



FAIR LABOR
ASSOCIATION_®

INDEPENDENT EXTERNAL ASSESSMENT REPORT



COMPANIES: Fast Retailing Co., Ltd.
Hanesbrands

COUNTRY: China

ASSESSMENT DATE: 09/05/18

ASSESSOR: Openview

PRODUCTS: Other

NUMBER OF WORKERS: 4000

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

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 fixed term employment contracts twice or worked at the factory for more than ten consecutive years as legally required. [ER.10]
2. The factory has not hired any disabled workers, while legal requirements state that at least 1.5% of the total workforce should be composed of disabled workers. Although the factory contributes to the Employment Security Fund in lieu of employing disabled workers as allowed under the local law, this practice carries the risk of discrimination based on FLA Workplace Code and Benchmark. [ND.1]
3. There are no policies and procedures on Personnel Development. [ER.1, ER.28, ER.29, ER.30]

Local Law or Code Requirement

The China Labor Contract Law, Article 14; Regulation on the Employment of the Disabled, Articles 8 and 9; FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.10, ER.28, ER.29, and ER.30; Non-Discrimination Benchmark ND.1)

Recommendations for Immediate Action

1. Sign open-ended employment contract with workers as legally required.
2. Change all existing workers' probation periods to three months. Sign contract with new workers with a three-month probation at most. Stop requiring two probation periods for formerly-resigned workers who rejoin the factory.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1-1. The HR Dept. has revised the content of the letter of employee's intent to renew the contract, and Will inform the employees of the benefits of the open-ended contract through training. The training will be completed by the end of February 2019. 1-2. If an employee meets the conditions for signing an open-ended contract and the employee is willing to sign it, the company will sign the open-ended contract with the employee. It will be implemented from March 1, 2019. 2-1. Group management will evaluate and verify which positions are suitable for disabled workers. After the results in December 2019 which were discussed and confirmed by directors and managers, the draft of the disabled worker's post is planned to be completed in January 2020. After February 2020, we'll consult with the local labor department and keep contact with the Joint Management Council for Disabled Persons at the

same time. we'll discuss the employment and living environment of the disabled workers. Finally, we will consult with government departments on preferential policies. Construction of facilities which are suitable for disabled persons will begin from February 2021. 2-2. The recruitment of disabled persons is arranged after February 2023. Persons with disabilities are welcome to apply for jobs according to the positions in the recruitment advertisements. Workers need to take the pre-job training. The proportion of disabled workers is planned to reach 1.5% by the end of December 2023. 3-1. The factory will develop grade criterias such as attendance rate, working skills, machine operation proficiency, etc regarding the current evaluation procedure. (FR Suggestion) 3-1. The factory will grade the employees according to their working skills, quality, attendance rate, length of service, machine operation proficiency and attitude towards 3-2. Professional training and courses will be provided for employees' promotion channels to help them plan their career development.

Planned completion date

12/06/18

Company Action Plan Update

1-1. Factory held training meeting on Feb 27 2019 to all workers to explain the terms , pros and cons for fixed-term contract and open-ended employment contracts, documented the training records.

1-2. From Mar 2019, HR added the information about open-ended contracts information in the form to confirm the renewing status, which enables the workers to confirm it before renewing the contract with the explanation of HR staff.

1-3. From Mar 2019, after the training, some workers were willing to sign the open-ended contracts signed as legally required.

2. No update

3-1. Factory created and amended grade criteria such as attendance rate, work attitude, working skills, machine operation proficiency, length of service, etc regarding the current evaluation procedure. For each position, workers are graded with 5 different ranks: general worker (I), junior worker (II), Middle-level worker (III), Senior worker (IV) and technician (V). The grade review will be implemented twice a year.

3-2. The ranking and grade criteria had been explained to workers from Mar 2017-Dec 2017

Cycle 3:

3-1. Factory created and amended grade criterias such as attendance rate, work attitude, working skills, machine operation proficiency, length of service, etc. regarding the current evaluation procedure. For each position, workers are graded with 5 different ranks: general worker (I), junior worker (II), Middle-level worker (III), Senior worker (IV) and technician (V). The grade review will be implemented twice a year. The ranking and grade criterias had been explained to workers from Mar 2017-Dec 2017

3-2. Because the pandemic of COVID-19, the training will be provided to employees on May 19th, 2020 via the Internet online training.

FINDING NO.2

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Compensation

Finding Explanation

1. The factory's contribution base for the five types of social insurance is not in line with legal requirements. The factory only contributes based on CNY 3,279 (USD 480.79) per month rather than based on an employee's actual monthly wage (about CNY 3,500 (USD 513.20) to CNY 5,500 (USD 806.45) per month). [ER.22, C.1, C.5, C.10]

2. The factory does not compensate resigned workers for unused annual leave. The factory's final payout procedures do not include this requirement and the interviewed workers were aware of this legal requirement. [ER.1, ER.19, C.1, C.5, C.17]

3. The factory requires all workers to sign a three-year contract with a probation period of six months. However, as per FLA Workplace Code and Benchmark, the probation period shall not exceed three months. In addition, the factory mandates a second six-month probation period when formerly resigned workers rejoin the factory. [C.3]

4. The factory provides 646 out of total 804 employees (80.3%) with the Housing Provident Fund. In addition, the factory only contributes to the Housing Provident Fund based on CNY 2,010 (USD 294.72) per month instead of an employee's actual monthly wage (about CNY 3,500 (USD 513.20) to CNY 5,500 (USD 806.45) per month). [ER.22, C.1, C.5, C.10]

Local Law or Code Requirement

China Labor Law, Articles 72 and 73; Social Insurance Law of the PRC, Articles 12 and 58; Regulations on Management of Housing Provident Fund, Articles 2, 3 and 15; The Regulations on Annual Leave for Employees, Articles 2 and 3; The Employee Paid Annual Leave Regulation, Article 5. FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.19, and ER.22; Compensation Benchmarks C.1, C.3, C.5, C.10, and C.17)

Recommendations for Immediate Action

1. Calculate social insurance contributions based on workers' actual monthly wages.
2. Compensate resigned workers for their unused annual leave. Retroactively compensate all workers who have resigned within the last 12 months for unused annual leave.
3. Reduce all existing workers' probation period to three months. Sign contracts with new workers that only require a three month probation period. Do not require a second probation period when workers rejoin the factory/

COMPANY ACTION PLANS

Action Plan no 1.

Description

1-1. The factory will increase the social security payment base from the management level for a start. The base number is 4339, and the proportion is 1.8%.(around 12 people). 1-2. Increasing the base of social security payment by office staff since 2022. 1-3. From 2024, we will increase the social security payment base for front-line employees until the social security is paid according to their actual wages level. We'll set the requirements of the local social security bureau as final target Note: The increase of social contribution is a big cost for factory and will affect the sustainable development for factory without a stable plan and gradual increase as well as the local government has no mandatory requirements for the base, however, the factory will work positively to increase gradually as per business development and the government request based the above plan. 2-1. we'll revise the company procedure documents, and the revision will be completed by the end of February 2019. The management and salary-calculating personnel (including the voluntary redundancies will be trained and will post the notice in the factory to make sure everyone can see it. It will be completed by the end of March 2019. 2-2. Starting from March 1, 2019, the factory will pay the unfinished annual leave salary to the employees who resigns from the company. 3-1, HR will study the requirements of Article 19 of the Labor Law and correct it immediately. 3-2. Update the personnel policy documents and cancel the probation period of the re-employed employees immediately. 3-3. By 1st January, 2019, the six-month probation period of worker who has been cancelled when formerly resigned workers rejoin the factory. Note: According to China's labor contract law, new employees can sign labor contracts for more than three years with a probation period of six months, which is also approved by the local labor bureau. The factory signed the contract with the employees according to the national regulations and the local government regulations. 4-1. The factory will increase the housing fund base from the management level for a start. The base is 4339, and the proportion would be 1.8%.(around 12 people). 4-2. Increasing the base of Housing fund by office staff since 2022. 4-3. From 2024, we will increase the social security payment base gradually for front-line employees until the social security is paid according to their actual wages level. We'll set the requirements of the local social security bureau as final target. Note: The increase of housing fund is a big cost for factory and will affect the sustainable development for factory without a stable plan and gradual increase as well as the local government has no mandatory requirements for the base, however, the factory will work positively to increase gradually as per business development and the government request based the above plan.

Cycle 3:

3-1. From 2020, The factory will increase the social security payment base from the management level as begin. The base is CNY 5,100, and the proportion is 2.6%.(around 18 people).

3-2. The factory is planning to increase the base of Housing fund for office staff since 2022.

3-3. From 2024, we will increase the housing fund base gradually for front-line employees according to their actual wages level.

Planned completion date

12/06/18

Company Action Plan Update

1-1. Factory adjusted the social insurance base as per average wage increase in Ningbo City, the base increased to CNY 3539, which increased CNY260 comparing with the base in 2018(CNY 3,279).

1-2. Factory is working on the base adjustment for part of the management from 2020 for the first step.

2-1.Factory updated the working hour and leave regulation that the unused annual leave would be paid as following: number of working days from the last annual leave cycle divided by 365, then multiple with the entitled annual leave as per legal regulation. From Mar 1 2019, factory started to pay the unused leave for the resigned workers.

2-2. Training provided to HR and personnel in charge of wage calculation in each workshop in the meantime.

3-1.Factory updated the probation period regulation that there will be no probation for resigned employees who rejoin in the factory before. Factory started to implement the new policy from Mar 1 2019.

3-2. Training provided to HR and personnel in charge of wage calculation in each workshop in the meantime.

4. No update

FINDING NO.3

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Hours of Work

Finding Explanation

1. According to time records and worker interviews, the monthly overtime for 90% of workers exceeded the legal limit of 36 hours per month in the period from August 2017 to August 2018, with a maximum of 165.5 hours of overtime in December 2017. [HOW.1, HOW.8]
2. According to time records and worker interviews, 70% of workers' daily overtime hours exceeded the legal limit of three hours on 10 to 22 weekdays per month in the period from August 2017 to August 2018, with a maximum of 8.1 hours of overtime per day. [HOW.1, HOW.8]
3. According to time records and worker interviews, the working hours for 80% of workers exceeded 60 hours per week in 80% of weeks from August 2017 to September 4, 2018, with an average of 66 hours per week, and a maximum of 83.9 hours in one week in August 2018. [HOW.1, HOW.8]
4. According to the time records for the period from August 2017 to September 4, 2018 and worker interviews, about 80% of workers did not receive one day off in every seven-day period in about 30% of weeks. On average, workers worked eight days consecutively. The maximum number of consecutive days worked was 14 days in December 2017. [HOW.2]
5. The factory production plan is based on a 60-hour work week. [HOW.8]
6. Based on document review and interviews with workers and management, the factory does not regularly analyze the working hours with the aim to progressively reduce excessive hours of work. [HOW.1]

Local Law or Code Requirement

China Labor Law, Article 41; FLA Workplace Code (Hours of Work Benchmarks HOW.1, HOW.2, and HOW.8)

Recommendations for Immediate Action

1. Ensure that workers' overtime hours do not exceed the legal limit of 36 hours per month.
2. Ensure that workers' overtime hours do not exceed the legal limit of three hours per day.
3. Ensure that workers' total working hours (regular plus overtime) do not exceed 60 hours per week.
4. Provide one day off in every seven-day period for all workers.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1-1. Company has purchased six large-scale formwork machines and two formwork cutting machines, and plans to apply a large number of formwork operations to reduce labor and improve productivity. It is expected to be installed and put into operation. It is expected to increase production capacity by 10%. Responsible person is general manager.

1-2. Increase the corresponding number of employees in more overtime processes, such as 4 more in packaging, 1 more in each initial inspection group, in total with 20 more; 1 more in each group of general inspection, in total with 20 more; 1 more in each group of ironing, in total with 16 more. The plan is to be completed. In the future, employees will continue to be recruited according to the adjustment of orders and the flow of staff. Responsible person is the factory director.

1-3. The factory have purchased six big flatseamer machines this year and others machines. The production efficiency of bottleneck process can be greatly improved after the trial operation.

2. since fast orders are more and more common from other brands, which leads to tight production in the workshop, the factory rectification is as follows:

1) Technicians must organize the relevant order information at the first time, formulate a reasonable flow sheet, contact the salesman and the supplier of fabric accessories in time according to the flow sheet, place the order and determine the relatively abundant delivery time. Set up the order tracking process, and understand the progress of each order. Responsible person is Ye Feiyan, manager of Technology Department.

2) In the monthly production meeting, the business department and the factory director will check the order schedule and production plan of this month. The factory director will prepare raw materials and pre-scheduling process in advance according to the quantity and delivery time of fast orders. Responsible person is Wang Zhanghong, director of the business, Zhou Guifen and Chen Zhaoxia, director of the branch factory.

3. considering the case of inadequate arrival time of raw materials for some orders, which leads to insufficient production line time, overtime is needed to make up for it. The factory will take the following measures to improve it:

The planner communicates with the supplier of fabric and accessories in time, communicates with the salesman immediately when problems are found, reduces the middle detours, informs the supplier 3-5 days before placing the order according to the production process, carries out a meeting every three months to communicate with the supplier, and establishes a long-term cooperation mechanism for suppliers. Xia Yebo is the director of the management center who is charging for this.

4. In view of the long application time and low production efficiency of the new employees, the factory will train the employees, including staff manual training, skills training, IE flow training, quality training, clearing bottleneck process waiting time, balancing production and reducing overtime. The production department conducts a skill assessment every 3 months. Dai Haiping, head of HR training, is responsible for organizing.

5. Factory will arrange the regular production plan according to the stipulated working hours of the state which is 40 hours/week.

6. Overtime analysis will be carried out regularly and orders will be arranged according to the analysis to ensure that working hours can be reduced.

Planned completion date

12/06/18

Company Action Plan Update

1. No update

2. No update

3. Under progress. The working hours for 70% of workers exceeded 60 hours per week in 90% of weeks from Apr 1 2019 to Sep 1 2019, the average weekly working hour is 61 hours.

4. Under progress

5. Under progress

6. The factory analyze the weekly working hours, consecutive working days and average weekly working hours on an monthly basis.

FINDING NO.4

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Industrial Relations

Finding Explanation

1. The factory has a trade union under the ACFTU (All-China Federation of Trade Unions). However, instead of being directly elected by workers, all the union representatives are appointed by management. [FOA.1, FOA.11]

2. The factory does not clearly define in writing the person responsible for Industrial Relations within the factory. [ER.1]

3. No collective bargaining agreement has been concluded between the union and the management. [ER.16.2, FOA.19]

4. FLA Comment: The Chinese constitution guarantees Freedom of Association; however, the Trade Union Act prevents the establishment of trade unions independent of the sole official trade union – the All-China Federation of Trade Unions (ACFTU). According to the International Labor Organization (ILO), many provisions of the Trade Union Act are contrary to the fundamental principles of freedom of association, including the non-recognition of the right to strike. As a consequence, all factories in China fall short of the ILO standards on the right to organize and bargain collectively. Recently, however, the government has introduced new regulations that could improve the functioning of the labor relations' mechanisms. The Amended Trade Union Act of October 2001 stipulates that union committees have to be democratically elected at members' assemblies and trade unions must be accountable to their members. The trade union has the responsibility to consult with management on key issues of importance to their members and to sign collective agreements. It also grants the trade union an enhanced role in dispute resolution. In December 2003, the Collective Contracts Decree introduced the obligation for representative trade unions and employers to negotiate collective agreements, in contrast to the previous system of non-negotiated administrative agreements. [FOA.2]

Local Law or Code Requirement

PRC Labor Union Law, Articles 9 and 45. FLA Workplace Code (Employment Relationship Benchmarks ER.1 and ER.16; Freedom of Association Benchmarks FOA.1, FOA.2, FOA.11 and FOA.19)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. The regulations of trade unions will be amended to ensure that all trade union representatives can directly participate in the election as employees. Also we will inform the date of next election and other infos to them. From 2015 to August 2020 is an election cycle, and we'll improve the problem in July 2020 when the next election will be held. 2. The factory will assign HR manager who is responsible for the labor relations in written document. 3. Factory will review relevant law & local regulation to ensure the collective bargaining agreement to be signed and it will be in compliance with the legal requirement. The HR manager will be assigned to work with union and workers representatives to follow up this issue and update the status to factory management.

Planned completion date

09/06/19

Company Action Plan Update

1. No update
2. The factory will assign HR manager who is responsible for the labor relations in written document.
3. The factory has already arranged to review and re-sign the collective contract with union and workers representatives. Workers representatives will engage in the whole process.

FINDING NO.5

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Workplace Conduct & Discipline

Finding Explanation

1. The factory's Workplace Conduct & Discipline procedures do not include a process for workers to appeal disciplinary actions taken against them. [ER.27]
2. Disciplinary actions are not witnessed by a third-party during imposition. [ER.27]
3. The records of disciplinary actions are maintained in a centralized file, not in workers' personnel files. [ER.27]
3. Workers do not sign any written records of disciplinary actions taken against them. [ER.27]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.27)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. The factory will amend the appeal procedure and add the staff's defense process of refusing to accept the punishment. The object will be all workers and managers. After formulation, the factory will post a notice to inform all employees. 2. The factory will state in the procedure that a third party witness is required to sign a penalty or warning. Create the signature form of third party personnel. After the revision of the management procedure documents, a bulletin will be posted to inform all employees. 3. If employees are punished, we will keep records in their personnel files. After the revision of the management procedure documents, a bulletin will be posted to inform all employees. 4. If there is a penalty, will let employee sign the penalty record management form. After the revision of the management procedure documents, a bulletin will be posted to inform all employees.

Planned completion date

03/06/19

Company Action Plan Update

- 1-1. The factory updated the grievance procedure by adding a process for workers to appeal disciplinary actions taken against them
- 1-2. The renewed policy has been posted on the bulletin board to inform all employees. The evidence photo is attached.
- 2-1. The factory updated the grievance procedure that disciplinary actions shall be witnessed by a third-party(worker

representatives or other personnel) during imposition.

2-2. The factory created a form to record the imposition of disciplinary actions, though no cases happened so far.

2-3. The renewed policy has been posted on the bulletin board to inform all employees. The evidence photo is attached.

3-1. The factory revised the management procedure documents that all the records of disciplinary actions will be centralized in workers' personal profile.

3-2. HR members are updated for the new procedure.

3-3. There is no disciplinary actions imposed so far.

4-1. The factory revised the management procedure documents that the factory will issue a punishment notification to workers in duplicate copy with the signature of workers, which will be stored in personnel profile.

4-2. There is no disciplinary actions imposed so far.

Cycle 3:

1. The renewed policy has been posted on the bulletin board to inform all employees. The evidence photo is attached.

2. The renewed policy has been posted on the bulletin board to inform all employees. The evidence photo is attached.

FINDING NO.6

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Grievance System

Finding Explanation

1. Management does not maintain grievance records. Based on interviews with workers and management, there were a few grievances in recent years but all grievances were handled verbally or through meetings with workers. [ER.2]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.2)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Management will make a record format after every opening of the opinion box, regardless of whether there is a complaint or not. Managers and all employees will be trained respectively.

Planned completion date

1. The factory opens suggestion box every month and maintains the records in the designated form.
2. The factory maintained the meeting records for all the complaints/grievance/suggestion via meetings with workers.

Cycle 3:

All the complaints/grievance/suggestion from hotline, email, meeting with workers have been collected and put on the record.

FINDING NO.7

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. Three switch boxes in the sewing workshop on the second floor of the production building are blocked by wooden desks. [HSE.13]
2. Solid waste such as fabrics and cartons is stored in one of the two stairwells on the second and third floors of the production building. This poses a fire risk. [HSE.5]
3. The transmission belts for two of the button machines are not equipped with complete pulley guards. [HSE.14]
4. There are no needle guards installed on approximately 80% of the sewing machines. [HSE.14]
5. The factory has not posted the Material Safety Data Sheets (MSDS) for chemicals such as Trisodium Phosphate in areas of the boiler room where the chemicals are used and stored. [HSE.10]
6. The traffic lanes and walking paths are not marked on the factory premises. [HSE.5]
7. Workers are not trained on proper lifting techniques. [HSE.17]
8. The factory has established written policies and procedures on lockout-tagout (LOTO), but the procedures do not include a list of equipment and machines that require LOTO. As a result, LOTO has not been implemented in the factory. [HSE.14]
9. The factory is not taking the appropriate measures to protect workers before entering confined spaces. There are no procedures on managing confined spaces, including a list of confined spaces that require work permits and the precautions that people must take prior to and upon entry into each confined space. [ER.1, ER.31]
10. The factory does not monitor confined spaces well in the factory: Confined spaces do not have signs indicating them as such. Confined spaces do not have protections to ensure no accidental entry. Air isn't tested before workers enter confined spaces. No rescue equipment ready for use when people enter confined spaces. Workers who enter confined spaces don't know how to do so safely. [ER.31]

Local Law or Code Requirement

General Guide for Safety of Electric User, Article 5.1.1; Code of Design on Building Fire Protection and Prevention, Article 6.4.1; Code of Design of Manufacturing Equipment Safety and Hygiene, Article 6.1.6; Regulation for Punching Safety Management, Article 8; Regulation of Chemical Safety Usage in Workplace, Article 12. FLA Workplace Code (Employment Relationship Benchmarks ER.1 and ER.31; Health, Safety & Environment Benchmarks HSE.5, HSE.10, HSE.13, HSE.14, and HSE.17)

Recommendations for Immediate Action

1. Remove the wooden desks from the area in front of the switch boxes. Regularly monitor the area to ensure it remains clear.
2. Remove combustible from the stairwells. Store all waste in the solid waste storage area.

3. Install complete pulley guards on the transmission belts of the button machines.
4. Install needle guards on all sewing machines.
5. Post all necessary MSDS in the areas of the boiler room where chemicals are used and stored.
6. Mark all traffic lanes and walking paths on factory premises.
7. Train workers who lift heavy objects on proper lifting techniques.
8. Revise the LOTO procedures to include a list of equipment and machines that require LOTO. Train workers on LOTO procedures and implement the LOTO process in the factory.
9. Create procedures on managing confined spaces. Train workers on how to work safely in confined spaces. Take all appropriate precautions before and during workers' entry into confined spaces.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Factory cleaned up the blockage, had enhanced the safety awareness training of employees, and strengthen the inspection. 2. Factory cleaned up the blockage, had enhanced the safety awareness training of employees, and strengthen the inspection. 3. Factory checked all machines regularly and installed protective shields for machines without protective shields. 4. Factory Checked all machines, installed baffles on machines without baffles, strengthened safety awareness training for employees, and strengthened inspection 5. The factory will request the supplier provide MSDS and secondary containers for chemical storage. Note: The chemical supplier will come to our factory in September 2019 to help us build a secondary container. So, we expect it to be done in September 2019. 6. Safety Committee will Discuss with senior management and redesign the sidewalks and lanes in the factory area Note: Due to the shortage of parking Spaces in the factory, the replanning will reduce the number of parking Spaces. We will find some off-site parking Spaces for employees to reduce the number of vehicles in the factory, which will take time. 7. Will provide training to the relevant staff in weightlifting and weightlifting skills about handling or lifting weights. 8. Factory will establish a list of equipment that needs to be unlocked by listing. Relevant staff will start their works after receiving training. 9. The factory will set up procedures to require employees to enter the secret space. After the procedures are established, a bulletin will be posted to inform all employees. 10. According to the Safety Management Regulations for Closed Space Operations, relevant rules and regulations are formulated for the operation of closed space (boilers) in factories. After the formulation of management regulations, relevant personnel will receive training, and their contents will be posted on bulletin boards in factories to inform all employees. At the same time, no unrelated persons are allowed to enter the confined space.

Cycle 3:

7. The weight load position has been identified through the occupational risk assessment, and the ergonomics training regarding to weight load handling skills will be provided to these workers on May 15, 2020.

8. The equipment which need to be induced into tag out and lock out procedure has been identified.

Planned completion date

12/06/18

Company Action Plan Update

1. The factory had cleaned up the blockages, add 5S training in the regular training and morning meeting.
2. The factory had cleaned up the blockages, add 5S training in the regular training and morning meeting.
3. Factory checked all machines regularly and installed protective shields for machines without protective shields.
4. Factory checked all machines regularly and installed protective shields for machines without protective shields.

5. The factory obtained MSDS and posted onto the workshop using chemical
6. No update
7. Under progress
8. Under progress
9. Factory created procedures on managing confined spaces and will provide training to relevant workers
10. The procedure of confined spaces has been established and posted on bulletin board to inform all employees.

FINDING NO.8

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The factory is not taking proactive steps reduce repetitive-motion stress and injuries. Seated workers do not have adjustable workstations or chairs with removable armrests and proper backrests. There are no anti-fatigue mats for workers who work in a standing position. Lifting belts are not provided to relevant workers. [HSE.7, HSE.17]
2. The results of the Test of Occupational Disease Hazard Factors is not posted in the factory. [HSE.2]
3. The factory does not track workers' illnesses. [HSE.3]

Local Law or Code Requirement

Provisions on the Supervision and Administration of Occupational Health at Work Sites, Article 20. FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.2, HSE.3, HSE.7, and HSE.17)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Will consult with management to provide adjustable workbenches or chairs with movable armrests or backrest for sitting workers according to actual working conditions. Workers who are standing working will provide them with anti-fatigue pads. Noted: This is a totally new topic to factory and workers. Before introducing the the proper adjustable workbenches and chairs in the workplace, the factory would need to design the chair and conduct pilot run for the newly update chairs first to verify if it is workable for both injuries and stress reduced and production efficiency which can be fit to the certain workplaces. 2. The factory will post the test results of occupational hazards in the workshop, and inform employees the type of their job, and also require them to wear the labour protections. 3. FR suggestion: The factory will summarize and analyze the sick leave or work-related injuries of its employees. Noted: The factory will analyze and track industrial accidents/sick leave when the data is available at least once a year.

Planned completion date

03/06/19

Company Action Plan Update

1. Under progress
2. The factory posted the test results of occupational hazards in the workshop, and inform employees the type of their job.

3. Factory summarize the injury records every month.

Cycle 3: The factory already established the record system to summarize the injury and sick leave, but there is no injury and sick leave in past few months. (Because of the pandemic of COVID-19). Factory will track the injury & sick leave and maintain the record well.

FINDING NO.9

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Review Process (Macro)

Finding Explanation

1. The factory does not regularly review and update its policies and procedures on the following Employment Functions: Recruitment, Hiring & Personnel Development; Hours of Work; Termination & Retrenchment; Industrial Relations; Workplace Conduct & Discipline; Grievance System. [ER.1, ER.29, ER.30]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.29, and ER.30)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. When the factory conducts internal audit review every year, it formulates internal audit items to evaluate whether the relevant policies and management procedures are updated and whether the regulations are updated. Make sure the recruitment and employment, employee development, working hours, dismissal and separation, labour relations, workplace discipline and complaint procedures are the latest documents.

2. The Recruitment, Hiring & Personnel Development; Hours of Work; Termination & Retrenchment; Industrial Relations; Grievance System; and Workplace Conduct & Discipline were included in the next management review/Internal audits, which will be done before Aug 30, 2020.

Planned completion date

03/06/19

Company Action Plan Update

Under progress

FINDING NO.10

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Training (Macro)

Finding Explanation

1. The orientation training provided to new workers does not cover the following Employment Functions: Personnel Development; Termination & Retrenchment; and Industrial Relations. [ER.1, ER.15]

2. The factory does not provide specific training for the relevant managers and supervisors on any of the Employment Functions. [ER.1, ER.17, ER.27]

3. The factory does not provide ongoing training for workers on the following Employment Functions: Recruitment, Hiring & Personnel Development; Hours of Work; Termination & Retrenchment; Industrial Relations; Grievance System; and Workplace Conduct & Discipline. [ER.1, ER.15, ER.25, ER.28]

4. The factory does not provide the training for the relevant Human Resources (HR) personnel and administrative staff on Workplace Conduct & Discipline. [ER.1, ER.17, ER.27]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.15, ER.17, ER.25, ER.27, and ER.28)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. The training content of new employees will be added by personal career planning, dismissal and layoffs, labor relations related content. 2. In the management training content, HR will add personal career planning, termination and retrenchment, labor relations related content. Recruitment, employment, according to personal development (performance evaluation results); remuneration (wages, allowances, etc.); working hours (overtime, working hours records, etc.); labor relations (collective bargaining, etc.); complaints (communication between workers and management), termination and layoffs of labor relations (layoffs, job transfers, etc.); workplace behavioral regulations (discrimination, harassment, etc.); health, safety (taking over) Environmental protection (e.g. energy saving). 3. The annual training content will increase personal career planning, layoffs and layoffs, and labor relations related content. And appeals (related training content 38) 4. The factory will train all employees in rewards and penalties regulations and records as required by the law:

Cycle 3:

3. The Recruitment, Hiring & Personnel Development; Hours of Work; Termination & Retrenchment; Industrial Relations; Grievance System; and Workplace Conduct & Discipline were included in the Orientation training for new employees.

Planned completion date

03/06/19

Company Action Plan Update

1. The factory includes grievance procedure/channels into the orientation training.

2. Under progress

3. The factory includes grievance procedure/channels into the regular training.

4. The training on rewards and discipline policy has been provided to HR and relevant staffs. The evidence photo and record of training is attached.

FINDING NO.11

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Communication & Worker Involvement (Macro)

Finding Explanation

1. The worker integration component is missing across all Employment Functions. This indicates that the factory has not established procedures to request and/ or receive workers' input/ feedback regarding the creation, implementation, and updating of its policies and

procedures. Workers are neither systematically integrated nor consulted in decision-making processes. [ER.1, ER.25]

2. The factory does not communicate with workers regarding the policies, procedures, and updates on Recruitment, Hiring & Personnel Development, Termination & Retrenchment, or Industrial Relations. [ER.31]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.25 and ER.31)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. While compiling the new document, the factory will engage employee representatives in all employment functions (referred to in Question 38). Each employee representative receives suggestions and ideas from his own employees and participates in the revision of management procedures to specify how to create, execute and update process documents. Involve employee representatives in the decision-making process. Employee representatives collect and consult all employees' suggestions and hopes, and through employee representatives decide that relevant policies are formulated and implemented. * Each employee representative will consult each employee's suggestions in the form of a table resolution. 2. While compiling the new document, the factory will engage employee representatives in all employment functions (referred to in Question 38). Each employee representative receives suggestions and ideas from his own employees and participates in the revision of management procedures to specify how to create, execute and update process documents. Involve employee representatives in the decision-making process. Employee representatives collect and consult all employees' suggestions and hopes, and through employee representatives decide that relevant policies are formulated and implemented. * Each employee representative will consult each employee's suggestions in the form of a table resolution.

Planned completion date

03/06/19

Company Action Plan Update

1. The workers representative has been involved the policy, procedure renew process, including the decision-making process. The photo and contact information of workers representative were posted on the bulletin board. The evidence photo is attached.

2. The photo and contact information of workers representative were posted on the bulletin board. The evidence photo is attached. The photo and contact information of workers representative were posted on the bulletin board. The evidence photo is attached.

FINDING NO.12

NOTABLE FEATURE

FINDING TYPE: Compensation

Finding Explanation

1. The factory provides free dormitory housing for female employees.

FINDING NO.13

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Responsibility & Accountability (Macro)

Finding Explanation

1. There is no management sign off on the factory's policies and procedures. [ER.1]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.1)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. In the process of policy updating, document examiners and management need to sign the file and confirm it at the same time. Meanwhile, signature confirmation will be required to set blank columns for the updating date of future documents.

Company Action Plan Update

The top management has signed on the renewed policies and procedures. The evidence photo is attached.

FINDING NO.14

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Termination & Retrenchment

Finding Explanation

1. The factory does not clearly define in writing the person responsible for Termination & Retrenchment within the factory. [ER.1]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.1)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. In the new policy document, the designated person in charge will be added (in the documents relating to termination of employment relations and layoffs).

Company Action Plan Update

The factory has assigned HR Manager

Yang Yanxiong to be responsible for the termination & retrenchment within the factory. The evidence photo is attached.