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## INDEPENDENT EXTERNAL ASSESSMENT REPORT



COMPANIES: Fast Retailing Co., Ltd.

COUNTRY: China

ASSESSMENT DATE: 10/20/16

ASSESSOR: Social Compliance Services Asia

PRODUCTS: Apparel

NUMBER OF WORKERS: 500

### 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, Housing Provident Fund, and Hours of Work have not been agreed 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 policies and procedures for Recruitment & Hiring, but not for Personnel Development. It has not established policies and procedures for performance reviews, or procedures to manage promotions, demotions, or job reassignments.
2. The factory does not have procedures for workers to appeal disciplinary actions or a requirement to record and file all warnings and disciplinary actions. The disciplinary procedures do not include a third party witness during the imposition of a disciplinary action or an appeals process.
3. The factory does not have procedures to protect workers who raise health and safety concerns against retaliation.
4. The factory's Health & Safety procedures do not include the following: (a) steps on how to ensure that all personnel, visitors, contractors, and service providers safely evacuated, (b) guidance for entering confined spaces, or (c) guidance documents for external contractors or service providers concerning Health & Safety.
5. The factory's policy and procedures on maternity leave, paternity leave, lactating leave, and days for prenatal examination leave are incomplete and do not include the number of days to which workers are entitled.

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.1, ER.27.1, ER.27.4, ER.28.1, ER.29.1, ER.30.1, and ER.31.2)

#### COMPANY ACTION PLANS

##### Action Plan no 1.

##### Description

- 1-1. With considering the input of workers, HR will create policy and procedure for Personnel Development and performance review, including promotion, demotion, job reassignments, conduct performance review annually, on the basis of the procedure.
- 1-2.HR will train all workers and management team for the update

Planned Completion Date 09/30/19

##### Planned completion date

03/08/17

##### Company Action Plan Update

1. No update yet

##### Action Plan no 2.

#### Description

4-1. HR will create procedures and guidance book for Health and safety for all personnel and external visitors (including contractors, service providers) For internal personnel, will follow internal evacuation plan; At least a company has to be assigned for outsiders and to explain the evacuation routes. For emergency, the company will help outsiders for the evacuation.  
4-2. HR will create guidance for entering confined spaces;  
4-3. HR will train all workers and management team for the update  
Planned Completion Date 09/30/19

#### Planned completion date

03/08/17

#### Company Action Plan Update

4. No update yet.

### Action Plan no 3.

#### Description

3-1. With considering the input of workers, HR will create policy and procedures to protect workers who raise health and safety concerns against retaliation.  
3-2. HR will train all workers and management team for the update  
Planned Completion Date 09/30/18

#### Planned completion date

03/08/17

#### Company Action Plan Update

3-1. Factory HR created policy and procedure that workers who raise health & safety concerns will be well protected against retaliation.  
3-2. Factory will provide training to workers on the new update. 02/09/18

### Action Plan no 4.

#### Description

2-1. With considering the input of workers, HR will create policy and procedure for the workers to appeal disciplinary actions, adding procedures for a third party witness during the imposition of a disciplinary action or an appeals process.  
2-2. All the appeal, warning and disciplinary action will be recorded and filed by HR  
2-3. HR will train all workers and management team for the update.

#### Planned completion date

03/08/17

#### Company Action Plan Update

2-1. In May 9 2017, HR held a discussion forum among supervisor and some worker representative to create policy and procedure for workers to appeal disciplinary actions, by adding a third party witness during the imposition of a disciplinary action or an appeals process;  
2-2. HR provided training on May 10-11 2017 to all workers regarding the update on Appeal disciplinary Procedure.  
2-3. HR created recording form for use when such cases happen. So far, there is no disciplinary case happened. 02/09/18 :

### Action Plan no 5.

#### Description

5-1. HR will revise the policy and procedure of maternity leave, paternity leave, lactating leave, and days for prenatal examination leave, then provide the training to workers, make sure they understand the detail, training records to be maintained.

#### Planned completion date

03/08/17

#### Company Action Plan Update

5-1. HR updated the maternity leave (128 days in general), paternity leave (15 days), lactating leave (every day twice, 2 hours in total, from the day labored until the baby one year old) and prenatal examination leave which would be treated as normal working hour with salary.  
5-2. HR provided training to workshop supervisor on Apr 10 2017, then the supervisor trained all workers from Apr 10 -12 2017 and workers understand the new policy. 02/09/18

5 In progress as planned 04/07/17

## SUSTAINABLE IMPROVEMENT REQUIRED

### FINDING TYPE: Training (Macro)

#### Finding Explanation

1. The factory has not provided specific training to the relevant supervisors or ongoing training to workers on Termination & Retrenchment.
2. The factory has not provided training on Workplace Conduct & Discipline to the relevant HR personnel and administrative staff.
3. The factory has not provided any specific training on the Grievance System to supervisors and production managers or to workers.
4. The factory has not provided specific training on maintenance safety to workers with maintenance responsibilities
5. The factory has not provided training on Health & Safety to contractors.

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.17.1, ER.17.3, and ER.27.2; Health, Safety & Environment Benchmark HSE.14.2)

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

- 1-1. General Manager will train HR for the policy and procedures for Termination & Retrenchment.
  - 1-2. HR will host training for all workers including relevant supervisors.
  - 1-3. Maintain the training record.
- Planned Completion Date 09/30/18

#### Planned completion date

03/08/17

#### Company Action Plan Update

1. No update yet.

### Action Plan no 2.

#### Description

- 5-1. HR will create guidance for contractors. When contractors enter the factory, Safety Supervisor will conduct training for them and maintain the record;
  - 5-2. Annual management view for the execution.
- Planned Completion Date 09/30/18

#### Planned completion date

03/08/17

#### Company Action Plan Update

5. There is no update for this.

### Action Plan no 3.

#### Description

- 2-1. HR will create training program for Workplace Conduct & Discipline , then execute the training for relevant HR personnel and admin staff.
- 2-2. Management team will review if the program operates as schedules annually.

#### Planned completion date

03/08/17

#### Company Action Plan Update

2. On May 10-11 , 2017, HR conducted training to all workers including supervisor regarding Workplace Conduct & Discipline in turns. And the workers understands the factory's internal regulations. 02/09/18

### Action Plan no 4.

#### Description

- 3-1. HR will provide training on Grievance system to supervisors, production managers and workers, make sure they understand the requirements;
- 3-2. Management team will review if the program operates as schedules annually.

Planned completion date

03/08/17

Company Action Plan Update

3. In May 10-11, 2017, HR conducted training to all workers including supervisor regarding Workplace Conduct & Discipline in turns. And the workers understands the factory's internal regulations. 02/09/18

Action Plan no 5.

Description

4. HR will gather all the maintenance staff together annually, provide the maintenance safety to them. Maintain the training record.

Planned completion date

03/08/17

Company Action Plan Update

4-1. On Jun 13 -15 2017, the Safety supervisor provide training to 17 maintenance staff regarding the safety responsibility and safety notes.

4-2. Maintenance staff understand the safety requirements. 02/09/18

## FINDING NO.3

### SUSTAINABLE IMPROVEMENT REQUIRED

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

Finding Explanation

The worker integration component is missing across all Employment Functions. The factory does not properly and effectively communicate policies and procedures and their updates to the general workforce. This indicates that the factory has not established procedures to request and/or receive workers' input or feedback regarding the creation, implementation, and updating of its policies and procedures. Workers are neither systematically integrated nor consulted in decision-making processes.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.3, ER.16, ER.25.1, ER.27.3, ER.29.1, ER.30.2, and ER.32.5; Compensation Benchmark C.17)

### COMPANY ACTION PLANS

Action Plan no 1.

Description

1-1. HR will update the communication procedure for updating the policy and procedures. When creating or updating any policy or procedure, will create a draft version, then ask for the input of workers by multi-ways, such as meeting, suggestion box, etc. Finalize the version taking the input of workers' into account.

1-2. After finalized the official files, then HR will provide training to all workers and maintain the records.

1-3. Annual management review if the procedure operates as set.

Planned Completion Date 09/30/19

Planned completion date

03/08/17

Company Action Plan Update

1-1. In May 9 2017, HR held a discussion forum among supervisor and some worker representative to create policy and procedure for workers to appeal disciplinary actions, by adding a third party witness during the imposition of a disciplinary action or an appeals process;

1-2. For other policies and procedures, HR will set up communication procedure and ways for update/revision, etc.

## FINDING NO.4

### SUSTAINABLE IMPROVEMENT REQUIRED

## FINDING TYPE: Review Process (Macro)

### Finding Explanation

The factory does not conduct a periodic review and update of policies and procedures for any of the Employment Functions.

### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.3, ER.29.1, ER.30.2, ER.31.1, and ER.31.2)

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. HR will conduct annual review the policies and procedures for all Employment functions and make the record.

Planned Completion Date

09/30/19

#### Planned completion date

03/08/17

#### Company Action Plan Update

1-1. HR set up a basic annual management review procedure on procedure and policy.

1-2. Factory set up periodically review procedure to relevant regulations and will follow the procedure to update accordingly.

## FINDING NO.5

## SUSTAINABLE IMPROVEMENT REQUIRED

## FINDING TYPE: Recruitment, Hiring & Personnel Development

### Finding Explanation

1. As there are no procedures in place for performance reviews, the factory does not conduct performance reviews for any of its workers. Therefore, the factory does not promote workers based on their job performance, and there is currently no system to promote workers.

2. Based on information provided by factory management, the factory does not currently employ any workers with disabilities, which is a violation of local legal requirements which state that at least 1.5% of the total workforce should be comprised of disabled workers. There are 405 workers in the factory; therefore, there should be at least 6 disabled workers. Furthermore, the factory does not contribute to the Employment Security Fund in lieu of employing disabled workers. The current practice violates the legal requirement and also carries the risk of discrimination based on the FLA Workplace Code and Benchmarks.

### Local Law or Code Requirement

Regulation on the Employment of the Disabled (2007), Article 8 and Article 9; FLA Workplace Code (Employment Relationship Benchmarks ER.3, ER.29, and ER.30; Nondiscrimination Benchmarks ND.1 and ND.2)

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1-1. HR will set up polices and procedures to promote workers based on their job performance with considering the input of workers'

1-2. HR will training all worker and management team for the update.

1-3.HR will conduct performance review for workers annually as one of the bases for promotion.

Planned Completion Date 09/30/19

#### Planned completion date

03/08/17

#### Company Action Plan Update

1. No update yet

### Action Plan no 2.

#### Description

2-1. HR will analysis the current position and list out the applicable positions for disabilities. HR will state that "disabilities is welcome for this position" when the job is suitable for them.

2-2. Annual management review on the above operation.

Planned Completion Date 09/30/18

#### Planned completion date

03/08/17

#### Company Action Plan Update

2. From Aug 2017 , factory will employ 8 disabilities in the current position. 02/09/18

## FINDING NO.6

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Compensation

#### Finding Explanation

1. According to the social insurance contribution records from August 2016, the factory contributed to all five types of social insurance (work-related injury, medial, maternity, unemployment, and pension) for 117 of the 384 workers who are eligible for social insurance contributions. Of the eligible 384, 267 workers received only three types of insurance (work-related injury, medical, and maternity). The factory does, however, provide commercial work-related injury insurance to 29 workers, 21 of which are ineligible for the socially provided work-related injury insurance, as they had reached retirement age.

2. The factory does not provide social insurance based on workers' actual wages as required by law. Instead, the social insurance was paid based on the local minimum contribution base of CNY 2,420 (USD 348), rather than their actual monthly wages, which range from CNY 2,900 to CNY 3,400 (USD 417 to USD 489).

3. The factory does not enroll workers into the Housing Provident Fund, as legally required.

4. The factory only paid 200% of the normal wage for the outstanding annual leave of resigned workers instead of 300% of the normal wage, as legally required.

#### Local Law or Code Requirement

Labor Law of the People's Republic of China, Article 73; Employee Paid Annual Leave Regulation, Article 5; Implementation Measures for Employee Paid Annual Leave, Article 10; Regulation on the Housing Provident Fund Management, Article 19 and Article 20; FLA Workplace Code (Employment Relationship Benchmark ER.22.1; Compensation Benchmarks C.1, C.5, and C.10)

#### Recommendations for Immediate Action

1. Provide all five types of social insurance to all eligible workers and base contributions on workers' actual wages.

2. Properly compensate any outstanding annual leave of resigned workers.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

3-1. Local government do not request enterprises to pay housing fund.

3-2. Currently, the factory is impossible to enroll workers for housing fund, and no plan yet.

Planned Completion Date 09/30/19

#### Planned completion date

03/08/17

#### Company Action Plan Update

3. No update yet.

### Action Plan no 2.

#### Description

1-1. Social insurance contribution of the company comply with local requirements. Quite a big portion of immigrated young workers are not willing to join the five kind social insurance.

1-2. The company will discuss internally then create a plan to increase the contribution percentage.

Planned Completion Date 09/30/19

#### Planned completion date



03/08/17

Company Action Plan Update

1-1. By the end of Jun 2017, the factory contributed to all five types of social insurance (work-related injury, medical, maternity, unemployment, and pension) for 122 of the 465 workers who are eligible for social insurance contributions. Of the eligible 465, 343 workers received only three types of insurance (work-related injury, medical, and maternity). The factory provide commercial work-related injury insurance to 23 workers, which are ineligible for the socially provided work-related injury insurance, as they had reached retirement age.

1-2. The local government also issued social insurance waiver for the situations of the factory. 02/09/18

Action Plan no 3.

Description

2-1. Social insurance contribution based on local minimum contribution base is complying with local government's requirements.

2-2. Further, HR will do a survey if workers are willing to contribute based on their actual wage, the company will discuss with workers.

Planned Completion Date 09/30/19

Planned completion date

03/08/17

Company Action Plan Update

2-1. As per local social insurance policy, factory raised the contribution base from RMB 2600 to RMB 3100 which was effective from Jul 2017 and much closer to worker's actual salary.

2-2. Factory will follow the guideline to raise the contribution base accordingly. 02/09/18

Action Plan no 4.

Description

4-1. HR will create an annual leave tracking form to manage the annual leave, remind workers to take annual leave in time;

4-2. HR will do statistic for the workers who resigned in 2016 with untaken annual leave, then will contact them for the balance payment as 300% for the unused annual leave.

4-3. HR will provide training to workers and ask them to take annual leave in time and inform workers the new update on the untaken payment.

Planned completion date

03/08/17

Company Action Plan Update

4-1. Factory HR updated the policy and procedure regarding paid annual leave: workers who had external working experience with official documents will be entitled with paid annual leave (at least 5 days), and for the workers quit without taking their portion of paid annual leave will be paid 300% of the salary and will encourage workers to take annual leave in time. 2. HR did statistic for the workers who resigned from Apr 2016 with untaken annual leave (total 140) and contacted them to collect the balance payment by Mar 20 2017. 3. HR created a tracking form to record the annual leave for each workers and will remind the workers to take annual leave in time; 4. Factory HR provided training on Apr 10 2017 to workshop supervisors and the supervisors provided update training to all workers from Apr 10 -Apr 12 2017 for annual leave update. 02/09/18

4. In progress as planned 04/07/17

## FINDING NO.7

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Hours of Work

Finding Explanation

Based on the time records from September 2015 to October 2016, the monthly overtime of approximately 80% of workers exceeded the legal limit of 36 hours per month. The highest monthly overtime working hours was 90 hours, which was worked by 80% of workers, in September 2015.

Local Law or Code Requirement

Labor Law of the PRC, Article 41; FLA Workplace Code (Hours of Work Benchmark HOW.1.1)

Recommendations for Immediate Action

Ensure that the total number of working hours does not exceed the legal limits.



## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1-1. HR works together with Production Dept to control the weekly working hours within 60 hours.

1-2. HR will recruit more manpower to reduce the overtime working hours gradually.

Planned Completion Date 09/30/19

#### Planned completion date

03/08/17

#### Company Action Plan Update

1. Factory maintain the weekly working hour within 60 hours 02/09/18

## FINDING NO.8

## SUSTAINABLE IMPROVEMENT REQUIRED

### FINDING TYPE: Industrial Relations

#### Finding Explanation

FLA Comment: The Chinese constitution guarantees Freedom of Association; however, the Trade Union Act prevents the establishment of trade unions independent of the sole official trade union – the All-China Federation of Trade Unions (ACFTU). According to the ILO, many provisions of the Trade Union Act are contrary to the fundamental principles of freedom of association, including the non-recognition of the right to strike. As a consequence, all factories in China fall short of the ILO standards on the right to organize and bargain collectively. Recently, however, the government has introduced new regulations that could improve the functioning of the labor relations' mechanisms. The Amended Trade Union Act of October 2001 does stipulate that union committees have to be democratically elected at members' assemblies and trade unions must be accountable to their members. The trade union has the responsibility to consult with management on key issues of importance to their members and to sign collective agreements. It also grants the trade union an enhanced role in dispute resolution. In December 2003, the Collective Contracts Decree introduced the obligation for representative trade unions and employers to negotiate collective agreements, in contrast to the previous system of non-negotiated administrative agreements.

#### Local Law or Code Requirement

FLA Workplace Code (Freedom of Association Benchmark FOA.2)

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. The factory had established Trade union. Trade union will be together with HR to promote the function of trade union, being a good coordinator of disputation and conflict for employees and employers. Management will not interfere with trade union operation.

Planned Completion Date 01/20/18

#### Planned completion date

03/08/17

#### Company Action Plan Update

1. No update.

## FINDING NO.9

## SUSTAINABLE IMPROVEMENT REQUIRED

### FINDING TYPE: Workplace Conduct & Discipline

#### Finding Explanation

The factory does not maintain any records of disciplinary actions.

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationships Benchmark ER.2.1 and ER.27.2.2)

### COMPANY ACTION PLANS

#### Action Plan no 1.

##### Description

- 1-1. So far, no disciplinary actions happened to our employees.
- 1-2. HR will create a recording form ready for disciplinary actions.
- 1-3. HR will provide training to all relevant employees for the update.

##### Planned completion date

03/08/17

##### Company Action Plan Update

- 1. Factory created Disciplinary recording form in case there is disciplinary action happened. Though there is no disciplinary case so far.
- 2. HR managers provided training on the update on May 10 -11 2017 to all workers and workers understand the update.

02/09/18

### FINDING NO.10

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Grievance System

##### Finding Explanation

- 1. Although the factory has suggestion boxes where workers can confidentially submit their grievances, the factory does not review complaints and grievances or take appropriate action on grievances filed.
- 2. The factory does not maintain any records of grievances or their resolutions.

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationships Benchmarks ER.2.1 and ER.25)

### COMPANY ACTION PLANS

#### Action Plan no 1.

##### Description

- 2. There was no any grievances actually so far. HR will maintain the record for the grievances or their resolutions.

Planned Completion Date 01/20/18

##### Planned completion date

03/08/17

##### Company Action Plan Update

- 2. There was no any grievances actually so far. HR will create and maintain the record for the grievances or their resolutions.

02/09/18

- 2. In progress as planned 04/07/17

#### Action Plan no 2.

##### Description

- 1-1. There is a procedure to handle complaints and grievances, HR will post the procedures around the suggestion box. All complaints and grievances will be treated as per procedure.
- 1-2. HR will provide training to workers and management team.
- 1-3. Annual management review to monitor the operation.

##### Planned completion date

03/08/17

##### Company Action Plan Update

1. Factory maintain the procedures of complaints and grievances posted and recorded for further analysis 2. There is no complaint and grievances recorded so far. 02/09/18

## FINDING NO.11

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Environmental Protection

##### Finding Explanation

The factory generates waste mineral oils such as HW08 (a waste engine oil). However, management was unable to provide for review either the hazardous waste disposal contract between it and a qualified waste disposal company or the relevant transfer manifest of these hazardous wastes.

##### Local Law or Code Requirement

Law of the PRC on Prevention and Control of Solid Waste Pollution, Article 57; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1 and HSE 4)

### COMPANY ACTION PLANS

#### Action Plan no 1.

##### Description

1-1.HR will store well the waste and source a qualified contractor for the collection of mineral oils.

1-2. Maintain the recycle record and update accordingly.

Planned Completion Date 01/20/18

##### Planned completion date

03/08/17

##### Company Action Plan Update

1. Factory has contracted a qualified third party for the hazardous waste collection. The contracts last 3 years (by Sep 2020), the contractor collects applicable hazardous waste annually, since the volume is very small. 01/29/19

1. In sourcing qualified contractor for the collection. 02/09/18

## FINDING NO.12

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Health & Safety

##### Finding Explanation

1. Workers in the spandex section on the fourth floor of the production building do not wear protective masks, although the factory does provide these masks free of charge and training on their use.

2. Electrical control panels are blocked by production materials, (e.g. the first and second floors of the production building). Other electrical control panels (approximately 4%) are missing covers, (e.g. the first, second, and fourth floors of the production building).

3. Approximately 30% of the evacuation maps were posted in the wrong direction.

4. The factory did not carry out a Pre-Assessment Report of Occupational Disease Hazards or a Current Conditions Assessment Report of Occupational Disease Hazards, as legally required.

5. The factory does not have a fire inspection permit for one block of the two-story building. Management reported that the building was not in use at the moment, although the permit is still required.

6. The health certificate for one of the five canteen workers expired on May 22, 2016.

7. The Air Quality Testing report expired on October 8, 2016.

8. The factory last conducted a drinking water test August 14, 2015.

9. The canteen does not keep any samples of food, as legally required.

10. The factory has not taken measures or proactive steps to reduce repetitive-motion stress and injuries for workers. Although the factory has provided anti-fatigue mats to standing workers and chairs with backs to sitting workers, the chairs are not adjustable to workers' heights. Additionally, individual workstations are not adjustable to fit individual workers.

11. Loading workers are not provided with lifting belts.

#### Local Law or Code Requirement

Catering Services Food Safety Supervision and Management Norms, Article 19; Fire Control Law of the People's Republic of China, Article 16; General Guide for Safety of Electric User, Article 6.5 and Article 6.7; Interim Measures on Supervision and Management of "Three Simultaneities" for Occupational Health of Construction Projects, Article 10; Law of the PRC on the Food Safety, Article 45; Law of the PRC on Production Safety Article 37; Regulations of Management and Supervision on Workplace Occupational Health, Article 20; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE 4, HSE.5.1, HSE.7, HSE.13, HSE.17.1, HSE.22, and HSE.23)

#### Recommendations for Immediate Action

1. Retrain workers on the appropriate use and importance of the required personal protective equipment (PPE). Regularly monitor to ensure compliance.
2. Install the proper covers on all electrical panels and keep them free of obstruction. Regularly monitor to ensure compliance.
3. Post evacuation maps in the proper direction.
4. Arrange for a licensed service provider to conduct the Current Conditions Assessment of Occupational Disease Hazards. Review and respond to any imminent hazards.
5. Ensure that all buildings are subject to the fire inspection check and have the proper permits.
6. Obtain health certificates for all canteen staff.
7. Annually conduct an Air Quality Test.
8. Annually conduct a drinking water test.
9. Keep food samples for 48 hours, as legally required.
10. Provide lifting belts to loading workers and train them on their use.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

- 4-1. HR will arrange a licensed service provider to conduct assessment for the factory's current occupational disease hazards situation.
  - 4-2. According to factory's occupational disease hazards assessment report, HR will communicate with the factory health and safety staff and relevant workers to control the existing risks.
  - 4-3. Enhance supervision of factory's onsite Health and safety situation. Reduce the Health and safety risks in the workshops and ensure workers' health and safety.
- Planned Completion Date 01/20/18

#### Planned completion date

03/08/17

#### Company Action Plan Update

- 4-1. HR sourced qualified third party (Guang Yun Test ) to conduct assessment for the factory's current occupational disease hazards situation, and signed the contract with it on Jul 1 2017
  - 4-2. The conclusion of the report indicates that all the applicable occupational hazard factors are within legal tolerance. 01/29/19
4. HR sourced qualified third party (Guang Yun Test ) to conduct assessment for the factory's current occupational disease hazards situation, and signed the contract with it on Jul 1 2017. As per contract, the company will conduct the assessment shortly and issue the report by the early Oct 2017. 02/09/18

### Action Plan no 2.

#### Description

- 10-1. Factory provides chair with backs provides anti-fatigue mats to standing workers.
  - 10-2. HR will provide another break during the shift so workers can relax for a while.
  - 10-3. HR and Engineering Dept will study the ergonomic knowledge, and take measures to reduce repetitive-motion stress and injuries for workers gradually, including provide adjustable worktable/arm resting and other back mats, etc
- Planned Completion Date 09/30/19

#### Planned completion date

03/08/17

#### Company Action Plan Update

10. Factory provides chair with backs provides anti fatigue mats to standing workers. 02/09/18

### Action Plan no 3.

#### Description

- 1-1. HR will strengthen the training for workers in spandex section, make sure they understand the hazards of not wearing PPE.
- 1-2. HR will spot check the use of PPE onsite.

Planned completion date

03/08/17

Company Action Plan Update

- 1-1. Factory provided PPE to workers in spandex section and shared with workers for the hazards of not wearing PPE in oral;
- 1-2. HR onsite spot checks the usage of PPE 2-3 times/week 02/09/18

1. In progress as planned 04/07/17

Action Plan no 4.

Description

- 2-1. Electrical Staff will set the missing covers up, clear up all the production materials.
- 2-2. Safety Supervisor will check the condition of Electrical control panels if clear and no blocking materials monthly.
- 2-3. HR will training the relevant worker for this safety requirements.

Planned completion date

03/08/17

Company Action Plan Update

- 2-1. Electrical staff set up the missed covers , cleared all the production materials; 2-2. Electrical staff checked all the electrical control panels and all are covered up and clear without blocked.
- 2-3. Safety Supervisor checks electrical control panels monthly regarding on the status of them.
- 2-4. HR provided training to relevant workers not to store materials in front of the panels onsite by oral. 02/09/18

Action Plan no 5.

Description

- 3. HR who is also a member of EHS committee will update the evacuation maps as per view of the readers.

Planned completion date

03/08/17

Company Action Plan Update

- 3. HR revised the evaluation plan as per reader's reading direction and replaced the previous maps by May 30 2017. 02/09/18

3. In progress as planned 04/07/17

Action Plan no 6.

Description

- 5. Since can not obtain the fire inspection permit, the building was abandoned for a long time. Will remain the same conditions and make sure no body enter the building.

Planned completion date

03/08/17

Company Action Plan Update

- 5-1. The building was abandoned for usage, and the second floor was removed.
- 5-2. The factory remains the same conditions and make sure no body enter the building. 02/09/18

5. In progress as planned 04/07/17

Action Plan no 7.

Description

- 6. HR will make a record for all the health certificate , and inform relevant employees for the update one month ahead of the expiration.

Planned completion date

03/08/17

Company Action Plan Update

- 6. The expired health certificate had been updated on Nov 14 2017 which will be valid for one year. All other 4 certificate are maintained within the valid period. 02/09/18

6. In progress as planned 04/07/17

Action Plan no 8.

Description

- 7-1. HR will have third party conducted Air quality Testing report.  
7-2. HR will contact 3rd party for annual update one month ahead of the expiration.

Planned completion date

03/08/17

Company Action Plan Update

- 7-1. Factory invited Zhejiang Xinhong Test Technology Company to conduct air quality test, sampled on Nov 4 2016. The report indicates that the air quality complied with GBZ 159-2004 standard.  
7-2. Factory will update the test result annually. 02/09/18

7. In progress as planned 04/07/17

Action Plan no 9.

Description

- 8-1. HR will have third party conducted drinking water testing report.  
8-2. HR will contact 3rd party for annual update one month ahead of the expiration.

Planned completion date

03/08/17

Company Action Plan Update

- 8-1. Factory invited Zhejiang Fangyuan Test Group Co.Ltd to conduct water quality test, sampled on Nov 7 2016. As per report result, the quality of drinking water complied with GB5749-2006 standard;  
8-2. Factory will update the test result annually. 02/09/18

8. In progress as planned 04/07/17

Action Plan no 10.

Description

- 9-1. HR will purchase refrigerator to maintain the samples of food For 48 hours, then keep the sample as requirements;  
902. HR will conduct training to all relevant employees afterwards.

Planned completion date

03/08/17

Company Action Plan Update

9. Canteen staff keep the food samples for each dish in a plastic containers for 48 hours in the fridge and recorded the name of the dish and the stored date. 02/09/18 :

Action Plan no 11.

Description

11. HR will purchase lifting belts, and instruct the workers how to use it .

Planned completion date

03/08/17

Company Action Plan Update

11. Factory provided lift belt to relevant workers and workers know when and how to use the lift belt. 02/09/18