



FAIR LABOR
ASSOCIATION[®]

INDEPENDENT EXTERNAL ASSESSMENT REPORT



COMPANIES: Fast Retailing Co., Ltd.

COUNTRY: China

ASSESSMENT DATE: 12/08/16

ASSESSOR: FLA China

PRODUCTS: Apparel

NUMBER OF WORKERS: 5227

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: Communication & Worker Involvement (Macro)

Finding Explanation

1. The factory communicates most of its policies, procedures and updates with the general workforce on the majority of Employment Functions from hiring through termination. However, the factory's communication on annual leave, grievance channels, and the worker representation committee is not sufficient.
2. The worker integration component is missing from all Employment Functions. The factory has not established or implemented procedures to include workers' input and/or feedback on the creation, implementation, and revision of its policies and procedures. Therefore, workers are neither systematically integrated nor consulted in the decision-making processes.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.3, ER.16.1, and ER.25; Compensation Benchmark C.17)

COMPANY ACTION PLANS

Action Plan no 1.

Description

- 1-1. The factory have already included in the new staff orientation and training program: the policy on annual leave, grievance channels, and function & organizational structure of the Staff & Workers Representative Congress, ensuring new staffs are well informed of the company policies and guidelines.
- 1-2. Conducted briefing talks in all production units to make sure current staffs are well aware of the company policies.
- 1-3. Sustainability department randomly chooses employees for interviews each month to see whether employees are clear about company policies on annual leave, grievance channels and Staff & Workers Representatives Congress; if any staff is not clear about any policy, training will be given on those policies to the staff again.

Planned Completion Date 06/30/17

Planned completion date

03/08/17

Company Action Plan Update

- 1-1. Sustainability Department set up training plan on CSR policies and guidelines for 2017. As planned, HRD provided training for all employees on grievance, worker representative, annual leave and other CSR-related policies and guidelines in Feb and May 2017. For new workers, a complete orientation training including these 3 topics.
- 1-2. Sustainability department choose 64 workers (about 1% of total employees) for interviews monthly to check if employees understands the company policies, such as annual leave, grievance channels, Staff & Workers representative. If there is any

suggestions or clarification needed on the topics , ""refresh"" training will be provided afterwards.

- 1-1. The factory updated the training program by adding training content such as policy annual leave, grievance procedure/channels and the introduction of worker representative committee, new workers were informed of the policy and procedure regarding these topic;
- 1-2. Provided training to current workers on the update;
- 1-3. Ongoing randomly check the understanding of these updates of workers. 04/17/17

Action Plan no 2.

Description

2. The factory will establish Workers' representation guidelines to let workers' representatives participate in factory management policy formulation and implementation; and to support the management of employee engagement/feedback, including but not limited to the existing polices & practices, such as

- 1.)Communicating with staff's and worker's representatives on rules and regulations and to reach a consensus with them before implementation.
- 2.) Engaging staff and workers representatives in recreational and volunteer activities organized by the company.
- 3.)Convene monthly meetings to provide the opportunity for dialogues between staffs, workers' representatives and management: such as for management to listen to representatives' opinions and suggestions on company policies, environment and site facilities, and then make improvements accordingly.

Planned Completion Date 09/30/17

Planned completion date

03/08/17

Company Action Plan Update

- 2-1. Factory set up workers' representation guidelines.
- 2-2. Communication with workers' representatives on the updated internal regulations are made to reach a consensus before officially in execute. The newly updated internal regulation (which would be effective from Oct 1 2017), HRD gathered the worker representatives(total 33 joined the discussion) to discuss the articles of the new edition on Sep 7 2017. After the agreement on the new internal regulation, HRD published the announcement for new regulation on the Notice Board, the publicity period was from Sep 8 2017 to Sep 30 2017.
- 2-3. Monthly dialogue between management and workers representative are established to collect workers' concerns, suggestions.

Action Plan no 3.

Description

NA

Planned completion date

03/08/17

FINDING NO.2

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

Starting April 1, 2016, all applicants were required to have a health examination, at the factory's expense, that included an x-ray and blood test at the factory clinic. There is no evidence, however, to show that an x-ray and blood test are relevant to any job at the factory. The factory ceased blood tests on May 6, 2016 after an external audit but continues x-ray examinations. The factory management explained that the x-rays are used to test for contagious diseases like Tuberculosis. Based on certification review however, assessors noted that neither the factory clinic or the medical staff have the permit to conduct X-rays examination.

Local Law or Code Requirement

Regulations on the Administration of Medical Institutions, Article 27; FLA Workplace Code (Employment Relationship Benchmark ER.3.1; Nondiscrimination Benchmarks ND.1 and ND.2; Health, Safety & Environment Benchmark HSE.18)

Recommendations for Immediate Action

Immediately cease conducting x-ray examinations in the factory clinic as it lacks a relevant permit. Additionally, if the factory considers x-rays to be necessary to detect contagious diseases, the factory may arrange the x-ray to be taken in a hospital that has the relevant permit.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1-1. The factory had immediately stopped X-ray examination in the factory's clinic on December 8 2016, now we've arranged for X-ray examinations to be done in hospital certified for X-ray examinations.

1-2. Tuberculosis is a highly infectious disease in Guangdong Province, especially in labor-intensive industries, it would severely impair and threaten thousands of employees in the factory. Therefore, in view of public safety, our company arranges new employees to take X-ray examinations and auxiliary diagnosis of diseases such as tuberculosis. However, employees who have taken X-ray examination with a report obtained within the last six months and employees who are pregnant or suspected of pregnancy can skip the X-ray examination.

1-3. Employees who are diagnosed with tuberculosis are incapable of much exertion and are advised not to have physically demanding work, therefore the existing physical examination regarding tuberculosis is absolutely related to employees' work.

1-4. If treatment is required after examination, our company will allow the employee a medical treatment period and will provide payments or benefits as per local laws and regulations.

Planned completion date

03/08/17

Company Action Plan Update

1. The factory sends workers to certified hospital for X-ray examinations at the cost of factory. 04/17/17

FINDING NO.3

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

1. Prior to May 6, 2016, the job application form (used for all positions) required applicants to provide information regarding marital status and political status, which posed a risk of discrimination in Recruitment & Hiring. Following an external audit on May 6, 2016, the factory removed these questions from its job application form.

2. At the time of the assessment, the factory only employed three disabled workers (0.04% of the total workforce), which is a violation of the legal requirement stating that at least 1.5% of the total workforce should consist of disabled workers. Although the factory contributes to the Employment Security Fund in lieu of employing disabled workers as allowed under the law, this practice carries the risk of discrimination based on the FLA Workplace Code.

3. The factory conducts monthly performance reviews for production workers (Level A and Level B). For Level A workers, the appraisal form contains five Key Performance Indicators (KPI): quality, "5S" management, efficiency, safety awareness, and work contribution & attitude. Although these KPIs are consistent with the job requirements for both Level A and Level B workers, Level B workers are only reviewed on efficiency. Therefore, the performance reviews for Level B workers is incomplete.

Local Law or Code Requirement

Regulations on the Employment of Persons with Disabilities (2007), Article 8; Labor Law of PRC (1995), Article 12; FLA Workplace Code (Employment Relationship Benchmarks ER.1.1, ER.3.1 ER.3.2, and ER.29.1; Nondiscrimination Benchmarks ND.2.1 and ND.4.1)

COMPANY ACTION PLANS

Action Plan no 1.

Description

2-1. All our current posts are opened for the disabled people. HR will add "Disabled candidates are welcome for this position" in the job post if the positions are suitable for disabled people. The company hires the disabled who meet recruitment requirements; as long as his/her disabilities have no impact on the job operation. However, since in the past we haven't conducted specific recruitment advertisement for the disabled, this have resulted in fewer disabled candidates. Going forward we will design recruitment posters specifically targeting the disabled job applicants. We will also work with the disabled association which can recommend more disabled candidates.

2-2. Formulate the disabled staff management procedures to better manage the disabled.

2-3. Human Resources Department and the Production and Industrial Engineering department will assess all current posts and set up more positions that are suitable for the disabled, which enables us to recruit the disabled more specifically.

2-4. Formulate the disabled staff management documents for better management.

Planned Completion Date 12/31/18

Planned completion date

03/08/17

Company Action Plan Update

2-1. Factory added ""Disabled candidates are welcomed for this position"" in the job post and set up a special notice board to promote the recruitment of disabled people.

2-2. By Oct 25 2017 there are 12 disabled workers recruited in the factory, HR continues to recruit more disabled people for suitable positions.

Action Plan no 2.

Description

3-1. At present, in DCKG factory there are two (2) kinds of workers – Daily wage A (general workers) and Daily wage B (efficiency-based workers).

The scope of work and work content of Daily A workers is not based on efficiency but progress of work. In fact, it is very difficult to quantify Daily A workers' efficiency of work (e.g. materials handler, cleaner etc.), therefore it is practical to use the existing 5S-Work Progress-Safety based method in evaluating the Daily A workers' performance. On the other hand, because Daily B workers' work are efficiency-based and their output is the mainly quantity and quality of garments he/she produced, their performance can be easily measured by daily output; hence it is more practical to use the current efficiency-based method to evaluate Daily wage B workers' performance.

Based on our understanding on labor-intensive manufacturing industry, given a large workforce, it is more objective to use a common measurement platform rather than relying solely on the individual supervisors to evaluate worker's performance – this way, there should be less dispute arising out of inconsistent personal judgments by supervisors.

3-2. DCKG does have an added set of performance indicators to evaluate the overall performance of Daily B workers, e.g. workplace safety, 5S, product quality etc. Under this extra compensation scheme, Daily B Workers' are rewarded not by cash but by way of rewards points which can be accumulated monthly to exchange for gifts, free dinners, or even free travels. This reward system is over and above the salary remuneration hence it is not shown on our salary system.

3-3. DCKG management believe that in considering worker's career development and promotion, soft skill are a more important measurement yardstick and potential success factor than hard skill attainment.

3-4. DCKG will organize a refresher training for all workers (both wage A and wage B) on the criterias of the performance review regularly and timely.

Planned Completion Date 05/31/17

Planned completion date

03/08/17

Company Action Plan Update

3. HRD held refreshing training regarding the criteria of the performance and wage construction for Wage A and Wage B workers in May and Jul 2017, workers gained better understanding of the policies.

Action Plan no 3.

Description

NA

Planned completion date

03/08/17

FINDING NO.4

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Compensation

Finding Explanation

1. The factory contributes to legally required Housing Provident Fund for the non-production workers, but not for any of the production workers (which account for 83% of the workforce).

2. Starting the second month of employment, all workers are covered by all five types of mandatory social insurance (pension, medical, unemployment, maternity, and work-related injury insurance). However, the factory does not contribute to social insurance for any of the workers in their first month at the factory. At the time of the assessment, 2.6% of the workforce was in their first month of work at the factory.

3. For 94% of the production workers, the factory uses a contribution base for their social insurance payments that is lower than workers' actual wages, which violates the legal requirement. Their current contribution base is CNY 2,408 (USD 354) while their actual wages are between CNY 3,800 (USD 558) and CNY 4,100 (USD 602).

4. The factory rounds its wages to the nearest whole unit, which results in 49% of workers receiving less than they had earned. These workers were paid between CNY 0.01 (USD 0.001) and CNY 0.49 (USD 0.07) less each month.
5. A notice issued by the factory on December 1, 2016 informed workers that those who did not ask for any leave (apart from annual leave) between December 1, 2016 and January 21, 2017 and returned to work at the factory after Chinese New Year would receive a bonus of CNY 1,000 (USD 144). This notice could lead to a misunderstanding by workers that if they have asked for any legally entitled leave (e.g., sick leave, prenatal leave, maternity leave, marriage leave, etc), they would not be eligible to receive the bonus. Therefore, such notice runs the risk of workers not being able to ask for legally entitled leave.
6. Before May 2016, the factory did not take seniority into account when they calculated the number of entitled annual leave days. When the policy changed, the factory posted the policy update in the production area, however, they have not yet revised the training material. As a result, all the interviewed workers were not aware of the amended policy even though the factory provided several cases in which annual leave was calculated based on seniority.

Local Law or Code Requirement

Implementation Measures of Employees' Paid Annual Leave (2008), Articles 4; Labor Law of PRC, Articles 50 and 72; Notice on Social Insurance Contribution Base of Dongguan City (2016); Regulation on the Housing Provident Fund Management (2002), Article 15; Regulation on Work-Related Injury Insurances (2004), Article 2; Social Insurance Law of PRC, Articles 58 and 60; FLA Workplace Code (Employment Relationship Benchmark ER.16.1 and ER.22; Compensation Benchmarks C.5, C.10.1, and C.17)

Recommendations for Immediate Action

1. Provide all five types of insurance to workers starting the first month of employment.
2. Base social insurance contributions on workers' actual wages.
3. Compensate workers their full and exact wages. Retroactively compensate those workers who received less than their earned wages.
4. Revise the definition of a production incentive bonus to ensure that such definition does not limit workers' rights to freely apply for any legally entitled leave.
5. Update training material regarding the calculation of annual leave and train workers on the updated policy and procedure.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Housing Provident Fund can't be withdrawn according to the local (Dongguan)Housing Provident Fund regulations. Since most of the workers in our company are migrant workers and given that migrant workers do not usually intend to purchase a local property, these workers are not willing to pay their portion of the Housing Provident Fund. Based on actual demand of employees, our company will formulate a step-by-step purchase plan so as to meet the National regulations. Other than the Manager and Officer level staffs, starting from 2017 January, DCKG has extended the House Provident Fund purchase to the clerk level staffs. DCKG is also planning to extend the coverage to the worker level employees progressively, detailed implementation schedule is as follow:-

- By 2018 - addition enrollment for 996 of W1 workers (20% increase in terms of no. of participants);
- By 2019 - addition enrollment for 996 of W1 workers (20% increase in terms of no. of participants);
- By 2020 - addition enrollment for 824 of W1 & 400 of W2 workers (25% increase in terms of no. of participants);
- By 2021 - addition enrollment for 559 of W2 & 1206 of W3 workers (35% increase in terms of no. of participants)

Planned Completion Date 12/31/21

Planned completion date

03/08/17

Company Action Plan Update

- 1-1. HRD will conduct survey regarding the willingness of the contribution for housing fund in the factory.
- 1-2. The housing fund enrollment percentage of workers in the company increased 4% from Dec 2016.
- 1-3. The company is following the plan of enrollment of housing provident fund to purchase housing fund for workers step by step

Action Plan no 2.

Description

3. Currently our company has purchased social insurance for all employees according to local social insurance standard. A step-by-step purchase plan has been made to make sure the contribution base of social insurance meets the National regulations. Below is the implementation details of our Social Insurance Premium Base Catch Up Plan.

- By 2017, increase the premium base from RMB3006 to RMB3126 (4% increase, for estimated 6000 employees)
- By 2018, increase the premium base from RMB3126 to RMB3286 (5% increase, for estimated 6000 employees)
- By 2019, increase the premium base from RMB3286 to RMB3486 (6% increase, for estimated 6000 employees)
- By 2020, increase the premium base from RMB3486 to RMB3726 (7% increase, for estimated 6000 employees)
- By 2021, increase the premium base from RMB3726 to RMB4026 (8% increase, for estimated 6000 employees)

Planned completion date

03/08/17

Company Action Plan Update

3-1. From Jan 1, 2017, the premium base for four types (except medicine insurance) of mandatory social insurance were increased from RMB2408 to RMB 2906 for all workers whose premium base were RMB 2408.

3-2. From Mar 1 2017, the premium base for four types (except medicine insurance) of mandatory social insurance were increased from RMB2906 to RMB 3006 for all workers whose premium base were RMB 2904. (for 6234 employees)

3-3. From July 1 2017, factory raised the premium base from RMB 3489RMB to 3854RMB for medicine insurance(one of the five types of mandatory social insurance) for 6238 employees.

3-4. For the ""Catch up plan "", the company is taking actions for the Improvement process as planned.

Action Plan no 3.

Description

2-1. From December 12, 2016, our company purchases social insurance for new employees from their first month in the company.

2-2. For those who have their social insurance purchased by their former company (employer), our company purchases social insurance for them from their second month in our company. We will ensure every current employees are covered by social insurance.

Planned completion date

03/08/17

Company Action Plan Update

2-1. HR registers the purchases of social insurance for new workers in local social insurance website on the next working day of onboard , which will effect in the same month;

2-2. For the workers who have enrolled in current social insurance system, HR will purchase for them in the second month 04/17/17

Action Plan no 4.

Description

4-1. The total amount of salary/wage resulted from rounded-off dicimal digits from November, 2015 to November, 2016 have been paid back to employees along with their December, 2016 salary/wage

4-2. From December, 2016, the factory have paid employees the exact amount of salary/wage.

Planned completion date

03/08/17

Company Action Plan Update

4-1. The factory tracked back the payment from Nov 2015 to Nov 2016 for the balance per month(which was about 0.01RMB to 0.49RMB) and paid back to workers together with their salary of Dec 2016.

4-2. From Dec 2016, Finacial dept adjusted the calculation system and pay workers the exact amount of their salary/wage. 04/17/17

Action Plan no 5.

Description

5. The notice on production incentive bonus has been revised, which does not limit workers' rights to freely apply for any legally-entitled leave.

Planned completion date

03/08/17

Company Action Plan Update

5. The notice on production incentive bonus has been revised, which does not limit workers' rights to freely apply for any legally-entitled leave. 04/17/17

Action Plan no 6.

Description

6. The training materials about annual leave have been updated immediately on December 14 2016.

Continuous improvement:

1.) Human Resource Department will update training materials in time and get both trainers and employees informed of any new policies or measures;

2.) In order to get all employees well informed of the updated policies or measures, Human Resource Department will, apart from putting up notices and spreading those policies or measures via clerks at production units, inform the line supervisors who would relay the updates to other employees in time.

Planned completion date

03/08/17

Company Action Plan Update

6-1. HR updated the annual leave policy on Dec 14 2016 in available communication channels, in the touch screen interface system which is accessible to all workers as well as notice.

6-2. HR provides ongoing training for trainers and employees on new policy or measures. 04/17/17

Action Plan no 7.

Description

NA

Planned completion date

03/08/17

FINDING NO.5

NOTABLE FEATURE

FINDING TYPE: Compensation

Finding Explanation

1. The factory provides an annual outing (a one day sightseeing tour) for all production workers.
2. In 2015, the factory established a caring fund. This is a voluntary program in which workers can freely contribute (with their written consent) CNY 7 (USD 1) per month to a fund that financially supports workers who are in financial need due to medical care. In addition to the workers' individual contributions, the factory itself contributes CNY 25,000 (USD 3,597) per month to this fund.

FINDING NO.6

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Hours of Work

Finding Explanation

1. The factory's production planning is based on 57 hours per week. It requires 17 hours of overtime per week on a regular basis. (Prior to January 2016, the factory's production planning was based on 59 hours per week.)
2. In five out of the past 12 months (December 2015, January, March, September and October 2016), 40% of workers worked an average of 70 hours per week, exceeding the FLA limit of 60 hours per week.
3. In 10 out of the past 12 months (excluding February and July 2016), all workers' monthly overtime ranged from 44 hours to 89 hours, with an average of 70 hours, exceeding the monthly legal limit of 36 hours of overtime. The highest monthly overtime, affecting multiple workers, was 89 hours in March 2016.
4. In three out of 12 months (December 2015, January and March 2016), all workers had to work four hours of overtime per day, exceeding the daily legal limit of three hours of overtime.
5. The factory did not ensure one day off for every seven-day period in five out of the past 12 months (December 2015, January, March, September and October 2016); 40% of the workers worked seven to 13 consecutive days.

Local Law or Code Requirement

Labor Law of PRC, Article 38 and 41; FLA Workplace Code (Employment Relationship Benchmark ER.24; Hours of Work Benchmarks HOW.1.3, HOW.2 and HOW.8.3)

Recommendations for Immediate Action

1. Do not include overtime in production planning. 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..
2. Ensure that working hours do not exceed legal overtime limits and FLA working hours standards.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1-1. A series of labor retention and recruitment policies have been formulated and under execution, which helps to maintain enough production workers so as to shorten overtime. Additional overtime mechanism has been setup as well: every week the working hour planning of the ensuing week will be released; daily and weekly working hours are under supervision so as to ensure all employees can take one day off in a 7-day week.

1-2. The Factory will set up the procedures to monitor and ensure not exceeding the FLA working hour limit, i.e total 60 hours per week, 3 hours overtime working maximum per day.

1-3. Other than to tighten the control of working overtime, the factory will proactively discuss with the customer about the various forecast, capacity, loading and materials supply issues. All irregular working shifts' arrangement and applications MUST be approved by Vice President, China Operations and General Manager of Sustainability Department before proceed.

The factory will extend the existing worker training centre for green hands or half-skilled sewing workers to support the supply of sewing workers in the future.

For Workers' motivation, the factory will set up new capacity promotion award so as to improve workers' capacity, efficiency and earnings.

1-4. The Production Planning and Control Department (PPC) will discuss with the customer arrange the schedule of production reasonably and distribute to each production unit and department averagely. PPC will also align with the Sales Team and Production Team to adjust our production planning mechanism, i.e. to plan our production based on 40 hours per week and treat the overtime in addition to regular working hours on an irregular basis.

1-5. Even though we are using 57-hour per week for product planning schedule; however, all overtime work are based on principles of voluntary application. The factory pledge that employees have the right to refuse to work overtime, it will not affect the performance of respective employees and no disciplinary action will be taken against them if they are not willing to work overtime. By 2017-12, the factory will based on 40 regular working hours per week for their production schedule planning.

Planned Completion Date 12/31/17

Planned completion date

03/08/17

Company Action Plan Update

1-1. The recruitment plan is under execution, 1287 new employees were recruited from May to Sep 2017 :

405 for May 2017;

365 for Jun 2017;

149 for Jul 2017;

161 for Aug 2017;

207 for Sep 2017.

1-2. HRD releases the weekly working hour planning for workers' confirmation.

1-3. Factory have established working hour monitoring procedure. The following working hour scenarios must be reported and approved by both General Manager of SUS Dept. and Vice President (China Operations):

-weekly working hours exceeding 60 hours;

-Daily overtime working hours exceeding 3 hours;

- Consecutive working days exceeding 6 days;

- Other Abnormal overtime working arrangement, such as working on national holidays;

1-4. The company is discussing with the customers about order allocations, forecast , capacity, lead time and other elements affecting the working hours to optimize the working hours;

1-5. All overtime work by workers are on voluntary basis ; the production planning schedule is being adjusted to reflect 40-hour as the regular work week.

04/17/17 : 1.) - 3.) On-going 4.) By 2017-12 (based on 40 hours per week for production schedule planning) 5.) On-going

Action Plan no 2.

Description

NA

Planned completion date

03/08/17

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Termination & Retrenchment

Finding Explanation

1. If terminated or resigned workers choose to receive their payout via bank transfer, the payout is paid on the regular pay date rather than on their last workday as per legal requirement; therefore workers may not receive their payout for up to 30 days after their last day.
2. For workers who leave the factory without notification, the factory would send a notification letter to their registered permanent residences by registered mail to inform workers of termination issues. If workers do not go through the resignation process and therefore the factory does not pay these workers their termination payouts

Local Law or Code Requirement

Regulation on Wage Payment of Guandong Province (2016), Article 13; FLA Workplace Code (Employment Relationship Benchmarks ER.1.1, ER.19, and ER.32.1; Compensation Benchmark C.1)

Recommendations for Immediate Action

1. Pay workers their termination payouts on the last working day, as per local law.
2. Provide accurate and detailed paycheck stubs for termination payouts via notification letter sent to workers' addresses (on record in their personnel files) for workers who leave the factory without notification. Ensure all former workers receive their termination payouts.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Our Company will further review the operation procedures so as to ensure we meet local legal requirements.

Planned Completion Date 03/31/19

Planned completion date

03/08/17

Company Action Plan Update

1. Regarding bank transfer, factory management is discussing the possibility of transferring payment on last working day and shortening the transfer time.

Action Plan no 2.

Description

1. Departing employees are free to choose to either receive their payout in cash or via bank transfer; cash payment will be completed on employees' last working day, while bank transfer will be completed within five working days - it is not completed on regular pay day;

Planned completion date

03/08/17

Company Action Plan Update

1. The factory updated payout policy as follows: cash payment to be completed on employees's last working day, bank transfer to be completed within 5 working day after the termination of contract. 04/17/17

Action Plan no 3.

Description

- 2.Reasons of failure to pay departing employees their salary/wage in the past:
 - 2-1. employees failed to confirm their final salary/wage;
 - 2-2. some of the departing employees were newcomers in their position for merely a few days, so debit cards had yet to be applied. As a result, our factory could not do anything but to send a notification to departing employees' registered permanent residences by registered mail. The purpose of the notification is to inform the departing employees of issues including final salary/wage amount and the method of payment.

From December 19, 2016, those who leave the factory without notification, the factory will transfer their salary/wage to their bank accounts directly without requesting the departing employee to confirm the calculation of their final payment or notify them to collect their salary/wage by written notice if they do not have a debit card. Detailed arrangement as below:-

- 1.) If the departing employees have debit card, the factory would pay the final payment via bank transfer and will be completed within five working days, then send a notice via express delivery to the departing employees' permanent residence address to inform them that the payout was paid successfully, final payment breakdown will be attached as well as the contact number in case of inquiry.
- 2.) If the departing employees do not have debit card, we would send a notice via express delivery to their permanent residence address to inform them that they should come to the factory to get their pay in cash, final payment breakdown will be attached as well as the contact number in case of inquiry.
- 3.) If the departing employee have debit card but payment transfer indicated failed, we would send a notice via express delivery to their permanent residence address to inform them that they should come to the factory to get their pay in cash, final payment breakdown will be attached as well as the contact number in case of inquiry.

Planned completion date

03/08/17

Company Action Plan Update

2. The factory updated the payout of termination policy for the departing employees without notification or response s as planned and in execute as the updated policy/procedure 04/17/17

Action Plan no 4.

Description

NA

Planned completion date

03/08/17

FINDING NO.8

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Grievance System

Finding Explanation

1. The grievance policy and procedures does not prohibit retaliation against workers who lodge complaints or grievances.
2. According to the factory's written grievance procedure, there are eight channels available for workers to lodge complaints or suggestions: 1) speaking directly with supervisors, 2) worker representatives, 3) employee care center, 4) administration department, 5) suggestion boxes, 6) general manager's suggestion boxes, 7) maintenance department, and 8) the sustainable production platform. However, according to the worker interviews, not all grievance channels are effective. Ninety percent (90%) of interviewed workers expressed that they were not aware of the worker representative committee and did not participate in the representative elections. None of the interviewed workers said they would seek help from the administration department, maintenance department, or sustainable production platform as they prefer to report directly to their supervisors. None of the interviewed workers understood the difference between the "suggestion box" and "general manager suggestion box." Furthermore, the suggestion boxes and the general manager suggestion boxes are located on the walls of the production floors neighboring the production lines or the aisles which does not ensure sufficient privacy for workers to feel comfortable using these two grievance channels.
3. At the time of assessment, factory could not provide grievance records submitted through the channels of the normal suggestion boxes or general manager suggestion box , the administration department, maintenance department, and sustainable production platform. Only grievance records submitted through channels of Employee Care Center, Worker Representatives, Production Supervisors were reviewed. Following the assessment, factory provided the grievance documents lodged through the channel of the general manager suggestion box, however, these supplemented grievance cases could not be verified or crosschecked by the FLA assessors after the assessment.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.1, ER.2.1, and ER.25.3.2)

COMPANY ACTION PLANS

Action Plan no 1.

Description

2-1. The Employee Suggestion Box was cancelled On March 7, 2017 to avoid confusion. The General Manager's Mailbox has been kept and placed in a more appropriate place; employees were informed of this channel which can be used as a grievance channel comfortably.

2-2. Our company plans to further revise the Communication and Grievance Mechanism in July 2017 to clarify the communication and grievance channels. The current three communication channels are functional departments (Administration Department, Project and Maintenance Department), Staff and Workers Representative Congress and direct supervisors. Communication channels are only service platforms for consultation and communication about daily life and work. The current three grievance channels are department managers, Employee Caring Centre and General Manager's Mailbox, acting as platforms for employees to file a grievance when their rights and interests are infringed.

Planned Completion Date 07/31/17

Planned completion date

03/08/17

Company Action Plan Update

2-1. Factory set up 14 General Manager's suggestion boxes next to the entrance of Tea room/Toilet/Rest area near Bakery House. All the locations selected for the setup of suggestion boxes have been thoroughly considered both in terms of convenience and privacy protection for workers.

2-2. HRD provides orientation training and regular training to employees to make sure they understand the grievance channels and policies. HRD also conducts spot chats with employees monthly to obtain their feedbacks as well.

2-3. The recent interviews and chats reflected employees understanding of factory's grievance system such as employee care center, General Manager's suggestion box, joint employee congress, as well as representative election which has been in progress since Oct 2017. Over 90% workers said most of the time they would communicate/feedback to direct supervisors.

Action Plan no 2.

Description

3-1. Our company plans to further revise the Communication and Grievance Mechanism in July 2017 to clearly differentiate the communication and grievance channels. Communication channels are merely service platforms for consultation and communication about daily life and work - the current three communication channels are functional departments (Administration Department, Project and Maintenance Department), Staff and Workers Representative Congress and direct supervisors. Meanwhile, the three grievance channels are department managers, Employee Caring Centre and General Manager's Mailbox, they serve as platforms for employees to file a grievance when their rights and interests are infringed.

3-2. The three grievance channels including department managers, Employee Caring Center and General Manager's Mailbox are retained to collect, analyze and provide feedback on all grievance on a timely manner.

Planned Completion Date 07/31/17

Planned completion date

03/08/17

Company Action Plan Update

3-1. There were 3 communication channels (Administration Department, Project and Maintenance Department, Staff and Workers Representative Congress and direct supervisors) and 3 grievance channels (Department managers, Employee Caring Centre and General Manager's box) in fry. Fry could collect workers' suggestions and feedback to workers timely.

3-2. HRD provides orientation training and regular training to employees to make sure they understand the grievance channels and policies. HRD also spot chats with employees monthly to get the feedbacks as well.

3-3. The recent interviews and chats displayed employees understand factory's grievance system such as employee care center, General Manager's suggestion box, joint employee congress, understood representative election which was in progress in Oct 2017. Over 90% workers said most time they would communicate/feedback to direct supervisors.

Action Plan no 3.

Description

1. We have revised the confidentiality article in the Grievance Procedure Mechanism, adding a new term "The Management pledge not to retaliate against employees who filed a grievance "to supplement the original term "The management at all levels pledge to keep grievance confidential and protect the rights and benefits of employees."

Planned completion date

03/08/17

Company Action Plan Update

1. We have revised the confidentiality article in the Grievance Procedure Mechanism, adding a new term "The Management pledge not to retaliate against employees who filed a grievance "to supplement the original term "The management at all levels pledge to keep grievance confidential and protect the rights and benefits of employees." 04/17/17

Action Plan no 4.

Description

NA

Planned completion date

03/08/17

FINDING NO.9

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Industrial Relations

Finding Explanation

1. The factory has no trade union but does have a Worker Representative Committee. The factory management appoints the candidates for the Committee without having a free election. Ninety percent (90%) of interviewed workers expressed that they were not aware of The Worker Representative Committee and did not participate in the representative elections.

2. 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. In 2017, the company will organize a general election of Staff and Workers Representatives Congress. Candidates will be recommended by each department or by employees themselves. All employees will be encouraged to participate in the voting and the result will also be publicized.

1-2. Our factory plans to enhance publicity of Staff and Workers Representatives Congress during the 2017 general election, actions including putting up posters, distributing brochures, going deep into the units to publicize it and encouraging employee engagement.

Planned Completion Date 09/30/17

Planned completion date

03/08/17

Company Action Plan Update

1-1. In Oct 2017, the company is organizing Worker representative election. All the Candidates is recommended by each department or by employees themselves. ""One employee one vote"" campaign is running in the company, all kinds of promotion on the election is launched to encourage workers to participate the voting, such as putting up posters, distributing brochures, signing name on the voting boards with gift for reward, etc.

1-2. As per interview and chats with employees, they understood the purpose and procedure. Worker representative would be elected by workers(one worker one vote), not appointed by management.

Action Plan no 2.

Description

NA

Planned completion date

03/08/17

FINDING NO.10

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Environmental Protection

Finding Explanation

Wastewater from the eyewash facility and shower in the chemical warehouse flows directly into the drainage system.

Local Law or Code Requirement

Water Pollution Prevention and Control Law of the PRC (2008), Article 29 and FLA Workplace Code (Health, Safety & Environmental Benchmarks HSE.1 and HSE.9)

Recommendations for Immediate Action

Redirect wastewater from the eyewash facility and shower in the chemical warehouse to the production wastewater treatment facility.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1-1. Completed chemical warehouse draining wastewater from the eyewash facility into the production wastewater treatment pipe; and added a drainage pipe to deal with leakage on December 16, 2016;
1-2. Finished inspection and improvement of eyewash facility wastewater (in the chemical warehouse) discharging in Feb 23 2017;
1-3. Our company established a joint auditing mechanism involving the Engineering team and Safety team to ensure renovation projects are conducted strictly according to requirements.

Planned completion date

03/08/17

Company Action Plan Update

1-1. Constructed a drainage pipe to connect wastewater from eyewash facility into production production wastewater treatment pipe from Dec 16 2016.
1-2. Audit program established to ensure the project running in compliance with requirements. 04/17/17

FINDING NO.11

NOTABLE FEATURE

FINDING TYPE: Environmental Protection

Finding Explanation

The factory has obtained ISO50001:2011 certification for its energy management.

FINDING NO.12

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. According to the Material Safety Data Sheet (MSDS) for the chemical Lutexal Thickener HIT Plus, workers who handle this chemical should use a respirator. However, the factory only provides workers with regular active-carbon masks.
2. During the factory tour, two workers in the manual printing workshop (Building C) were wearing open-toed slippers. According to the factory management, the factory does not have a clear policy on the required types of footwear.
3. The factory does not have a functioning system to ensure that all chemicals are properly labeled. Thirty-six (36) barrels (barrels of one type of ink in the chemical warehouse and barrels of the chemical Lutexal Thickener HIT Plus in the size mixing (调浆房) area of Building C), which accounts for approximately 20% of the barrels in the chemical warehouse, do not have the legally required labels

Local Law or Code Requirement

Regulations on the Safety Administration of Dangerous Chemicals(2011), Article 15; Law of Prevention and Control of Occupational Diseases (2016), Article 22; FLA Workplace Code (Employment Relationship Benchmark ER.31; Health, Safety & Environment Benchmarks HSE.7 and HSE.9)

Recommendations for Immediate Action

1. Provide the relevant workers with the correct PPE for handling chemicals as indicated on the MSDS. This includes providing respirators to those workers handling Lutexal Thickener HIT Plus. Train relevant workers on correct PPE usage, and regularly monitor for compliance.
2. Establish and implement a policy that prohibits wearing open-toed slippers or sandals in the printing and chemical handling areas. Train workers on the new policy.
3. Properly label all chemicals in the warehouse and areas where they are in use. Strengthen internal monitoring and designate responsible person to ensure compliance.

COMPANY ACTION PLANS

Action Plan no 1.

Description

- 1-1. Proper personal protective equipment were provided to employees who have to handle chemicals as per MSDS instructions and warning notice was put up on December 13 2016;
- 1-2. Training in proper use of personal protective equipment have been arranged for relevant employees;
- 1-3. Line supervisors are designated to check whether employees use personal protective equipment properly every day and the security team is designated to double check irregularly.

Planned completion date

03/08/17

Company Action Plan Update

- 1-1. The factory provide PPE to relevant employees and post warning notice for the usage of PPE.
- 1-2. Training program arranged for relevant employees;
- 1-3. Ongoing check by line supervisors and security team for the proper usage of PPE. 04/17/17

Action Plan no 2.

Description

- 2-1. Employees working with chemicals are not allowed to wear open-toe shoes; this is incorporated into guidelines for protective equipment on December 13, 2016;
- 2-2. Requirements for shoes at other job positions have been improved and supplemented and updated policies have been put up at workplace;
- 2-3. Training in proper use of personal protective equipment has been arranged for relevant employees;
- 2-4. Line supervisors are mandated to check whether employees are using personal protective equipment properly every day and the security team is designated to double check irregularly.

Planned completion date

03/08/17

Company Action Plan Update

2. Actions were taken as planned 04/17/17

Action Plan no 3.

Description

- 3-1. Inspection of labels of all chemicals had been completed by December 13 2016 and safety labels had been added to bulk chemicals that has none;
- 3-2. Training for employees in proper handling of chemicals had been finished by December 13 2016 and subsequent supervision and instruction are in the charge of line supervisors;
- 3-3. The Safety team conducts inspection every month and reports to the management.

Planned completion date

03/08/17

Company Action Plan Update

- 3-1. Labeled all chemicals.
- 3-2. Provided training to relevant employees;
- 3-3. Ongoing inspection taken monthly as planned. 04/17/17

FINDING NO.13

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The factory did not include the laser cutting production process, which generates smoke, in its internal Health & Safety risk analysis report and therefore the factory has not identified the type of PPE required. As a result, there is no sign indicating the need to use PPE in the laser cutting locations. At one of two laser cutting locations, the factory does not provide the necessary PPE (i.e. face masks).
2. The factory was unable to provide assessors with the report for Assessment of Current Condition of Occupational Disease Hazards (职业病危害现状评价) or the Assessment of Effects of Occupational Disease Hazards Control (职业病危害控制效果评价). Factory management explained that the Assessment of Current Condition of Occupational Disease Hazards was done by a licensed service provider in October 2016 and the report would be issued by the end of 2016. The management provided assessors with the relevant service contract and emails regarding the reporting timeframe.
3. None of the freight elevators in the factory or the rented warehouse have signs indicating their maximum working load or state that the elevators are not intended for human transport.
4. The factory has begun an ergonomic health program and is developing a relevant policy, a working plan, and a trial of an automatic guided vehicle (AGV) to decrease work loads for lifting workers. However, the factory is in need of improvement in the following areas: (1) the factory is not taking proactive steps to reduce repetitive-motion stress and does not provide ergonomic breaks; (2) the stools for production workers do not have backrests and are not sufficiently adjustable in height (the stools for sewing workers are only adjustable within 2 cm), (3) the stools for production workers are flat and without cushions, therefore approximately 20% of sewing workers bring in their own cushions (which cost them an average of CNY 10 to CNY 20 each, USD 1.45 to USD 2.80) to make the seating more comfortable; (4) the factory has not provided standing workers with anti-fatigue mats; (5) loading workers are not trained on proper lifting techniques or provided lifting belts, which increases the risk of bodily strain; (6) loading workers are not provided with adequate chairs for rest as it was observed that three out of six loading workers were sitting on the floor because the only chair provided fits three workers.

Local Law or Code Requirement

Law of Prevention and Control of Occupational Diseases (2016), Articles 18 and 22; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.7, HSE.14, HSE.17.1, and HSE.17.2)

Recommendations for Immediate Action

1. Post applicable PPE signs and provide PPE to the relevant workers in addition to training on its use. Include laser cutting in an updated Health & Safety risk assessment report.
2. Immediately review and update (where applicable) internal occupational health monitoring and management system upon receiving the report for Assessment of Current Condition of Occupational Disease Hazards.
3. Post signs on all the freight elevators indicating their maximum working load and that they are not intended for human transport.
4. Provide loading workers with lifting belts and train them on proper lifting techniques.
5. Provide adequate chairs for loading workers.
6. Provide cushions for workers on the production floor. Communicate to workers the availability of cushions and encourage workers to ask for cushions should they need them.

COMPANY ACTION PLANS

Action Plan no 1.

Description

- 1-1. The identification of dangers of health and safety at the laser cutting production process has been included in the risk assessment report on health and safety on December 15, 2016;
- 1-2. Provided suitable PPE based on report results and put up PPE signs at the workplace on December 20, 2016;
- 1-3. Communicated with employees over PPE requirements and instructed employees to wear and use PPE correctly, supervised the implementation on December 20, 2016;
- 1-4. Improved the internal risk recognition procedure and updated the safety risk assessment report accordingly.

Planned completion date

03/08/17

Company Action Plan Update

04/17/17 : Done 1.) 2016-12-15 2.) 2016-12-20 3.) & 4.) 2016-12-20

Action Plan no 2.

Description

- 2-1. Assessment of occupational disease hazards involving employees at sewing, cutting and washing units had been conducted and completed by December 27 2016; the assessment regarding other production areas will be finished by September 2017 due to current production unit re-layout;
- 2-2. Immediately reviewed and updated (where applicable) internal occupational health monitoring and management system; updated the notification of occupational diseases and hazards as well as Personal protection equipment and management of

physical examination according to the assessment results.
Planned Completion Date 09/30/17

Planned completion date

03/08/17

Company Action Plan Update

- 2-1. The company conducted Assessment of occupational disease hazards involving employees at sewing, cutting and washing and other production areas by qualified institute, obtained the official assessment report.
- 2-2. Factory is following the suggestion and recommendation in the report to update the management system.

2-1. 2016-12-27 - Cutting & Washing - Completed 2017-09-30 - Others - In progress 2-2. 2017-03 - Completed (on-going) 04/17/17

Action Plan no 3.

Description

- 3-1. Put on weight limit signs and passenger prohibition signs outside goods elevators in our factory and the rented warehouse on December 20, 2016;
- 3-2. Improved the management procedure of special equipment on December 20, 2016.

Planned completion date

03/08/17

Company Action Plan Update

- 3. Weight limit signs and prohibition signs outside goods elevators and the warehouse . Update the management procedure of special equipment 04/17/17

Action Plan no 4.

Description

Actions taken in a short term (completed by May 31 2017):

- 4-1. Regarding lack of proactive steps to reduce the stress resulting from repetitive motions: data on positions requiring much repetitive motion is being collected, evaluation on those positions will be carried out and improvements will be made;
- 4-2. Regarding stools for production workers with neither backrests nor cushions nor sufficient adjustable height: the sample of new seats has passed the test and the first batch is under production for trial.
- 4-3. Regarding lack of anti-fatigue mats for workers need to stand at work: samples of such mats have been obtained for test in VAP and finishing lines. All positions will be equipped with those mats after the test.
- 4-4. Regarding lack of training in proper lifting techniques or lifting belts: waist supporting device for loading and unloading workers are under the test and will be provided according to the test result.
- 4-5. Regarding lack of chairs for rest for loading workers: a sufficient amount of chairs have been provided according to the number of workers.

Actions taken in a long term (completed by November 30 2017):

- 4-1. The Industrial Engineering Department have set up a project improving team that will receive training in man-machine engineering;
- 4-2. All project improving team members conduct man-machine engineering evaluation on all positions in the factory and work out improvement measures;
- 4-3. Meetings will be convened quarterly to review the improvement projects.

Planned Completion Date 11/30/17

Planned completion date

03/08/17

Company Action Plan Update

- 4-1. Factory Management received 3rd party's ergonomics training course on Jan 5-6 2017 and obtained certificates.
- 4-2. Management conducted evaluations on all the existing positions , such as QC, scanning, packaging, etc., there is no highly repetitive motion required for the positions.
- 4-3. Industrial Engineering Department had already purchased some anti-fatigue mats for all necessary workers on 4th floor, lifting belts to all loading workers and additional chairs in rest area of loading zone.
- 4-4. HRD provided proper lifting technique training to loading workers.
- 4-5. At present, Fly is collecting workers' feedback on using anti-fatigue mats which were put into use for 2 months, its effect is under evaluation.

Action Plan no 5.

Description

NA

FINDING NO.14

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The factory has one fire safety approval which did not indicate specific building names. As a result, there is inadequate information to demonstrate that Production Building A1 and Dormitory Buildings B and C have fire safety approval. Factory management reported that they are working with the local authority to renew the fire safety approval for these three buildings by installing the legally required fire safety equipment, FLA assessor observed that the construction of fire safety equipment was in progress.
2. There is no official building safety approval (Report on the Inspection and Acceptance of Completed Construction Project) for the following buildings: Production Buildings A, B, C, D, E, and F; factory-owned dormitory buildings B, C, D, E, F, and G; and the three rented dormitory buildings in the ZhuPi area. The factory has however obtained an unofficial building structural safety testing report for these said buildings.
3. There are not enough qualified and certified workers assigned to work in the factory's fire safety monitoring rooms. As per legal requirement, the factory must assign two qualified persons per 12-hour shift, per room. That means for its two fire safety monitoring rooms, the factory needs eight qualified persons for 24-hour monitoring. At the time of assessment, there were only two qualified persons with certification; the other six persons have attended the course and were waiting for the certification (expected in six months).

Local Law or Code Requirement

Fire Control Law of PRC(2009), Article 13; Construction Law of PRC, Article 61; Regulation on Quality Management of Construction Project, Article 49; Fire Control Room Management and Emergency Response Procedure, Public Security Fire Safety Division Notice 2008 [273]; FLA Workplace Code (Employment Relationship Benchmark ER.2; Health, Safety & Environment Benchmarks HSE.1 and HSE.4)

COMPANY ACTION PLANS

Action Plan no 1.

Description

- 1-1. Commissioned licensed fire company to install fire-fighting equipment at Factory Building A1 and Dormitory Building B/C according to rules and regulations;
- 1-2. The local fire control institutions has issued the fire fighting acceptance certificate on the 3 buildings;

Planned completion date
03/08/17

Company Action Plan Update

1. The local fire control institutions had issued the fire fighting acceptance certificate on the 3 buildings 04/17/17

Action Plan no 2.

Description

- 2-1. According to local government regulations, building completion report will not be provided for finished constructions. Only a building safety approval certificate will be issued, which is estimated to take 1.5 to 2 years;
 - 2-2. Our company have applied for a building safety approval certificate in June 2016, the certificate is expected to be issued by June 30 2018;
 - 2-3. While waiting for the building safety approval certificate, our company have received the assessment report provided by a third party in October 2016 who had done the assessment of building safety, demonstrating safe structure of our buildings.
- Planned Completion Date 06/30/18

Planned completion date
03/08/17

Company Action Plan Update

2. Local Bureau of Housing and Urban-Rural Development accept fly's application to apply Real Estate Certificate. Then fly could apply Building Structure Safety Certificate.
2. Actions are in progress as planned 04/17/17

Action Plan no 3.

Description

3-1. The factory's fire safety monitoring rooms have merged to one Fire safety monitoring room. As per legal requirement and factory working hour requirement, the factory just need assign six qualified persons for 24- hour monitoring.;
3-2. All eight employees have finished training and will be expected to obtain the certificate in October 2017;
3-3. Update materials and put up a notice after obtaining certificates.
Planned Completion Date 10/31/17

Planned completion date

03/08/17

Company Action Plan Update

3-1.Factory combined two fire safety monitoring rooms into one room, and assigned six qualified persons per 8-hour shift, 6 qualified persons are required.
3-2. Seven workers accepted training course and received certificates.

3. Actions are in progress as planned 04/17/17

Action Plan no 4.

Description

NA

Planned completion date

03/08/17

FINDING NO.15

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The factory does not have a system to record, track and analyze all illnesses, accidents, injuries, or near miss instances. For example, workers are not required to record when they use the first aid kits. Only major injuries are recorded (e.g., like a limb being struck by a needle). As a result, the factory is unable to identify the root causes of accidents and cannot establish effective preventative measures.
2. As there is no lightening protection system installed, there is no lightening protection test report for Production Buildings A, B, C, D, E, and F, and dormitoring buildings C, D, E, F, and G. Factory management reported that they are planning to install lightening protection systems on those buildings.

Local Law or Code Requirement

Provisions on Design Review and Final Acceptance of Lightning Protection Devices Article 4; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.3 and HSE.13)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1-1. Added a form to record medical items used next to the medicine kit on December 12, 2016;
1-2. Revised the Occupational Injury Management Procedure to subdivide the types of occupational injury, systematically tracking and analysing the records so as to make effective preventive measures in February, 2017;
1-3. Carried out publicity among employees to lead employees to record and report occupational injury incidents.
Planned Completion Date 06/30/17

Planned completion date

03/08/17

Company Action Plan Update

1-1. Factory put up a recording sheet next to the first aid kits to record the used medicals.
1-2. Factory maintains injuries record with all the details in a excel sheet for further analysis.
1-3. Management analyses injuries records and keep tracking

- 1-1. 2016-12-12 (Completed)
- 1-2. 2017-02-28 (Completed)
- 1-3. 2017-06-30 (In progress) 04/17/17

Action Plan no 2.

Description

- 2-1. Our factory has finished the installation of lightning protection facilities on all buildings and obtained relevant certificates;
- 2-2. Certificates of new buildings will be applied for strictly according to national laws and regulations.

Planned completion date

03/08/17

Company Action Plan Update

- 2. The installation of lightning protection facilities on all buildings had completed with relevant certificates; 04/17/17

Action Plan no 3.

Description

NA

Planned completion date

03/08/17