Benchmark ND.2.1)

COMPANY ACTION PLANS

Action Plan no 1.

Description

3.1 The HR Manager will develop a written policy for implementation of annual performance reviews and the appropriate managers will follow this policy.

Planned completion date

11/20/16

Company Action Plan Update

08/14/18 : 08/13/18 : The supplier has completed all planned actions for Issues 3.1. Please see supporting documents uploaded.

FINDING NO.4

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Review Process (Macro)

Finding Explanation

The factory has not developed policies or procedures on the review process to ensure updates are made according to local laws and FLA Workplace Code requirements. As a result, they have not conducted internal reviews for the following Employment Functions: Recruitment, Hiring & Personnel Development; Compensation; Hours of Work; Termination & Retrenchment; Industrial Relations; Workplace Conduct; Grievance System; Environmental Protection; and Health & Safety.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.3, ER.29.1.1, ER.30.2, and ER 31.2)

COMPANY ACTION PLANS

Action Plan no 1.

Description

4.1 The HR Manager will develop policies and procedures on the review process to ensure updates are made according to local laws and FLA Workplace Code requirements. As a result, they have not conducted internal reviews for the following Employment Functions: Recruitment, Hiring & Personnel Development; Compensation; Hours of Work; Termination & Retrenchment; Industrial Relations; Workplace Conduct; Grievance System; Environmental Protection; and Health & Safety.

Planned completion date

11/20/16

FINDING NO.5

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Compensation

Finding Explanation

1. Workers are not fully provided with the five types of legally mandated social insurances. According to social insurance receipts of July 2016, only 32 out of 70 (46%) workers are provided with a pension insurance. None of the workers are provided with work-related injury, medical, unemployment, or maternity insurance.

2. Furthermore, the factory does not provide social insurance based on workers' actual wages, as required by law. For 60% of workers whose monthly wages range from CNY 2917 (USD 437.00) to CNY 5982 (USD 896.18), the social insurance was paid based on the local minimum contribution base of CNY 2878 (USD 382.90), rather than their actual monthly wages.

3. The factory does not contribute to the legally required Housing Provident Fund for any of the workers.

4. The factory does not provide paid annual leave to any of the workers.

5. The factory does not provide paid sick leave to any of the workers.

6. The factory does not pay the legally defined premium rates for overtime hours to any of the piece-rated workers. The production workers (64 out of 70) are paid a piece-rated wage, while non-production workers (6 out of 70) are paid monthly-rated wages. The overtime wages for monthly-rated workers are paid according to legal law requirements. However, the factory only paid 100% of the normal wage rate to all piece-rated workers for weekday and weekend overtime hours in the past year (from July 2015 to June 2016), which is less than the legally required 150% and 200% of the wage rate for weekday overtime and weekend overtime, respectively.

7. The factory does not pay the normal wage rate to any of the piece-rated workers for statutory holidays, as per legal requirements (8-hours at 100% of the normal wage rate).

Local Law or Code Requirement

The PRC Labor Law, Articles 44, 51, 72 and 73; The Housing Fund Management Regulation, Articles 15 and 17; The Worker Paid Annual Leave Regulation, Article 2; The Opinion of the Ministry of Labor on Several Questions concerning the Implementation of the Labor Law, Article 59; FLA Workplace Code (Employment Relationship Benchmark ER.22.1; Hours of Work Benchmarks HOW.10, HOW.11, HOW.14, and HOW.16; Compensation Benchmarks C.1, C.6, and C.7)

COMPANY ACTION PLANS

Action Plan no 1.

Description

5.1 The HR Manager will receive training on social insurance from a local organization. Social Insurance including the five types of legally mandated social insurances will be provided to all workers within the next year. Each quarter more will participate. in 6 months 75% of workers will participate and in 1 year 100% of the workers will participate.

5.2 The HR Manager will provide social insurance based on workers' actual wages, as required by law.

5.3 The factory will start contributing to the legally required Housing Provident Fund for all workers.

5.4 The factory will start providing paid annual leave to all workers.

5.5 The factory will provide paid sick leave to all workers.

5.6 The factory will pay the legally defined premium rates for overtime hours to all piece-rated workers. Piece rate workers will clock in and out and OT pay will be calculated based on hours of work in a given week and paid according to the legally mandated rate of 150% for all OT hours and 200% for OT that occurs on the weekend. In addition any OT payments that were found to be insufficient during the past 12 months should be retroactively paid to the employee.

5.7 The factory will pay normal wage rate to all piece-rate workers for statutory holidays, as per legal requirements (8-hours at 100% of the normal wage rate).

Planned Completion Date

12/31/17

Planned completion date

11/20/16

FINDING NO.6

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Hours of Work

Finding Explanation

1. The daily and monthly overtime hours exceed the legally required limit of three hours per day and 36 hours per month.
2. The daily overtime hours for 60% of the general workforce (workers in all departments) exceeded the legal limit of three hours per day, ranging from 3.5 to five hours in the past year (from July 2015 to June 2016).
3. The monthly overtime hours for 90% of general workforce (workers in all departments) exceeded the legal limit of 36 hours per month, ranging from 65 to 136 hours in the past year except for February 2016 (Chinese New Year holidays).
4. The weekly working hours for 90% of the general workforce (workers in all departments) exceeded 60 hours, ranging from 68 to 85 hours per week in the past year (from July 2015 to June 2016).
5. The workers do not receive at least one day off (24 consecutive hours of rest) for every seven-day period. The consecutive working days for 100% of the general workforce (workers in all departments) exceeded seven days, ranging from seven to 14 days in the past year (from July 2015 to June 2016).
6. The factory's production target requires workers to work 56 hours per week (40 regular hours plus 16 overtime hours) on a regular basis.
7. The factory does not have a completed record of working hours for any of the workers. Normal working hours is from 8:00 to 18:00 with two hours break for lunch from 11:30 to 13:30. The factory uses an electronic card to record normal working hours throughout Monday to Sunday. All workers only need to swipe their electronic card twice per day (at around 8:00 and 18:00), they are not required to swipe their electronic cards for lunch break. As confirmed in interviews with workers and management, the production workers would start working early at around 6:00 in the morning and work overtime until 21:00 for urgent production orders. However, the factory neither adopts swiping electronic card nor uses other alternative system to record these extreme overtime hours.

Local Law or Code Requirement

The PRC Labor Law, Articles 38 and 41; FLA Workplace Code (Employment Relationship Benchmarks ER.2.1, ER.23.2, ER.23.3, and ER.23.5; Hours of Work Benchmarks HOW.1.1, HOW.1.3, HOW.2, HOW.8.1, and HOW.8.3)

Recommendations for Immediate Action

1. Ensure that workers do not work overtime more than the legal limit of three hours per day and 36 hours per month.
2. Ensure that workers do not work more than 60 hours per week.
3. Ensure that workers receive at least one day off (24 consecutive hours of rest) for every seven-day working period.
4. Ensure that production planning is based on 40 hours of work per week and does not include overtime.
5. Adopt reliable and effective time keeping system to records working hours.
6. FLA affiliate Company's Sourcing and Social Compliance teams should implement FLA Principles of Fair Labor and Responsible Sourcing and, to help the factory address its excessive hours issue, coordinate accordingly on the following topics:
 - 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

Action Plan no 1.

Description

6.1 - 6.4 The HR manager at Shengda will train or hire a local organization to train the GM and Production Managers on PRC laws regarding Over Time laws. Each worker is allowed 36 hours of Over Time per month. JA Sourcing Team will work closely with the Production Manager at Shengda to develop a balanced plan for upcoming production. JA will communicate regularly with the production manager at Shengda and review weekly and monthly capacity plans. 6.5 The workers will receive at least one day off (24 consecutive hours of rest) for every seven-day period.

6.6 JA Sourcing will work with the Production Manager to create production targets which will meet PRC laws regarding HOW and a

40 hours work week with 36 hours of OT per month per worker. OT should NOT occur on a regular basis but rather in addition to regular working hours

6.7 The HR manager needs develop a written policy regarding hours of work and how to utilize the electronic card system to capture ALL working hours including when they arrive in the morning, clock out for breaks, clock back in, and clock out when they leave for the evening. The HR Manager needs to train the Production Manager and all workers at the factory (piece rate and hourly) to correctly clock in and out when they arrive, for lunch, back from lunch, and when they leave the factory in the evening.

Planned Completion Date

06/30/17

Planned completion date

11/20/16

Company Action Plan Update

Working hours plan has been created.

FINDING NO.7

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Communication & Worker Involvement (Macro)

Finding Explanation

1. The factory does not formally communicate its policies and procedures to the general workforce and management staff for any of the Employment Functions.
2. The methods that the factory uses to communicate are not effective or comprehensive; this includes an insufficient introduction of factory rules to workers during orientation training and an incomplete posting of relevant policies and procedures on site.
3. All interviewed supervisors and general workers roughly understood some policies and procedures, however, they are not fully aware of the following policies and procedures: hiring; working hours; compensation package and legal benefits; termination payout; grievance channel and tracking system; disciplinary rules and appeal procedures. There are no follow-up plans to communicate updates and legal revisions.
4. The worker integration component is missing for all Employment Functions. The factory has not established procedures to receive worker input or feedback on the creation, implementation, or revision of its policies and procedures. Workers are neither systematically integrated nor consulted in the decision-making processes. The factory never arranges consultation meetings with workers or union representative before management reaches their final decisions on layoffs.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.2, ER.1.3, ER.16.1 ER.25.1, ER.25.2, ER.27.3, and ER.32; Compensation Benchmark C.17)

COMPANY ACTION PLANS

Action Plan no 1.

Description

7.1 - 7.2 HR Manager at the factory needs to develop a written policy for training at the factory to include new orientation training and ongoing training for existing workforce. The HR Manager needs to provide training and formally communicate its policies and procedures to the general workforce and management staff for all of the Employment Functions. The HR Manager will create a Master Training Schedule for all workers including new orientation and ongoing training and keep it updated. The HR Manager will make the ER Policy & Procedures accessible to workforce via information board, website, employee manuals, etc. The policy and procedures needs to be formally communicated to the workforce.

7.3 The HR Manager will develop a policy which details how the HR stays abreast of legal updates like attending local govt. workshops and updates all policies on an ongoing basis accordingly. The HR manager will keep documented files for all workforce training which will cover the following policies and procedures: hiring; working hours; compensation package and legal benefits; termination payout; grievance channel and tracking system; disciplinary rules and appeal procedures. The HR manager will train the workforce on all legal updates on an annual basis.

7.4 The HR Manager needs to work with the Production Manager and create an elected worker committee. The worker committee needs to also have 1 seat or 2 of management personnel on it. The worker committee needs to meet regularly and bring to each meeting communication, suggestions, complaints, recommendations, or grievances to the meetings. One person in the committee needs to maintain records of the meetings and the outcomes. The new policy and procedures or positive changes to the workplace environment should be posted so all workers can see the positive results.

Planned completion date

11/20/16

Company Action Plan Update

08/14/18 : 08/13/18 : The supplier has completed all planned actions for Issues 7.1 - 7.4. Please see supporting documents uploaded.

FINDING NO.8

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Industrial Relations

Finding Explanation

1. The factory has a trade union under the ACFTU (All-China Federation of Trade Unions) that was established in year 2014. However, there are neither records on file that indicate that any elections have been held nor any written operational procedures that pertain to such elections.
2. Factory management automatically enrolls all workers as trade union members without workers' consent. About 95% of the interviewed workers do not know if they are members of the trade union. Factory management pays the union dues rather than the workers themselves.
3. Instead of being elected by workers directly, the factory management assigns four out of the four worker representatives, three of whom were unaware of this assignment.
4. FLA Comment: The Chinese constitution guarantees Freedom of Association; however, the Trade Union Act prevents the establishment of trade unions independent of the sole official trade union – the All-China Federation of Trade Unions (ACFTU). According to the International Labor Organization (ILO), many provisions of the Trade Union Act are contrary to the fundamental principles of freedom of association, including the non-recognition of the right to strike. As a consequence, all factories in China fall short of the ILO standards on the right to organize and bargain collectively. Recently, however, the government has introduced new regulations that could improve the functioning of the labor relations' mechanisms. The Amended Trade Union Act of October 2001 stipulates that union committees have to be democratically elected at members' assemblies and trade unions must be accountable to their members. The trade union has the responsibility to consult with management on key issues of importance to their members and to sign collective agreements. It also grants the trade union an enhanced role in dispute resolution. In December 2003, the Collective Contracts Decree introduced the obligation for representative trade unions and employers to negotiate collective agreements, in contrast to the previous system of non-negotiated administrative agreements.

Local Law or Code Requirement

FLA Workplace Code (Freedom of Association Benchmarks FOA.2, FOA.10, and FOA.11)

COMPANY ACTION PLANS

Action Plan no 1.

Description

8.1 The factory needs to keep records on file regarding all meetings and elections from the trade union under the ACFTU (All-China Federation of Trade Unions).

8.2 All workers need to be informed on the AFCTU so they understand the Union Function, the election of worker representatives, that the workers willingly chose whether they wish to be a part of the trade union or not, and the purpose of the Union

8.3 Worker representatives/trade union committee members and union representatives need to be elected by holding an election.

8.4 The factory needs to hold elections for worker member seats whereby the workforce elects them, train workforce on the Union, and document all meetings and outcomes from the ACFTU. Recently, 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.

Planned Completion Date

06/30/17

Planned completion date

FINDING NO.9

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Workplace Conduct & Discipline

Finding Explanation

1. As part of its disciplinary The factory uses a monetary fine as one kind of disciplinary measure (among oral warnings, warning letters, and termination). The workers are fined CNY 10 (USD 1.49) to CNY 100 (USD 14.90) if they violate factory rules (e.g. a worker sleeping in the workshop would be fined CNY 100).
2. The disciplinary system does not include a third party witness during the imposition of disciplinary action or the appeal process.
3. The factory does not maintain the records of disciplinary actions in workers' personnel files. Furthermore, the workers do not sign the records of disciplinary actions taken against them, which the factory issues to workers similar to warning letters.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.2.1, ER.27.3.4, ER.27.3.3, and ER.27.4; Harassment or Abuse Benchmark: H/A.2)

Recommendations for Immediate Action

Stop using a monetary fine as a discipline practice, and establish escalating disciplinary measures.

COMPANY ACTION PLANS

Action Plan no 1.

Description

9.1 The factory will NO LONGER use monetary fines as one kind of disciplinary measure.

9.2 The HR Manager will create a written disciplinary policy to include a third party witness during the imposition of disciplinary action or the appeal process.

9.3 The HR Manager will maintain the records of disciplinary actions in workers' personnel files. Workers will now sign the records of disciplinary actions taken against them.

Planned completion date

11/20/16

Company Action Plan Update

08/14/18 : 08/13/18 : The supplier has completed all planned actions for Issues 9.3. Please see supporting documents uploaded.

03/29/17 : 9.1 and 9.2 are completed. See the supporting documents

FINDING NO.10

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Grievance System

Finding Explanation

Though the factory has a functioning grievance system, it does not maintain any records in relation to the grievance processes.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.2.1)

COMPANY ACTION PLANS

Action Plan no 1.

Description

10.1 The factory will start maintaining all records from the grievance process including all comments, suggestions, complaints, and grievances that the workers present to management and the factory will follow the process with each inquiry and document the outcomes. The factory will analyze the information collected from the workers and create new policies and/or procedures and post and/or communicate this information to the workers by posting it in the factory for the workers to view the results of those who have utilized the grievance process.

Planned completion date

11/20/16

Company Action Plan Update

08/14/18 : 08/13/18 : The supplier has completed all planned actions for Issues 10.1. Please see supporting documents uploaded.

FINDING NO.11

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Environmental Protection

Finding Explanation

1. The factory does not identify whether its on-site operations generate any negative environmental impacts. No internal or external assessments have been conducted since the factory started operating (performed by a third-party agency, as per legal requirement).
2. The factory has no system to respond to any unexpected environmental emergencies.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.31; Health, Safety and Environment Benchmark HSE.5.4)

COMPANY ACTION PLANS

Action Plan no 1.

Description

Environmental protection

Details

11.1 The factory will put someone in charge of environmental affairs. The environmental manager will write and implement policies and procedures which will include identifying whether its on-site operations generate any negative environmental impacts. The person in charge of environmental affairs will perform internal risk assessments on an ongoing basis and they will commission once per year an external assessments.

11.2 The person at factory in charge of environmental affairs will develop and implement a system to respond to any unexpected environmental emergencies.

Planned completion date

11/20/16

Company Action Plan Update

08/14/18 : 08/13/18 : The supplier has completed all planned actions for Issues 11.1 – 11.2. Please see supporting documents uploaded.

FINDING NO.12

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The factory is not taking proactive steps to reduce motion stress or injuries. The chairs for seated workers are not adjustable and have no backrests to minimize workers' injuries. No anti-fatigue mats are provided for standing workers.
2. There is no training provided for loading workers on lifting techniques, and no lifting belts are provided.

Local Law or Code Requirement

Recommendations for Immediate Action

Provide lifting belts to all loading workers.

COMPANY ACTION PLANS

Action Plan no 1.

Description

12.1 The HR Manager needs to put someone in charge of developing an ergonomic program which includes taking proactive steps to reduce motion stress or injuries. The factory needs to purchase chairs for seated workers which are adjustable and have backrests to minimize workers' injuries. The factory needs to purchase anti-fatigue mats for standing workers.

12.2 The HR Manager needs to provide training to loading workers on lifting techniques, and will provide lifting belts.

Planned Completion Date

09/30/17

Planned completion date

11/20/16

FINDING NO.13

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

The factory did not obtain an occupational disease hazard assessment report before operating in 2014. It has not yet conducted any assessment of the current conditions of occupational disease hazards, as legally required.

Local Law or Code Requirement

The PRC Law of Prevention and Control of Occupational Diseases, Articles 17 and 22; FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.1, and HSE.4)

Recommendations for Immediate Action

Arrange for a licensed service provider to conduct an assessment of the current conditions for occupational disease hazards.

COMPANY ACTION PLANS

Action Plan no 1.

Description

13.1 The environmental affairs person at the factory needs to obtain an occupational disease hazard assessment report. The person in charge of environmental affairs should consult the local safety bureau to understand which 3rd party are qualified to conduct the occupational disease hazard assessment; and then select one qualified service provider to conduct the assessment of current conditions of occupational disease hazards.

Planned completion date

11/20/16

Company Action Plan Update

Disease assessment procedure has been created for the factory

FINDING NO.14

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The factory has isolated fire alarms rather than a centralized fire alarm in the production areas. Furthermore, the factory does not have a backup battery installed for the fire alarm system.
2. The factory has installed incandescent lamps rather than anti-explosive lighting in the finished goods and raw material warehouse.
3. The factory does not install emergency lights above eight of 12 of safety exits in the production areas.
4. The factory has not organized a fire drill for any of the workers in last 12 months.

Local Law or Code Requirement

The PRC Fire Prevention Law, Article 16; Rules on Administration of Fire Safety in Warehouses, Article 38; The Fire Safety of Building Design Regulation (GB50016-2014) Article 10.3.4; The Fire Prevention Regulation for Organ, Group and Enterprise, Article 40; FLA Workplace Code (Health, Safety and Environment Benchmark HSE.1, HSE.5.1, HSE.5.2, and HSE.13)

Recommendations for Immediate Action

1. Install a centralized fire alarm and a backup battery for the fire alarm system in factory.
2. Install anti-explosive lighting in the warehouse.
3. Install emergency lights above all safety exits.
4. Organize fire drills for all workers twice a year.

COMPANY ACTION PLANS

Action Plan no 1.

Description

14.1 The factory needs to establish a health and safety committee. The health and safety committee will perform risk assessments on FLA health and safety standards on an ongoing basis . The factory will install a centralized fire alarm in the production areas and ensure that the alarm system has a backup battery installed for the fire alarm system.

14.2 The health and safety committee will install incandescent lamps rather than anti-explosive lighting in the finished goods and raw material warehouse.

14.3 The health and safety committee will install emergency lights above eight of 12 of safety exits in the production areas.

14.4 The health and safety committee will organize a fire drill one time per year and document this event and maintain the records.

Planned completion date

11/20/16

Company Action Plan Update

08/14/18 : 08/13/18 : The supplier has completed all planned actions for Issues 14.2 - 14.4. Please see supporting documents uploaded.

03/29/17 : 14.1 was completed on 9/8/2016