



COMPANIES: Fenix Outdoor International AG

COUNTRY: China

ASSESSMENT DATE: 10/18/16

ASSESSOR: FLA China

PRODUCTS: Apparel

NUMBER OF WORKERS: 200

FLA Comments

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

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: Policies & Procedures (Macro)

Finding Explanation

1. The factory has written policies and procedures on Recruitment & Hiring, but does not have written policies and procedures on Personnel Development.
2. There are no policies or procedures that encourage ongoing training to raise or broaden workers' skills for career advancement.
3. There are no policies or procedures on performance reviews that include steps and processes, demonstrate linkages to job grading, prohibit discrimination, provide written feedback, and comply with legal requirements.
4. The policies and procedures on Environmental Protection are incomplete and do not include a commitment to minimize environmental impacts with respect to energy, air emissions, water, waste, hazardous materials, and other significant environmental risks. There is no procedure that enables workers to raise environmental concerns.
5. The factory does not have written policies and procedures on Termination & Retrenchment.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.1, ER.28.1, ER.29.1, ER.31.2.4, ER.31.3 and ER.32.1; Health, Safety & Environment Benchmark HSE.1)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1.1 we have developed staff development procedures, the program content: career planning and development management approach, job evaluation and appointment and removal. (Staff development procedures see Appendix 1.1) 1.2. We plan to carry out performance appraisal at the end of each year. 1.3. We conduct internal training and external training on a regular basis to provide staff with better development space (see Appendix 1.2) 2.1.Our factory is stepping up the development of training system-related procedures to encourage continuous training to improve the skills of workers and provide better space for development. Related program plan June 2017 before the completion of preparation. 3.1.Our factory is to develop a reasonable and legitimate, non-discriminatory, fair and impartial performance review procedures and systems to stimulate the development potential of workers. Related program plans September 2017 before the completion of preparation. 4.1. The factory has formulated environmental protection procedures and supervision and management methods (see Appendix 2.1 for procedural documents). 4.2. We plan to conduct environmental protection training on staff, hold environmental protection meetings, strengthen staff awareness of environmental protection, enhance staff environmental protection skills, and share environmental protection suggestions and results Training record appendix 2.2) 4. 3. We provide the reporting mechanism, the staff found the corresponding

violation, can be directly reported to the HSE person in charge, or through the advice box. 5.1. Our company is based on the "Labor Contract Law of the People's Republic of China" to develop labor contract termination and termination of policies and procedures to protect the legitimate rights of employees. Related program plan June 1, 2017 completed Planned Completion Date 04/21/17

Planned completion date

01/20/17

Company Action Plan Update

05/11/17 : 1.1 we have developed staff development procedures, the program content: career planning and development management approach, job evaluation and appointment and removal. (Staff development procedures see Appendix 1.1) 1.2. We plan to carry out performance appraisal at the end of each year. 1.3. We conduct internal training and external training on a regular basis to provide staff with better development space (see Appendix 1.2) 2.1. Our factory is stepping up the development of training system-related procedures to encourage continuous training to improve the skills of workers and provide better space for development. Related program plan June 2017 before the completion of preparation. 3.1. Our factory is to develop a reasonable and legitimate, non-discriminatory, fair and impartial performance review procedures and systems to stimulate the development potential of workers. Related program plans September 2017 before the completion of preparation. 4.1. The factory has formulated environmental protection procedures and supervision and management methods (see Appendix 2.1 for procedural documents). 4.2. We plan to conduct environmental protection training on staff, hold environmental protection meetings, strengthen staff awareness of environmental protection, enhance staff environmental protection skills, and share environmental protection suggestions and results Training record appendix 2.2) 4. 3. We provide the reporting mechanism, the staff found the corresponding violation, can be directly reported to the HSE person in charge, or through the advice box. 5.1. Our company is based on the "Labor Contract Law of the People's Republic of China" to develop labor contract termination and termination of policies and procedures to protect the legitimate rights of employees. Related program plan June 1, 2017 completed

FINDING NO.2

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Training (Macro)

Finding Explanation

1. The orientation training provided to new workers is not adequate and does not cover the following Employment Functions: Recruitment, Hiring & Personnel Development, Termination & Retrenchment, Industrial Relations, Workplace Conduct & Discipline, Grievance System, and Environmental Protection.
2. Workers do not receive a copy of the workplace rules or written documentation that substantiates any of the topics covered during orientation.
3. The factory does not provide specific training to supervisors on national laws, regulations, or FLA Workplace Code in any of the Employment Functions.
4. The factory does not provide the training for the relevant HR personnel and administrative staff on Workplace Conduct & Discipline.
5. The factory does not provide ongoing training to workers on workplace standards or code of conduct in any of the Employment Functions except for Health & Safety.
6. The factory does not provide any ongoing training to regular workers and managerial staff on updated factory policies, procedures, or legal requirements.
7. The factory does not provide any ongoing training to workers to raise or broaden their skills for career advancement.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.2, ER.15, ER.17.1, ER.17.3, ER.25, ER. 27, and ER.28)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1.1 Our company is currently in the process of modifying our new employee training program to include training on recruitment and staff development, pay and benefits, working hours, dismissal and layoffs, labor relations, workplace codes and disciplines, grievance mechanisms, health and safety, and environmental protection. Information and procedures to guide the staff positive. Related program plan September 1, 2017 completed. 2.1 Our company has developed training in 2017 on recruitment and staff development, wages and benefits, working hours, dismissal and layoffs, labor relations, workplace codes and disciplines, grievance mechanisms, health and safety, environmental protection, human rights and special duties plan. 3.1. Our company is preparing for all the staff of the factory for laws and regulations, FLA workplace behavior rules, job functions and other comprehensive training,

training is being drafted in the plan, September 2017 completed. 4.1. Our company is drafting for human resources and administrative staff on workplace behavior and discipline training content, plan on June 1, 2017 or so to complete. 5.1. Our company is in the process of modifying the existing staff training program, in the original health and safety training to join the workplace code of conduct and employment functions of the training, the relevant program plan on June 1, 2017 or so. 6.1. Our company is drafting the training management system, providing regular and continuous training for workers and managers, as well as timely training on laws and regulations, factory policy changes, etc. The related procedures are completed on June 1, 2017. 7.1. Our company is planning to implement a quarterly technical skills retraining system for workers to improve their skills and skills, which are being drafted and are scheduled to be completed around June 1, 2017 Planned Completion Date 04/21/17

Planned completion date

01/20/17

Company Action Plan Update

05/11/17 : 1.1 Our company is currently in the process of modifying our new employee training program to include training on recruitment and staff development, pay and benefits, working hours, dismissal and layoffs, labor relations, workplace codes and disciplines, grievance mechanisms, health and safety, and environmental protection. Information and procedures to guide the staff positive. Related program plan September 1, 2017 completed. 2.1 Our company has developed training in 2017 on recruitment and staff development, wages and benefits, working hours, dismissal and layoffs, labor relations, workplace codes and disciplines, grievance mechanisms, health and safety, environmental protection, human rights and special duties plan. 3.1. Our company is preparing for all the staff of the factory for laws and regulations, FLA workplace behavior rules, job functions and other comprehensive training, training is being drafted in the plan, September 2017 completed. 4.1. Our company is drafting for human resources and administrative staff on workplace behavior and discipline training content, plan on June 1, 2017 or so to complete. 5.1. Our company is in the process of modifying the existing staff training program, in the original health and safety training to join the workplace code of conduct and employment functions of the training, the relevant program plan on June 1, 2017 or so. 6.1. Our company is drafting the training management system, providing regular and continuous training for workers and managers, as well as timely training on laws and regulations, factory policy changes, etc. The related procedures are completed on June 1, 2017. 7.1. Our company is planning to implement a quarterly technical skills retraining system for workers to improve their skills and skills, which are being drafted and are scheduled to be completed around June 1, 2017

FINDING NO.3

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Review Process (Macro)

Finding Explanation

The factory has a review process for the policies and procedures for Environmental Protection and Health and Safety; however there is no review process of the policies and procedures of any other Employment Functions. As a result, the factory has not conducted an internal review of the policies and procedures for the following Employment Functions: Recruitment, Hiring & Personnel Development, Compensation, Hours of Work, Industrial Relations, Termination & Retrenchment, Workplace Conduct & Discipline, and the Grievance System.

Local Law or Code Requirement

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

COMPANY ACTION PLANS

Action Plan no 1.

Description

1.1 Our company is in accordance with the FLA code of conduct guidelines, in the original environmental protection and health and safety review process, based on the recruitment and staff development, pay, working hours, labor relations termination and tightening, workplace behavior and discipline Institutional review procedures. The relevant program is scheduled to be completed around September 1, 2017. Planned Completion Date 04/21/17

Planned completion date

01/20/17

Company Action Plan Update

05/11/17 : 1.1 Our company is in accordance with the FLA code of conduct guidelines, in the original environmental protection and health and safety review process, based on the recruitment and staff development, pay, working hours, labor relations termination and tightening, workplace behavior and discipline Institutional review procedures. The relevant program is scheduled to be completed around September 1, 2017.

FINDING NO.4

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Communication & Worker Involvement (Macro)

Finding Explanation

1. The factory does not effectively or comprehensively communicate its policies and procedures and possible updates to the general workforce and management staff for any of the Employment Functions except for Health & Safety. The methods that the factory uses to communicate include an insufficient introduction of factory rules to workers during orientation training and an incomplete posting of the relevant policies and procedures on site. All interviewed supervisors and general workers roughly understand some policies and procedure, however, they are not fully aware of all policies and procedures, such as the hiring policy, compensation package and legal benefits, termination payout, overtime policy, grievance system, disciplinary rules and environmental protection policies and procedures. Furthermore, the factory has not developed a plan to communicate future updates or legal revisions to the general workforce and management staff.

2. 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, and 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, ER.29, ER.30.2, and ER.32; Compensation Benchmark C.17)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1.1. In addition to health and safety training, we will increase factory policies such as recruitment, remuneration and legal benefits, termination and termination of labor contracts, overtime policies, appeals systems, disciplinary and environmental policies during targeted training for our workers and management staff. Program publicity and training. The relevant training documents are being drafted and are scheduled to be completed around September 1, 2017. 2.1. At present, our factory is perfecting the original appeal system, creating input feedback procedure of opinions, establishing and perfecting consultation and consultation mechanism with workers or workers' representatives. Related plans in the June 1, 2017 or so to complete Planned Completion Date 04/21/17

Planned completion date

01/20/17

Company Action Plan Update

05/11/17 : 1.1. In addition to health and safety training, we will increase factory policies such as recruitment, remuneration and legal benefits, termination and termination of labor contracts, overtime policies, appeals systems, disciplinary and environmental policies during targeted training for our workers and management staff. Program publicity and training. The relevant training documents are being drafted and are scheduled to be completed around September 1, 2017. 2.1. At present, our factory is perfecting the original appeal system, creating input feedback procedure of opinions, establishing and perfecting consultation and consultation mechanism with workers or workers' representatives. Related plans in the June 1, 2017 or so to complete

FINDING NO.5

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

1. The factory does not prepare job descriptions for any position.
2. The factory does not conduct performance reviews for any of the workers.
3. The factory does not employ disabled workers, which is a violation of local legal requirements that state that at least 1.5% of the total workforce should be comprised of disabled workers. There are 110 workers in the factory; therefore, there should be at least 2 disabled workers. 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.

Local Law or Code Requirement

The Regulations of Employment for Disability Person, Article 8; FLA Workplace Code (Employment Relationship Benchmarks, ER.1.1, ER.3, and ER.29, Non-Discrimination Benchmarks ND.1 and ND.2.1)

COMPANY ACTION PLANS

Action Plan no 1.

Description

.1.At present, I plant is the development of job descriptions of posts, regulate job responsibilities. The relevant program is scheduled to be completed around September 1, 2017. 2.1.At present, our factory is developing performance evaluation procedures for staff performance evaluation, the relevant program plan on September 1, 2017 or so to complete.3.1. The factory has paid the person with a disability guarantee (see Appendix 3) 3.2. In the recruitment of people with disabilities, my factory human resources department coordinates the EHS department, determines which posts are suitable for which disabled workers, and posts these posts on the job advertisements, and recruits disabled workers by liaising with the local CDPF and local governments.

Planned Completion Date

04/21/17

Planned completion date

01/20/17

Company Action Plan Update

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FINDING NO.6

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Compensation

Finding Explanation

1. The factory does not fully provide workers with all five types of legally mandated social insurance. According to social insurance receipts of October 2016, only 60 out of 110 (55%) workers are provided with a pension insurance, 59 (54%) are provided with an unemployment insurance, 70 (64%) are provided with a medical insurance, 68 (62%) are provided with work-related injury insurance and 64 (58%) are provided with a maternity insurance. Furthermore, the factory does not provide social insurance based on workers' actual wages, as required by law. For workers who participate in the social insurance, their monthly wages range from CNY 2844 (USD 421.15) to CNY 6182 (USD 915.44), the social insurance was paid based on the local authority required contribution base of CNY 2140 (USD 316.90), rather than their actual monthly wages.
2. The factory does not contribute to the legally required Housing Provident Fund.
3. The factory calculates paid annual leave based on the number of years workers have been employed by the factory rather than their cumulative years of working experience prior to and including the factory, as required by law. The factory currently gives workers five days of annual leave; however, approximately 30% of workers are eligible for more than the five days of factory-provided annual leave based on their cumulative working experience, while around 10% of workers are eligible for 10 days of annual leave.
4. Based on payroll records, the workers were paid the correct wages and premium overtime rates, however, the factory does not have a reliable or effective time keeping system to record working hours for any of the workers. Due to discrepancies between attendance records and the quality control records, the accuracy of the payment records and overtime wages cannot be verified based on the existing time keeping system.

Local Law or Code Requirement

The PRC Labor Law, Articles 44, 48, 72 and 73; The Housing Fund Management Regulation, Articles 15 and 17; The Worker Paid Annual Leave Regulation, Article 2; FLA Workplace Code (Employment Relationship Benchmarks ER.2.1, ER. 22, ER.23.2, and ER.23.3; Compensation Benchmarks C.1, C.5, C.6, C.15, and C.16; Hours of Work Benchmarks HOW. 11, and HOW 14)

Recommendations for Immediate Action

1. Provide all five types of legally mandated insurances to all workers and base contributions on workers actual wages.
2. Provide annual leave to all workers based on their cumulative working experience, as stated by local law.
3. Maintain complete and accurate worker payroll records for all workers.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1.1.Each worker has been informed the factory policy upon hire and is advised to purchase. However, due to some workers (migrant) prefer not to participate into the social insurance scheme, factory respects their own discretion and they have submitted their request in writing for not joining. Factory could apply work-injury scheme for migrant. 1.2. Factory will provide further training about the social insurance in order to encourage more workers to participate in this scheme. 1.3.Factory will explain to workers in more details way and increase the awareness of all employees, and increase the insurance coverage rate step by step. In Mar., 2017 , currently there are total 110 employees in the factory, the coverage of social insurance is around 62%. The medical and work injury insurance coverage is 7%, pension and unemployment insurance coverage is around 55%. Factory has created the 2 year plan to address this issue so that to reach 100% coverage by the end of 2018. detail plan to reach 75% coverage on Dec 2017 , 88% coverage on June 2018 , 100% coverage on Dec 2018. 1.4.While for using the worker's actual earning as the contribution base, factory has no conceret timeframe to achieve it. We will concentrate on the 100% participation first. 2.1.This scheme is not so popular and completely launched in China at the moment even it is mandated by law. Factory's first target is to achieve 100% of the social insurance participation in 2 years time. For the housing provident fund, factory does not have a concrete plan to implement. 3.1. My factory has completed the annual leave program (see Appendix 6.1 for the procedure document. 3.2.Our factory regularly carries out the annual leave management system training for employees (see note 6.2) 4.1. Our factory has strengthened the attendance management, commuting time by the security supervise staff punch card, the beginning of each month on the attendance record will be issued to the staff check to ensure accurate and effective attendance records.

Planned Completion Date

04/21/17

Planned completion date

01/20/17

Company Action Plan Update

05/11/17 : 1.1.Each worker has been informed the factory policy upon hire and is advised to purchase. However, due to some workers (migrant) prefer not to participate into the social insurance scheme, factory respects their own discretion and they have submitted their request in writing for not joining. Factory could apply work-injury scheme for migrant. 1.2. Factory will provide further training about the social insurance in order to encourage more workers to participate in this scheme. 1.3.Factory will explain to workers in more details way and increase the awareness of all employees, and increase the insurance coverage rate step by step. In Mar., 2017 , currently there are total 110 employees in the factory, the coverage of social insurance is around 62%. The medical and work injury insurance coverage is 7%, pension and unemployment insurance coverage is around 55%. Factory has created the 2 year plan to address this issue so that to reach 100% coverage by the end of 2018. detail plan to reach 75% coverage on Dec 2017 , 88% coverage on June 2018 , 100% coverage on Dec 2018. 1.4.While for using the worker's actual earning as the contribution base, factory has no conceret timeframe to achieve it. We will concentrate on the 100% participation first. 2.1.This scheme is not so popular and completely launched in China at the moment even it is mandated by law. Factory's first target is to achieve 100% of the social insurance participation in 2 years time. For the housing provident fund, factory does not have a concrete plan to implement. 3.1. My factory has completed the annual leave program (see Appendix 6.1 for the procedure document. 3.2.Our factory regularly carries out the annual leave management system training for employees (see note 6.2) 4.1. Our factory has strengthened the attendance management, commuting time by the security supervise staff punch card, the beginning of each month on the attendance record will be issued to the staff check to ensure accurate and effective attendance records.

FINDING NO.7

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Hours of Work

Finding Explanation

1. There are discrepancies between the attendance records and the quality control records. The incoming quality control records from the raw material warehouse shows the quality control worker conducted inspection for incoming materials on April 10, 2016 (Sunday), June 12, 2016 (Sunday), September 18, 2016 (Sunday), October 3, 2016 and October 4, 2016. The worker confirmed that he worked on these days, and the payment records showed the workers were paid for these days. However, the attendance records show him working on the mentioned days. The factory does not keep the time records for these working hours.
2. Incoming quality control records and worker interviews indicate that workers have worked on Sundays, and thus do not regularly receive one day off for every seven days worked.
3. The monthly overtime hours for the general workforce (workers in all departments) exceeded the legal limit of 36 hours per month, ranging from 40 to 100 hours in the past year (from September 2015 to August 2016).
4. The factory's production target requires workers to work 60 hours per week (40 regular hours plus 20 overtime hours) on a regular basis.

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.2, and HOW. 8.1)

Recommendations for Immediate Action

1. Adopt a reliable and effective time keeping system to record working hours for all workers.
2. Ensure that workers receive at least one day off (24 consecutive hours of rest) for every 7-day working period.
3. Ensure that workers do not work more than the legal limit of 36 hours of overtime per month.
4. Do not include overtime in production planning.
5. 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: how to provide better order forecasts to the factories; possible workshops/consultancy for the factory on how to improve productivity/quality; clear guidelines on how to extend shipment deadlines in case of contingencies; steps that factory management must follow if overtime is inevitable; clear guidelines on the calculation and setting of reasonable production targets that will not demand work beyond regular working hours or during breaks; and 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

- 1.1.) we are now responsible for the attendance, responsible person: Cai Yanyi,
- 1.2.)Personel dept people every day to the scene to verify the accuracy of attendance
- 1.3.) need to work overtime employees need to fill out the application by the personnel audit
- 1.4) in strict accordance with the provisions of the state to pay overtime staff
- 1.5.)while we also training wage calculation methods and working hours statistical method
- 1.6.) we do establish a feedback system, such as employees found that wages are in doubt, you can timely feedback to the Ministry of Personnel, we will promptly deal with "
- 2.1.)Recruiting more employees. (Duan Zhifang, Luo Gongjiao, Liu Xiaoyan, Chen Xiaohui, Deng Xiaoming)
- 2.2.)Update the equipment , more automation
- 2.3.)To work out production schedule, according to the standard working schedule
- 2.4.)will be controled the overtime in the month within 36 hours in year 2017

Planned Completion Date

04/21/17

Planned completion date

01/20/17

Company Action Plan Update

05/11/17 : 1.1.) we are now responsible for the attendance, responsible person: Cai Yanyi, 1.2.)Personel dept people every day to the scene to verify the accuracy of attendance 1.3.) need to work overtime employees need to fill out the application by the personnel audit 1.4) in strict accordance with the provisions of the state to pay overtime staff 1.5.)while we also training wage calculation methods and working hours statistical method 1.6.) we do establish a feedback system, such as employees found that wages are in doubt, you can timely feedback to the Ministry of Personnel, we will promptly deal with "

2.1.)Recruiting more employees. (Duan Zhifang, Luo Gongjiao, Liu Xiaoyan, Chen Xiaohui, Deng Xiaoming) 2.2.)Update the equipment , more automation 2.3.)To work out production schedule, according to the standard working schedule 2.4.)will be controled the overtime in the month within 36 hours in year 2017

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 2013. 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 80% 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 the union representative.
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

1.1.All the factory's staff to elect the assembly and elect a new union leader on September 7, 2016. The election records are given in 7.1. The election procedure is shown in Appendix 7.2 and a copy of the legal person's license is attached at 7.3. 2.1. We regularly carry out trade unions basic knowledge training for employees, including: trade union briefings, trade union election procedures, the main content of the Trade Union Law, the main duties of trade union members, trade union fees charged management regulations. 2. 2. Staff take the initiative to pay union fees. (Payment notice see attached 8.1, pay the transaction records see Appendix 8.2). 3.1. We will be notified by the factory in the unions of the trade union through the standings and announcements. (Notice of the meeting , see annex 9.1) 3. .2.have carried out trade union election training for employees (see section 9.2 for trade union election training)3. To elect the leading cadres of the trade unions by electoral voting

Planned Completion Date

04/21/17

Planned completion date

01/20/17

Company Action Plan Update

05/11/17 : 1.1.All the factory's staff to elect the assembly and elect a new union leader on September 7, 2016. The election records are given in 7.1. The election procedure is shown in Appendix 7.2 and a copy of the legal person's license is attached at 7.3. 2.1. We regularly carry out trade unions basic knowledge training for employees, including: trade union briefings, trade union election procedures, the main content of the Trade Union Law, the main duties of trade union members, trade union fees charged management regulations. 2. 2. Staff take the initiative to pay union fees. (Payment notice see attached 8.1, pay the transaction records see Appendix 8.2). 3.1. We will be notified by the factory in the unions of the trade union through the standings and announcements. (Notice of the meeting , see annex 9.1) 3. .2.have carried out trade union election training for employees (see section 9.2 for trade union election training)3. To elect the leading cadres of the trade unions by electoral voting

FINDING NO.9

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Workplace Conduct & Discipline

Finding Explanation

1. The disciplinary system does not include a third party witness during the imposition of disciplinary action or the appeal process.

2. The factory does not maintain any records of disciplinary practices.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.2.1, ER.27.3.4, and ER.27.4)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1.1. The factory completed the revision of the disciplinary system include a third party witness on March 1, 2017. In the disciplinary procedure, the procedures and procedures for the joint handling of the disciplinary party, the person in charge of the disciplinary party and the discipline manager, More fair and fair (see Appendix 10.1 for procedural documents) 1.2. Regular training of staff for disciplinary management and appeals procedures (see note 10.2). 2.1.Factory is developing anti-discipline file preservation procedures, improve file preservation

Planned Completion Date

04/21/17

Planned completion date

01/20/17

Company Action Plan Update

05/11/17 : 1.1. The factory completed the revision of the disciplinary system include a third party witness on March 1, 2017. In the disciplinary procedure, the procedures and procedures for the joint handling of the disciplinary party, the person in charge of the disciplinary party and the discipline manager, More fair and fair (see Appendix 10.1 for procedural documents) 1.2. Regular training of staff for disciplinary management and appeals procedures (see note 10.2). 2.1.Factory is developing anti-discipline file preservation procedures, improve file preservation

FINDING NO.10

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Grievance System

Finding Explanation

The factory does not maintain any documentation in relation to the grievance process.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.2.1)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1.Factory is developing complaint procedures file preservation procedures, perfect file preservation

Planned Completion Date

04/21/17

Planned completion date

01/20/17

Company Action Plan Update

05/11/17 : 1.Factory is developing complaint procedures file preservation procedures, perfect file preservation

FINDING NO.11

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The factory did not obtain a Pre-Assessment Report of Occupational Disease Hazard report before beginning operations in 2007. It has never conducted a Current Conditions Assessment Report of Occupational Disease Hazards, as legally required.
2. The factory provides annual occupational health examination to the workers who are in contact with dust in cutting workshop. However, the factory does not provide the occupational health examination to these workers before they take or leave their posts.
3. The factory has not provided seated workers with chairs that are adjustable and have backrests, in order to minimize workers' injuries. The factory also has not provide standing workers with anti-fatigue mats.
4. The factory does not train loading workers on lifting techniques or provide loading workers with lifting belts.
5. The pulley guards are deficient on five (5) out of 50 sewing machines in the sewing workshop. The pulley guard cannot cover whole pulley and belt of sewing machines.

Local Law or Code Requirement

The PRC Law of Prevention and Control of Occupational Diseases, Articles 17, 20 and 36; Code of Design of Manufacturing Equipment Safety and Hygiene (GB5083-1999), Article 6.1.6; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.4, HSE.14.1, HSE.17.1, and HSE.17.2)

Recommendations for Immediate Action

1. Arrange for a licensed service provider to conduct an assessment of the current condition of occupational disease hazards. Review and respond to any imminent hazards.
2. Provide occupational health examination to workers who are in contract with dust before they take and leave their posts.
3. Provide lifting belts to all loading workers and train workers on their proper use.
4. Equip complete pulley guard to all sewing machines.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1.1. Self-assessment 1.2. External evaluation(2008 environmental acceptance see attached 11.1,2016 , our factory monitoring report see Appendix 11. 2.1.Factories have now strengthened the training of occupational health management, from the occupational hazards of qualified staff to provide pre-post, post and leave the occupational health examination. (See Occupational Health Management System, 12.1, Occupational Health Training Record, see Appendix 12.2). 3.1. We have several seats with adjustable height and belt in the rest area, such as the staff feel tired, free to rest. (Rest area seat picture see attached 13.1) 3.2. We provide anti-fatigue mats for employees who have long-term standing jobs in need.(Anti-fatigue mat see 13.2) 4.1See attached order safety procedures at factory revised action plan 5.1.A pulley protector has been fitted to all sewing machines

Planned completion date

01/20/17

Company Action Plan Update

05/11/17 : 1.1. Self-assessment 1.2. External evaluation(2008 environmental acceptance see attached 11.1,2016 , our factory monitoring report see Appendix 11. 2.1.Factories have now strengthened the training of occupational health management, from the occupational hazards of qualified staff to provide pre-post, post and leave the occupational health examination. (See Occupational Health Management System, 12.1, Occupational Health Training Record, see Appendix 12.2). 3.1. We have several seats with adjustable height and belt in the rest area, such as the staff feel tired, free to rest. (Rest area seat picture see attached 13.1) 3.2. We provide anti-fatigue mats for employees who have long-term standing jobs in need.(Anti-fatigue mat see 13.2) 4.1See attached order safety procedures at factory revised action plan 5.1.A pulley protector has been fitted to all sewing machines

FINDING NO.12

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The factory does not have a backup battery installed for the fire alarm system.
2. The factory installs incandescent lamps rather than anti-explosive lighting in the finished goods storage area on the second floor of the production building.

Local Law or Code Requirement

The PRC Fire Prevention Law, Article 16; Rules on Administration of Fire Safety in Warehouses, Article 38; FLA Workplace Code (Health, Safety and Environment Benchmark HSE.1, HSE.5.1, and HSE.13)

Recommendations for Immediate Action

1. Install a backup battery for the fire alarm system.
2. Install anti-explosive lighting in finished goods storage area.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1.1.A standby power supply has been installed for the fire alarm. 2.1. factory have installed anti-explosive lighting in the finished goods storage area.

Planned completion date

01/20/17

Company Action Plan Update

05/11/17 : 1.1.A standby power supply has been installed for the fire alarm. 2.1. factory have installed anti-explosive lighting in the finished goods storage area.