



COMPANIES: Fenix Outdoor International AG

COUNTRY: China

ASSESSMENT DATE: 11/04/16

ASSESSOR: Openview

PRODUCTS: Apparel

NUMBER OF WORKERS: 850

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 dormitory filing certificate and acceptance check 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: Training (Macro)

Finding Explanation

1. The factory does not provide ongoing training for workers on the following Employment Functions: Recruitment, Hiring & Personnel Development; Compensation; Hours of Work; Termination & Retrenchment; Industrial Relations; Workplace Conduct & Discipline; and Grievance System.

2. Workers do not receive written documentation that substantiates all the topics covered during orientation training, including a copy of the workplace rules.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.2 and ER.15.3; Compensation Benchmark C.17)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1.Factory already set the sustainable training document from this year 2017,and we also make the 1st training on Jan,pls.refer the attached pictures. 2.factory had provided orientation training document to their workers,pls.see the attached document by attached .pdf file.

Planned completion date

03/19/17

Company Action Plan Update

05/19/17 : 1.Factory already set the sustainable training document from this year 2017,and we also make the 1st training on Jan,pls.refer the attached pictures. 2.factory had provided orientation training document to their workers,pls.see the attached document by attached .pdf file.

FINDING NO.2

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Communication & Worker Involvement (Macro)

Finding Explanation

The factory does not regularly communicate with the general workforce regarding its policies, procedures, and possible updates on the following Employment Functions: Recruitment, Hiring & Personnel Development; Compensation; Hours of Work; Termination & Retrenchment; Industrial Relations; Workplace Conduct & Discipline; and Grievance System.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.2, ER.16, ER.25.3.2, ER.27.3, ER.29, ER.30, and ER.32; Compensation Benchmark C.17)

COMPANY ACTION PLANS

Action Plan no 1.

Description

We will stick all this updated document on our "Factory Notice Board"(on 1st floor of building),pls.see the attached document by attached .

Planned completion date

03/19/17

Company Action Plan Update

05/19/17 : We will stick all this updated document on our "Factory Notice Board"(on 1st floor of building),pls.see the attached document by attached .

FINDING NO.3

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

1. The factory does not sign open-ended employment contracts with workers who have signed two consecutive fixed term employment contracts twice or worked at the factory for more than 10 consecutive years, as legally required.
2. The factory does not have policies or procedures on Personnel Development.
3. The factory does not conduct performance review for any of its workers, including new workers during their probationary period.
4. Comprehensive job descriptions are only available for Human Resources (HR) staff and the accountant. The job descriptions for sewing and quality control workers only include basic requirements, and there are no job descriptions for other production workers.

Local Law or Code Requirement

China Labor Contract Law, Article 14; FLA Workplace Code (Employment Relationship Benchmarks ER.1.1, ER.10, ER.28, ER.29, and ER.30)

Recommendations for Immediate Action

Sign open-ended employment contracts with workers who have signed two consecutive fixed term employment contracts twice or worked at the factory for more than 10 consecutive years.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1.factory explain this benefits of signing open-ended employment contract to workers when we sign a new contract,and final decision all is by workers self. 2.Factory already set-up the policy and procedures on Personnel Development and training for workers.3.Factory will do the improvement of record for conduct performance review for any workers including any new coming workers.And factory will assign the team leader to implement this task,pls.see the attached.4.Factory already set-up the job description for each position of workers

Planned completion date

03/19/17

Company Action Plan Update

05/19/17 : 1.factory explain this benefits of signing open-ended employment contract to workers when we sign a new contract,and

final decision all is by workers self. 2.Factory already set-up the policy and procedures on Personnel Development and training for workers.3.Factory will do the improvement of record for conduct performance review for any workers including any new coming workers.And factory will assign the team leader to implement this task,pls.see the attached.4.Factory already set-up the job description for each position of workers

FINDING NO.4

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Compensation

Finding Explanation

1. The factory arranges for workers to take their annual leave together with the Chinese New Year holiday (in February or January) each year without their consent.
2. Because the factory arranges for workers to take their annual leave during the Chinese New Year, workers who resign before the Chinese New Year holiday have not yet used their annual leave. However, the factory does not arrange for them to take their unused annual leave before leaving the factory or compensate them for their unused annual leave upon resignation. None of the 30 workers interviewed were aware of this legal requirement. A review of resigned workers' final payouts and a management interviews confirmed this finding.
3. A review of documents and a management interview showed that the factory is closed from February 3, 2016 to February 23, 2016 due to the Chinese New Year holiday. The factory pays workers' wages on the statutory holiday days (February 7- 9, but since February 7 is a Sunday, the factory pays holiday wages on February 10 as well), but does not pay "downtime wages" (wages paid when operations are suspended) during the rest of this period (February 3-6 and February 11-23), as legally required. Instead, the factory arranges for workers to use their annual leave in order to receive wages for the non-statutory holiday days. However, not all workers have enough annual leave to cover these days, so they are counted as unpaid personal days.
4. Based on a review of social insurance payments from October 2015 to October 2016 and interviews with both management and workers, assessors confirmed that the factory does not provide workers with sufficient social insurance. All 239 workers were provided with three of the five types of mandatory social insurance (work-related injury, medical, and maternity insurance) but only 220 out of 239 (92%) workers were also provided with the other two types (pension and unemployment insurance) from October 2015- October 2016. In addition, the factory provided commercial accidental insurance for 50 workers with high risk positions, valid from October 25, 2016 to October 24, 2017, with a maximum benefit amount of RMB 200,000 (USD 29,629) per worker.
5. The factory's contribution base for pension, unemployment, and work-related injury insurance is not in line with legal requirements. The contribution should be based on a worker's actual monthly wages, which is about CNY 2,500 to CNY 5,400 per month (USD 370.4 to USD 800) in this factory. However, the factory only contributes to the three types of insurances based on the local minimum contribution base of CNY 2,423 (USD 359) per month.

Local Law or Code Requirement

The Regulations on Annual Leave for Employees, Article 2, 3 and 5; The Opinion of the Ministry of Labor on Several Questions concerning the Implementation of the China Labor Law, Article 59; The Provisions on Payment of Wages in Guangdong Province, Article 35; China Labor Law, Articles 72 and 73; Social Insurance Law of the PRC, Article 12 and 58; FLA Workplace Code (Employment Relationship Benchmarks ER.16, ER.19 and ER.22; Compensation Benchmarks C.1, C.10, and C.17; Hours of Work Benchmarks HOW.11, HOW.12, HOW.18, and HOW.19.2)

Recommendations for Immediate Action

1. Cease the practice of arranging for workers to take annual leave without their consent. Allow workers to decide when they would like to take annual leave.
2. Arrange for resigning workers to take their unused annual leave before leaving the factory or compensate them for their unused annual leave upon resignation.
3. Pay downtime wages to workers when the factory is closed, as legally required. Retroactively compensate all workers who did not receive the appropriate downtime wages within the last 12 months.
4. Provide all workers with all five types of legally required social insurance.
5. Calculate contributions to social insurance based on workers' actual wages.

COMPANY ACTION PLANS

Action Plan no 1.

Description

- 1.Factory hold a meeting about the Annual leave of 2017 take together with the 2017 Lunar New Year holidays on Jan 2017,all the members for attedning to the meeting is from the member of entrepreneur,member of Union Committee,member of social insurance and workers,agreed to take the annual leave and Lunar New Year Holidays together,and they also made the signature,pls.take picture for your reference. 2.As there is no contact for the resigned workers for 2016 year,so we'd like to suggest

to take this compensation working from 2017 year for workers if they have this problem.3.Our factory already paid to the workers who now still works at our factory for this downtime wage.4..1There are still 25 workers haven't pay social insurance:matching conditions but did not pay pension insurance are 9(have paid work-related injury insurance, maternity insurance, basic medical insurance, basic medical insurance);At the age of retirement are 16(have paid work-related injury insurance, basic medical insurance, basic medical insurance).We hold a meeting with the 9 workers who did not pay social insurance on 14 April to encourage them to pay social insurance.Most of them are around 40 years,according to the provisions of the Dongguan Municipal Social Security Bureau,workers will not get social security retirement benefits if they pay social insurance less than 15 years.So they don't want to pay pension insurance after the meeting.As if we force them to pay pension insurance,they will prefer to resign.We could only keep their own decision.4.2.Regarding the 9 workers who will not benefit from social insurance, review other way to pay into a pension fund while the workers are still employed by the factory. For further practice, make sure workers who start at the factory are given full information about social insurances and that correct payments are made and on an annual basis review updates in local and national requirements as well all social insurance payments for the full workforce and take actions to make sure legal requirements are fully met.5.1Our factory contribute social insurance base on the standard 2906 yuan from Guangdong province human resources and social security department, all costs are paid in accordance with Dongguan Social Security Bureau requirements,the local social security bureau also accept the practice and raised no objection.We will also consider adjusting the contribution standards within the specified time if there are some new requirements from the Social Security Bureau in the future.Attached government documents for your reference.5.2.Start to look into set how the factory can base the social insurance on workers actual wage, with 2906CNY being the minimum standard base and set a plan for how this change can be implemented. Planned Completion Date 05/09/17

Planned completion date

03/19/17

Company Action Plan Update

05/19/17 : 1.Factory hold a meeting about the Annual leave of 2017 take together with the 2017 Lunar New Year holidays on Jan 2017,all the members for attending to the meeting is from the member of entrepreneur,member of Union Committee,member of social insurance and workers,agreed to take the annual leave and Lunar New Year Holidays together,and they also made the signature,pls.take picture for your reference. 2.As there is no contact for the resigned workers for 2016 year,so we'd like to suggest to take this compensation working from 2017 year for workers if they have this problem.3.Our factory already paid to the workers who now still works at our factory for this downtime wage.4..1There are still 25 workers haven't pay social insurance:matching conditions but did not pay pension insurance are 9(have paid work-related injury insurance, maternity insurance, basic medical insurance, basic medical insurance);At the age of retirement are 16(have paid work-related injury insurance, basic medical insurance, basic medical insurance).We hold a meeting with the 9 workers who did not pay social insurance on 14 April to encourage them to pay social insurance.Most of them are around 40 years,according to the provisions of the Dongguan Municipal Social Security Bureau,workers will not get social security retirement benefits if they pay social insurance less than 15 years.So they don't want to pay pension insurance after the meeting.As if we force them to pay pension insurance,they will prefer to resign.We could only keep their own decision.4.2.Regarding the 9 workers who will not benefit from social insurance, review other way to pay into a pension fund while the workers are still employed by the factory. For further practice, make sure workers who start at the factory are given full information about social insurances and that correct payments are made and on an annual basis review updates in local and national requirements as well all social insurance payments for the full workforce and take actions to make sure legal requirements are fully met.5.1Our factory contribute social insurance base on the standard 2906 yuan from Guangdong province human resources and social security department, all costs are paid in accordance with Dongguan Social Security Bureau requirements,the local social security bureau also accept the practice and raised no objection.We will also consider adjusting the contribution standards within the specified time if there are some new requirements from the Social Security Bureau in the future.Attached government documents for your reference.5.2.Start to look into set how the factory can base the social insurance on workers actual wage, with 2906CNY being the minimum standard base and set a plan for how this change can be implemented.

FINDING NO.5

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Compensation

Finding Explanation

1. The factory's procedures on Compensation do not clearly define marriage leave, maternity leave, and paternity leave. Furthermore, the factory does not update its maternity leave and paternity leave policies to comply with changes in local laws and regulations. Management was not aware of the new requirements on maternity leave and paternity leave. This has not yet affected any workers.
2. Factory only contributed to the mandatory Housing Provident Fund for 56 out of 239 (23.4%) workers.
3. The contribution base of the Housing Provident Fund is not in line with legal requirements. The actual contribution base was RMB 1,520 to RMB 2,340 (USD 225 to USD 346.7) per month instead of the legally required average monthly wage of previous years, which is about RMB 3,700 (USD 548) for this factory.
4. Although the factory has policy and procedures on paid sick leave, about 90% of the interviewed workers were unaware of this legal benefit and there were no records to show that workers had taken paid sick leave before.

Local Law or Code Requirement

Special Rules on the Labor Protection of Female Employees, Article 7; Regulations of Guangdong Province on Population and Family Planning, Article 30; Regulations on Management of Housing Provident Fund, Article 2, 3 and 15; FLA Workplace Code (Employment Relationship Benchmarks ER.1.1, ER.1.3, and ER.22; Compensation Benchmarks C.1, C.10, and C.17)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1.Our factory will explain this local law updated information for marriage leave, maternity leave and paternity leave etc.to our workers and let all the workers can take all this welfare on time.2.1.As most of our workers are come from the outside of Dongguan and Guangdong,they don't want to pay a house here,so they also didn't want to pay any housing provident fund,we have to respect to worker's decision.2.2. the factory will inform all employees about the contribution to housing provident fund as a legal requirement.

2.3.the factory should hold dialogue with the elected workers committee how best to set a plan to pay into a housing plan that covers all workers. 3.Factory already based the requests of Dongguan Employee Housing Provident Fund to pay the housing provident fund for workers,it's in accordance with the law.4.Factory already set-up the procedure to workers for legally required sick leave benefit,and also made the explanation to workers

Planned Completion Date

05/09/17

Planned completion date

03/19/17

Company Action Plan Update

05/19/17 : 1.Our factory will explain this local law updated information for marriage leave, maternity leave and paternity leave etc.to our workers and let all the workers can take all this welfare on time.2.1.As most of our workers are come from the outside of Dongguan and Guangdong,they don't want to pay a house here,so they also didn't want to pay any housing provident fund,we have to respect to worker's decision.2.2. the factory will inform all employees about the contribution to housing provident fund as a legal requirement. 2.3.the factory should hold dialogue with the elected workers committee how best to set a plan to pay into a housing plan that covers all workers. 3.Factory already based the requests of Dongguan Employee Housing Provident Fund to pay the housing provident fund for workers,it's in accordance with the law.4.Factory already set-up the procedure to workers for legally required sick leave benefit,and also made the explanation to workers

FINDING NO.6

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Hours of Work

Finding Explanation

1. The factory production plan always includes overtime (e.g. planning for 58 working hours, 40 regular hours and 18 hours of overtime per week) as a general practice.
2. Based on a review of time records from October 2015 to October 2016, assessors found that about 90% of workers' monthly overtime exceeded 36 hours during each month, except February 2016, reaching a maximum of 76 hours in August 2016.

Local Law or Code Requirement

China Labor Law, Article 41; FLA Workplace Code (Hours of Work Benchmarks HOW.1.1, HOW.1.2, and HOW.8.4)

Recommendations for Immediate Action

Monitor and control working hours to ensure that workers' overtime hours do not exceed 36 hours per month.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1.Due to the particularity of the our factory's products and manual operation of the process is more complex, production gap between the off-season and peak season is very large, so there is a large floating of the working hours. But in the coming 6

months,our factory will try best to control the working hours less than 60 hours per week to ensure that workers have enough rest time. As the the seasonal order,buyer garment delivery date and complicated products reason,furthermore considering to the salary for workers themselfe,we just can try our best to keep this O/T hours as the local law requested within 60hours per week.Or we just can talk with Fjallraven to extend the production leadtime,or advance the garment PO issue date,or increase the garment price compensation to workers,or other better solution you can suggest

Planned Completion Date
05/09/17

Planned completion date

03/19/17

Company Action Plan Update

05/19/17 : 1.Due to the particularity of the our factory's products and manual operation of the process is more

FINDING NO.7

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Termination & Retrenchment

Finding Explanation

The Termination & Retrenchment procedures do not provide guidance on how to calculate final payouts in accordance with legal requirements.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.19.1 and ER.32)

COMPANY ACTION PLANS

Action Plan no 1.

Description

Factory will provide the guidance on how to calculate final payouts in accordance with legal requirements to workers with termination or retrenchment procedures.

Planned completion date

03/19/17

Company Action Plan Update

05/19/17 : Factory will provide the guidance on how to calculate final payouts in accordance with legal requirements to workers with termination or retrenchment procedures.

FINDING NO.8

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Industrial Relations

Finding Explanation

1. The union structure is not independent from management interference. Union members are given a list of nominations (mostly management level or office staff) from which to elect the Union Chairman and Committee members. As a result, the administration manager is the Chairman of the Union, and most members of the Union Committee are supervisors or office staff.

2. The factory has not provided copies of the Collective Bargaining Agreement to workers.

3. FLA Comments: The Chinese constitution guarantees Freedom of Association; however, the Trade Union Act prevents the establishment of trade unions independent of the sole official trade union – the All-China Federation of Trade Unions (ACFTU). According to the International Labor Organization (ILO), many provisions of the Trade Union Act are contrary to the fundamental principles of freedom of association, including the non-recognition of the right to strike. As a consequence, all factories in China fall short of the ILO standards on the right to organize and bargain collectively. Recently, however, the government has introduced new regulations that could improve the functioning of the labor relations' mechanisms. The Amended Trade Union Act of October 2001 stipulates that union committees have to be democratically elected at members' assemblies and trade unions must be accountable to their members. The trade union has the responsibility to consult with management on key issues of importance to their members and to sign collective

agreements. It also grants the trade union an enhanced role in dispute resolution. In December 2003, the Collective Contracts Decree introduced the obligation for representative trade unions and employers to negotiate collective agreements, in contrast to the previous system of non-negotiated administrative agreements.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.16.2; Freedom of Association Benchmarks FOA.2, FOA.10, and FOA.11)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1.The factory labor union organization was based on the requested standard from the Labor union organization of Hongmei to set-up,the Chairmam and member all were voted by workers. Pls.see attached .2.Factory will do the improvement from Year 2017,and also keep it as sustainable improvement.3.The Union Committee made preparation on Jul 9,2015,then organized the workers from sewing section and other factory department,to voted the members of Committee. All the members quantity was base on the workers quantity and official staff to make the percentage and then voted out,there come out 63 members to our Union Committee. On Jul 17,2015,we hold the 1st member congress,there will 63 members and members from Hong Mei Federation of trade unions to attend this meeting, they checked and approved all the members for Chairman,Vice-chairmen,committee members,account director and account member,all the voted procedure was matching to the laws requirement.In order to keep the right for workers,all the committee members was voted by members,and the workers who want to attend to this Union Committee,it also base on his voluntary.

Planned Completion Date

05/09/17

Planned completion date

03/19/17

Company Action Plan Update

05/19/17 : 1.The factory labor union organization was based on the requested standard from the Labor union organization of Hongmei to set-up,the Chairmam and member all were voted by workers. Pls.see attached .2.Factory will do the improvement from Year 2017,and also keep it as sustainable improvement.3.The Union Committee made preparation on Jul 9,2015,then organized the workers from sewing section and other factory department,to voted the members of Committee. All the members quantity was base on the workers quantity and official staff to make the percentage and then voted out,there come out 63 members to our Union Committee. On Jul 17,2015,we hold the 1st member congress,there will 63 members and members from Hong Mei Federation of trade unions to attend this meeting, they checked and approved all the members for Chairman,Vice-chairmen,committee members,account director and account member,all the voted procedure was matching to the laws requirement.In order to keep the right for workers,all the committee members was voted by members,and the workers who want to attend to this Union Committee,it also base on his voluntary.

FINDING NO.9

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Workplace Conduct & Discipline

Finding Explanation

The disciplinary system does not include the workers' right to have a third party witness present during the imposition of disciplinary action.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.27.4)

COMPANY ACTION PLANS

Action Plan no 1.

Description

Our factory will take this third party witness present by our labor union organization,and it will be applied after if it's confirmed by our labor union organization

Planned Completion Date

05/09/17

Planned completion date

03/19/17

FINDING NO.10

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Grievance System

Finding Explanation

Management does not maintain grievance records. Interviews with workers and management revealed that some grievances have been raised in the last year, but they were handled verbally or through meetings with workers and no records were maintained.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.2)

COMPANY ACTION PLANS

Action Plan no 1.

Description

Factory already made the improvement from end year of 2016, and kept it as sustainable improvement. detail to attached

Planned completion date

03/19/17

Company Action Plan Update

05/19/17 : Factory already made the improvement from end year of 2016, and kept it as sustainable improvement. detail to attached

FINDING NO.11

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Environmental Protection

Finding Explanation

The factory does not regularly monitor the discharge of smoke from the kitchen, air emissions from the generator, or the discharge of non-industrial waste, as required by law. No monitoring has been conducted since the factory was opened.

Local Law or Code Requirement

Measures for the Administration of Environmental Surveillance, Article 21; FLA Workplace Code (Health, Safety & Environment Benchmark HSE.1)

COMPANY ACTION PLANS

Action Plan no 1.

Description

Our factory has contacted the qualified testing unit for the detection of three wastes (waste gas, waste water and waste residue), will complete after one and half months.

Planned Completion Date

05/09/17

Planned completion date

03/19/17

Company Action Plan Update

FINDING NO.12

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. There is no finger protection installed on three out of four hand fabric cutting machines and the pulley covers on three out of four button machines are not fixed firmly in the designed position, which means they do not fully cover the pulleys.
2. Two cable conduits in the chemical warehouse are not explosion-proof.
3. There are no exit signs installed for the emergency aisles in the material warehouse and sewing workshop. Each area should have one exit sign.
4. The traffic lanes and sidewalks on the factory premises are not clearly marked. There are no signs or other safe driving aids, such as indicators, convex mirrors on dead ends, vehicle speed limit signs, and reflectors, to ensure that workers use safe driving practices.
5. The factory does not have licenses for the pressure vessel operators.
6. The factory does not commission a qualified third party to test the lightning protection system in the production buildings and dormitory annually.
7. The factory has not commissioned a qualified third party expert to conduct an Assessment of the Current Condition of Occupational Disease Hazards of the factory's operations.
8. The factory is not taking steps to reduce repetitive-motion stress and injuries. The workstations used by seated workers are not adjustable and their chairs do not have removable armrests or proper backrests. Furthermore, the factory does not provide lifting belts or training on proper lifting techniques to workers who lift heavy objects.
9. The factory has not made the results of the Occupational Disease Hazard Factor Test available to workers.
10. Neither the landlord nor the factory has the filing certificate or acceptance check reports for the production buildings or the dormitory building which were constructed in 2006 and rented from the landlord.

Local Law or Code Requirement

Code of Design of Manufacturing Equipment Safety and Hygiene, Article 6.1.6; Code of Design on Building Fire Protection and Prevention (GB50016-2014), Article 10.3.5; Regulation for Safety of Dangerous Chemical, Article 20; GB21431-2008 Technical Specifications for Inspection of Lightning Protection System in Building, Article 6; Provisions on the Supervision and Administration of Occupational Health at Work Sites, Article 20; China Law of Prevention and Control of Occupational Diseases, Article 27; FLA Workplace Code (Employment Relationship ER.2; Health, Safety & Environment Benchmarks HSE.1, HSE.2, HSE.4, HSE.5, HSE.6.1, HSE.13, HSE.14.1, HSE.17.1, and HSE.17.2)

Recommendations for Immediate Action

1. Install finger protection on the hand fabric cutting machines. Ensure that the pulley covers are fixed in place and can fully cover pulley of the button machine.
2. Install explosion-proof cable conduits in the chemical warehouse.
3. Install exit signs in the evacuation passages in the material warehouse and sewing workshop.
4. Clearly mark the traffic lanes and sidewalks on the factory premises. Install signs and other safe driving aids, such as indicators, convex mirrors on dead ends, vehicle speed limit signs, and reflectors.
5. Ensure that the pressure vessel operators hold legal certificates.
6. Commission a third party expert to test the lightning protection system in the production buildings and dormitory annually.
7. Commission a third party expert to conduct an Assessment of the Current Condition of Occupational Disease Hazards.
8. Provide lifting belts and training on proper lifting techniques for workers who lift heavy goods.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1.The fabric cutting machine and button machines all were installed safety devices on machines,pls.refer to attached picture.2.Factory already done the improvement as the attached picture. 3.Factory already made this improvement on warehouse and sewing section as the attached picture,pls.kindly find.4.Factory already made all this marks at our factory area.Pls.see the attached pictures for reference.5.Factory already will plan to assign our people to attend the training at the related organization,see our entry fee document for reference.6.Our factory has declared to the original owner--Wusha Village Committee,Hongmen Town,but they don't want to do this testing and acceptance due to the high cost. Factory buildings and dormitory have installed lightning protection system,but the owners did not apply to the Dongguan Municipal Meteorological Bureau for approval in previous.We have contacted a qualified third party and awaiting for their price.We will discuss the installation and cost with the owner again after receiving the price. We're not sure whether it would be implemented or not

currently, but we will keep updating the progress. 7. We have contacted a qualified third party for assessment of Current Conditions of Occupational Disease Hazards. Estimated cost is 38160 yuan, the cost is high and our quotation of products to customer does not include this cost. whether the customer can bear this extra cost? 8. We have purchased a few adjustable chairs with the backrest to workers for testing, but they feel it's not so workable during the sewing process, that we also keep back to use the current chairs for workers. Attached photos for your reference. 9. Factory already applied and made this testing result to workers, pls. see attached pictures. 10. 1. 1) We suggest that customer send people to our factory to test the building safety. We have discussed with owner and they don't want to do testing again, they said that there is acceptance report from Building Fire Department, so our current factory buildings should correspond to the standard. 10. 2. We have contacted a qualified third party and awaiting for their price. Since the cost should be huge, we will discuss the implement plan and cost with the owner again after receiving the price. We're not sure whether it would be implemented or not currently, but we will keep updating the progress.

Planned Completion Date

05/09/17

Planned completion date

03/19/17

Company Action Plan Update

05/19/17 : 1. The fabric cutting machine and button machines all were installed safety devices on machines, pls. refer to attached picture. 2. Factory already done the improvement as the attached picture. 3. Factory already made this improvement on warehouse and sewing section as the attached picture, pls. kindly find. 4. Factory already made all this marks at our factory area. Pls. see the attached pictures for reference. 5. Factory already will plan to assign our people to attend the training at the related organization, see our entry fee document for reference. 6. Our factory has declared to the original owner--Wusha Village Committee, Hongmen Town, but they don't want to do this testing and acceptance due to the high cost. Factory buildings and dormitory have installed lightning protection system, but the owners did not apply to the Dongguan Municipal Meteorological Bureau for approval in previous. We have contacted a qualified third party and awaiting for their price. We will discuss the installation and cost with the owner again after receiving the price. We're not sure whether it would be implemented or not currently, but we will keep updating the progress. 7. We have contacted a qualified third party for assessment of Current Conditions of Occupational Disease Hazards. Estimated cost is 38160 yuan, the cost is high and our quotation of products to customer does not include this cost. whether the customer can bear this extra cost? 8. We have purchased a few adjustable chairs with the backrest to workers for testing, but they feel it's not so workable during the sewing process, that we also keep back to use the current chairs for workers. Attached photos for your reference. 9. Factory already applied and made this testing result to workers, pls. see attached pictures. 10. 1. 1) We suggest that customer send people to our factory to test the building safety. We have discussed with owner and they don't want to do testing again, they said that there is acceptance report from Building Fire Department, so our current factory buildings should correspond to the standard. 10. 2. We have contacted a qualified third party and awaiting for their price. Since the cost should be huge, we will discuss the implement plan and cost with the owner again after receiving the price. We're not sure whether it would be implemented or not currently, but we will keep updating the progress.

FINDING NO.13

NOTABLE FEATURE

FINDING TYPE: Compensation

Finding Explanation

1. The factory provides workers with dormitory housing free of charge.
2. The factory provides recreation opportunities such as TV sets in the dormitory, billiards rooms, and a basketball field.