



FAIR LABOR
ASSOCIATION®

INDEPENDENT EXTERNAL ASSESSMENT REPORT



Verification Assessment

COMPANIES: Kathmandu
YETI Coolers LLC
COUNTRY: China
ASSESSMENT DATE: 12/03/18
ASSESSOR: Openview
PRODUCTS: Equipment
NUMBER OF WORKERS: 7491

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.

Previous Report Findings and Verification Results

PREVIOUS FINDING NO.1

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Industrial Relations

Finding Explanation

1. The factory has a business license for the old plant area, which has not been updated to cover the new plant. Factory management is in the process of updating the business license.

Local Law or Code Requirement

The Company Law of the People's Republic of China, Article 7; FLA Workplace Code (Employment Relationship Benchmark ER.2.1; Health, Safety & Environment Benchmark HSE.4)

VERIFICATION RESULT

Finding Status

Remediated

Remediation Details

1. Finding Status (Remediated)

Explanation:

According to a document review, the factory updated the business license so that it covers the new plant.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Renew the business license to cover the new plant.(需要更新运营执照)

Company Action Plan Update

The new plant belongs to Zhejiang Haers Vacuum Containers Co., Ltd; this can be verified through EIA report and Property Ownership Certificate. We have applied to conduct two locations based on one business license by Administration for Industry and Commerce of Zhejiang Province and expect this to be approved by end of year.

PREVIOUS FINDING NO.2

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

1. The factory's online recruitment form has a discriminative clause that requires bench workers to be male. Bench workers' main responsibility is to maintain/repair equipment. All of the bench workers in the factory are male.
2. Due to cost and worker turnover concerns, the factory does not provide pre-job and pre-departure occupational health examinations for workers who are exposed to dust, volatile organic compounds (VOC), high noise, UV, etc.
3. Before April 2014, candidates for positions with occupational hazards were not informed in writing about the specific occupational disease hazards they would be exposed to. Since April 2014, newly hired workers have been informed; however, the workers recruited before April 2014 were never informed in writing as per the legal requirement.

Local Law or Code Requirement

Labor Law of PRC (1995), Article 12; Law of Prevention and Control of Occupational Diseases (2011), Articles 34 and 36; FLA Workplace Code (Employment Relationship Benchmark ER.3.2; Nondiscrimination Benchmarks ND.1 and ND.2.1)

VERIFICATION RESULT

Finding Status

Remediated

Remediation Details

1. Finding Status (Remediated)

Explanation:

According to a review of the factory's online recruitment advertisements, the factory removed the discriminative clause that required bench workers to be male. According to a factory tour and management interviews, there are male and female bench workers in the factory.

2. Finding Status (Remediated)

Explanation:

According to a review of health examination reports as well as interviews with workers and management, the factory provides pre-employment and pre-departure occupational health examinations for workers who are exposed to dust, volatile organic compounds (VOC), high noise, UV, etc.

3. Finding Status (Remediated)

Explanation:

According to a document review and worker interviews, all candidates are informed of the specific occupational disease hazards they would be exposed to and newly hired workers are informed in writing as legally required.

PREVIOUS FINDING NO.3

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

1. There are repeated probation terms for production workers returning for employment. According to applicable legal requirements, returning employees should not be subject to additional probation terms in the same workplace.
2. The factory does not have a policy related to employment contracts for workers who sign employment contracts two consecutive times or for those with ten years or more of working experience, which makes them eligible for indefinite employment contracts. As a result, the factory has not signed indefinite employment contracts with 70% of eligible employees.

Local Law or Code Requirement

VERIFICATION RESULT

Finding Status

Remediated

Remediation Details

1. Finding Status (Remediated)

Explanation:

According to a document review as well as interviews with workers and management, the factory no longer requires repeated probation terms for production workers returning for employment.

2. Finding Status (Remediated)

Explanation:

According to a document review as well as management interviews, in 2016 the factory began implementing a written policy requiring open-ended employment contracts to be signed with workers who have signed two consecutive fixed-term employment contracts times and with workers who have ten or more years of work experience.

PREVIOUS FINDING NO.4

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

1. Disabled workers accounted for 1.4% of the total workforce in 2014, although they should legally constitute 1.5% of the total workforce. The factory has contributed to the Employment Security Fund for the differential as allowed under the law. In 2015, the factory should recruit 38 disabled workers to meet legal requirements; currently there are 35 disabled workers.

2. The factory has not established performance review procedures, nor conducted systematic performance reviews. Worker promotion is based on the supervisors' judgment, without formal appraisal and clear criteria.

Local Law or Code Requirement

Regulations on the Employment of Persons with Disabilities (2007), Article 8; FLA Workplace Code (Employment Relationship Benchmarks ER.1.1, ER.29.1, and ER.30.1.2)

VERIFICATION RESULT

Finding Status

Partially Remediated

Remediation Details

1. Finding Status (Remediated)

Explanation:

According to a document review and a factory tour, the factory employs 53 disabled workers (1.5% of the total workforce), which meets legal requirements.

2. Finding Status (Partially Remediated)

Explanation:

According to a document review and interviews with management and workers, the factory has established performance review procedures for leaders, supervisors, and managers. The factory does not conduct performance reviews for workers in the production lines or for new workers during their probation period. According to worker and management interviews, works are still promoted based on the supervisors' judgment, without a formal appraisal or clear criteria. [ER.1, ER.29, ER.30]

Root Causes:

Management normally evaluates workers performance based on production efficiency and will gradually perfect the performance review procedures.

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. MEC: Haers to create a HR policy to ensure annual compliance with this legal requirement.

1.MEC:Haers创建一个人力资源管理策略, 以确保每年度都符合法律要求。

Company Action Plan Update

Copies of new labor contract provided to during follow-up audit.

Action Plan no 2.

Description

人资制定详细的员工考核方案，并对员工进行培训，双方接受后进行考核

Haers HR will improve our employee performance review procedure. We will train our workers with the new program, and apply the procedure after we reach agreement with our workers.

附件1：晋升

Refer to attachment 1: Promotion.

Company Action Plan Update

The factory has implemented promotion policy which is relatively good compared to normal factories in the same area.

For annual performance review, the factory is encouraged to take continuous improvement.

PREVIOUS FINDING NO.5

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Compensation

Finding Explanation

1. The factory posts the piece rate wage for the previous month in the middle of each month for workers' reference. The factory's finance

- department instructs each production department to post the pay statement (hourly wage and performance bonus structure) on the bulletin boards and distributes pay slips to the workers around three days prior to pay day.
2. However, the piece rate is not included in the pay statement/pay slips. As a result, workers do not fully understand the link between the performance bonus and the piece rate wage. Additionally, worker interviews revealed that not all workers are provided with a pay slip.
3. The distributed pay statements do not have workers' written confirmation. In addition, the factory does not regularly provide communication on Compensation and updates to the general workforce.
4. The factory did not pay the wages for January 2015 on time; instead, the wages were paid ten days later than the regular payday. This was the only case of delayed payment over the past year and is considered an isolated case

Local Law or Code Requirement

Regulations of Zhejiang Province on Wage Payment (2002), Articles 13 and 14; FLA Workplace Code (Employment Relationship Benchmarks ER.16 and ER.18; Compensation Benchmarks C.1, C.4, C.14.1, and C.17)

VERIFICATION RESULT

Finding Status

Partially Remediated

Remediation Details

1. Finding Status (Partially Remediated)

Explanation: About 50% of the interviewed workers do not fully understand the link between the performance bonus and the piece rate wage. All interviewed workers said that the factory provided them with a pay slip.

Root Causes:

The training provided to workers on the link between the performance bonus and the piece rate wage is not effective.

2. Finding Status (Partially Remediated)

Explanation:

According to a document review and worker interviews, piece rate wages are included on the workers' pay slips. However, about 50% of the interviewed workers do not fully understand the link between the performance bonus and the piece rate wage. All interviewed workers said that the factory provided them with a pay slip. [C.1, C.17]

Root Causes:

The training provided to workers on the link between the performance bonus and the piece rate wage is not effective.

3. Finding Status (Partially Remediated)

Explanation:

According to a document review and worker interviews, the distributed payroll statements maintained by the factory still do not include workers' written confirmation. However, the factory regularly communicates with the general workforce regarding the Compensation policies, procedures, and updates. [C.1, C.14]

Root Causes:

Management stated that there are too many workers for them to obtain written confirmation of the receipt and accuracy of wages from each worker.

4. Finding Status (Remediated)

Explanation:

According to a review of the payroll documents from November 2017 to October 2018, as well as worker and management interviews, the factory pays workers' wages on time as legally required.

Local Law or Code Requirement

Regulations of Zhejiang Province on Wage Payment, Article 11; FLA Workplace Code (Compensation Benchmarks C.1, C.14, and C.17)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1、 We will enhance staff training, make sure they understand the link performance bonus and the piece rate wage.

2、 we will arrange wages receipt and ask workers to make written confirmation.

3. Pay statements are now electronic and workers verify pay through app or portal.

Company Action Plan Update

No issue identified during most recent audit. Electronic payment now so the paycheck sign-off should not be required. Piece rate is not directly identified on pay slip, so there is opportunity to include this for workers. Workers can check rate at each process area and request information from the facility directly (retain individual pick records for 3 years).

Haer's Salary Calculation - document provided to new workers explaining how their wage is calculated.

PREVIOUS FINDING NO.6

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Compensation

Finding Explanation

1. The factory does not pay into the legally required Housing Provident Fund for 96.7% of the workers (2,479 out of 2,563). Furthermore, for the 3.3% of workers who are registered with the Housing Provident Fund, their contribution base is the minimum standard (2625 CNY) rather than the workers' actual earnings, which are significantly higher than the minimum standard.
2. 100% of the workers are covered by work-related injury insurance. However, 61% of the workers are not covered by pension insurance, unemployment insurance, medical insurance, and maternity insurance. Furthermore, for the 39% of the workers who are covered by all five types of social insurance, their contribution base is the minimum standard rather than their actual earnings, which are higher than the minimum standard.

Local Law or Code Requirement

Regulation on the Housing Provident Fund Management (2002), Article 15; Regulation on the Housing Provident Fund Management of Zhejiang Province (2001), Article 11; FLA Workplace Code (Employment Relationship Benchmark ER.22.1)

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Finding Status (Not Remediated)

Explanation:

According to a review of the Housing Provident Fund payment receipt, the factory does not pay into the legally required Housing Provident Fund for 3,184 out of 3,249 eligible workers (98%). Furthermore, the contributions for 65 workers who are registered with the Housing Provident Fund are based on the minimum standard of CNY 2,325 (USD 338.9) rather than the workers' actual earnings (about 90% of workers' wages are between CNY 4,000 (USD 583) and CNY 8,000 (USD 1,166) per month). [ER.22, C.1, C.5, C.10]

Root Causes:

1. The uncertainty of future benefits makes some workers reluctant to participate in the Housing Provident Fund scheme.
2. The factory is not willing to bear the increased cost of paying into the Housing Provident Fund for all eligible workers and calculating the Housing Provident Fund contributions based on the worker's actual wages.

2. Finding Status (Not Remediated)

Explanation:

According to a review of the social insurance payment receipts from November 2017 to October 2018 as well as interviews with workers and management, the factory does not provide sufficient social insurance coverage to the workers. There are 3,416 workers in the factory, including 164 previously retired but re-hired workers and 19 newly hired workers. In October 2018, the factory provided pension, medical, unemployment, and maternity insurance for 1,234 out of 3,233 eligible workers (38%) and provided work-related injury insurance for all 3,416 workers (100%). In addition, the contributions to the five types of social insurance are based on the local minimum requirement of CNY 2,800 (USD 408) for work-related injury, maternity, unemployment, pension, and medical insurance, instead of workers' actual monthly wages (about 90% of workers' wages range are between CNY 4,000 (USD 583) and CNY 8,000 (USD 1,166) per month). [ER.22, C.1, C.5, C.10]

Root Causes:

1. The Chinese social insurance system is still under development and the process to transfer insurance funds is comparatively complicated.
2. The uncertainty of future benefits makes workers reluctant to participate in the social insurance scheme.
3. Workers don't want to contribute too much to social insurance because then their wages will be decreased.
4. The factory is not willing to bear the increased cost of calculating social insurance contributions based on the worker's actual earnings.

Local Law or Code Requirement

Regulations on Management of Housing Provident Fund, Articles 3 and 15; Regulation on the Housing Provident Fund Management of Zhejiang Province, Article 11; Labor Law of the People's Republic of China, Article 72; Social Insurance Law of the People's Republic of China, Articles 12 and 58; FLA Workplace Code (Employment Relationship Benchmark ER.22; Compensation Benchmarks C.1, C.5, and C.10)

Recommendations for Immediate Action

1. Provide all eligible workers with all five types of social insurance, including pension, work-related injury, unemployment, medical, and maternity insurance. Calculate social insurance contributions based on workers' actual wages.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Train HR and related personnel on social insurance and how to implement the legally required Social Insurance payments within the factory.
2. Communicate with workers and post on bulletin boards, include in worker handbook, orientation and training as to social insurance.
3. Create system to monitor the increase in % of workers paid social insurance per year.
4. Implement corrected contributions and monitor implementation

Company Action Plan Update

1. The factory already requires all new employees to join 5 types of insurances. Otherwise they will not hire this employee. In this way, the factory estimated 5% increase in social insurance coverage rate.
2. For housing fund and full coverage of social insurance, factory is encouraged to do continuous improvement. So far, the factory ensure 100% workers are covered by national occupational injury insurance or commercial insurance.

PREVIOUS FINDING NO.7

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Compensation

Finding Explanation

1. The full attendance bonus requires that workers work overtime. For example, employees who work in the injection-molding department must work 28 days per month to get the bonus. This creates a risk of involuntary overtime work.
2. The factory does not take workers' external seniority (previous job experience prior to employment at the factory) into account when calculating annual leave as legally required. The factory's fringe benefits policy states that workers are only able to enjoy such benefits after they have been working for the factory for at least one year.

3. There are no written prenatal leave policies and procedures. Thus, during the last 12 months, no prenatal leave requests have been recorded for any of the pregnant workers. Interviewed workers said that they had prenatal exams during their rest days.

Local Law or Code Requirement

Implementation Measures of Employees' Paid Annual Leave (2008), Article 4; Special Rules on the Labor Protection of Female Employees, Article 6; FLA Workplace Code (Employment Relationship Benchmark ER.22; Hours of Work Benchmarks HOW.11; Forced Labor Benchmark F.7)

VERIFICATION RESULT

Finding Status

Remediated

Remediation Details

1. Finding Status (Remediated)

Explanation:

According to management and worker interviews, the factory stopped providing full attendance bonuses in 2016.

2. Finding Status (Remediated)

Explanation:

According to a document review and worker interviews, the factory updated their Compensation procedures to take workers' external seniority (previous work experience prior to being employed at the factory) into account when calculating annual leave if they can provide documents to prove their external seniority.

3. Finding Status (Remediated)

Explanation:

According to a document review and worker interviews, the factory established written policies and procedures on prenatal leave and provided the prenatal leave records for review. All pregnant workers are able to take paid prenatal leave.

PREVIOUS FINDING NO.8

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Hours of Work

Finding Explanation

1. The factory's production planning is based on 56 - 66 hours/week, depending on the production needs of different departments. This planning requires 16 - 26 hours overtime per week on a regular basis.
2. Around 70% of the workers did not receive at least 24 consecutive hours of rest in every seven-day period over the past year. For example, 70% of the workers worked consecutively from August 1st 2014 to August 31st 2014 without any rest day.
3. 2% of the workers worked overtime for more than three hours per day (3.5 to 4 hours) in 9 out of the last 12 months.
4. On average, 70% of the workers worked for 66 hours per week on a regular basis for the last 12 months, exceeding the FLA limit of 60 hours per week. In June 2015, weekly working hours reached 72 hours.
5. For the last 12 months, all workers' monthly overtime ranged from 63 hours to 84 hours, with an average of 66 hours, exceeding the monthly legal limit of 36 overtime hours. The highest monthly overtime (166 hours) occurred in January 2015.
6. According to employee interviews, the supervisors conduct a preparation meeting in the morning with all the workers for about 10 minutes before the beginning of production. The frequency of these meetings varies from one department to another, and can occur daily; however, this time is not compensated.

Local Law or Code Requirement

Labor Law of PRC, Articles 38 and 41; FLA Workplace Code (Employment Relationship Benchmark ER.24; Compensation Benchmark C.7; Hours of Work Benchmarks HOW.1, HOW.2, and HOW.8)

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Finding Status (Partially Remediated)

Explanation:

According to management interviews and a document review, the production plan still includes overtime work. The factory usually bases its production plans on eight hours of work per week day plus eight hours of overtime on Saturday, resulting in at least eight hours of overtime per week. [HOW.1, HOW.8]

Root Causes:

1. The factory does not adequately prepare to deal with production orders.
2. The shipping dates required by nearly all customers are very tight. Workers have to work overtime to finish the orders on time.

2. Finding Status (Not Remediated)

Explanation:

According to a review of time records and management interviews, all workers appear to receive at least one day off in every seven-day period in the past 12 months. However, assessors could not verify if this is true because there are discrepancies between the time records provided by factory and the information gathered from production records and worker interviews. Production records collected from the workshop indicated that one inspection worker worked on October 21, 2018 (Sunday), one packing worker worked on November 18, 2018 (Sunday) and one warehouse worker worked on November 25, 2018 (Sunday). However, the electronic time records and printed payroll records provided by the factory both indicated that none of these workers worked on any of these Sundays. [ER.2, ER.23]

Root Causes:

1. The shipping dates required by nearly all customers are very tight. Workers have to work overtime to finish the orders on time.
2. Staffing levels may be out of sync with production volumes.
3. The factory may have altered their records to indicate that workers always received one day off in seven, because they wished to do well on this assessment in order to meet the FLA-affiliate's requirements.

3. Finding Status (Not Remediated)

Explanation:

According to a review of time records and management interviews, none of the workers' daily overtime hours exceeded three hours per day in the last 12 months. However, assessors could not verify if this is true because there are discrepancies between the time records provided by factory and the information gathered from production records and worker interviews. [ER.2, ER.23]

Root Causes:

1. The shipping dates required by nearly all customers are very tight. Workers have to work overtime to finish the orders on time.
2. Staffing levels may be out of sync with production volumes.
3. The factory wants to do well on this assessment in order to meet the FLA-affiliate's requirements.

4. Finding Status (Partially Remediated)

Explanation:

According to the electronic time records for the period from October 2017 to December 2, 2018, 20% of workers' weekly working hours exceeded 60 hours per week during about 30% of the weeks in the review period, and about 10% of workers' weekly working hours reached a maximum of 66 hours in one week in September 2018. [HOW.1, HOW.8]

Root Causes:

1. The shipping dates required by nearly all customers are very tight. Workers have to work overtime to finish the orders on time.
2. Staffing levels may be out of sync with production volumes.

5. Finding Status (Not Remediated)

Explanation:

According to the electronic time records for the period from October 2017 to December 2, 2018, 90% of workers' overtime hours exceeded 36 hours per month in about 90% of the months in the review period, and about 5% of workers' monthly overtime reached a maximum of 155 hours in September 2018. [HOW.1, HOW.8]

Root Causes:

1. The shipping date required by nearly all customers is very tight. Workers have to work overtime to finish the orders on time.
2. Staffing levels may be out of sync with production volumes.

6. Finding Status (Remediated)

Explanation:

According to interviews with workers and management, the morning preparation meetings are conducted after the beginning of the normal shift and workers are compensated accordingly.

Local Law or Code Requirement

Labor Law of the People's Republic of China, Article 41; FLA Workplace Code (Employment Relationship Benchmarks ER.2 and ER.23; Hours of Work Benchmarks HOW.1 and HOW.8)

Recommendations for Immediate Action

1. Do not include overtime in production planning.
2. Implement a reliable time recording system and maintain complete and accurate time records.
3. Do not allow workers' total working hours to exceed 60 hours per week.
4. Do not allow workers' overtime hours to exceed 36 hours per month.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1、通过自动化改造提升生产效率以确保减少工作时间；2、增加员工安排轮休确保员工7休1；

1.Upgrade production line with automatic machinery to lower labor time; 2.Increase employee rotate days off to increase workers rest time;

生产计划内部产能调整，自有品牌分流到其他基地生产，降低订单，以确保员工的休息时间；

Currently we want to adjust production plan, we want to move our owned brand products to other production base like Hangzhou to reduce the order quantity here in Yongkang base. in this case our worker here could reduce production quantity and have more free time.

we have tracked overtime work records and had update the records according to your standard since this month.

Company Action Plan Update

Production Plan changes since Dec 2018:

1. Previous daily production is 900,000 piece. now 600,000 pieces.
2. Previous production plan was based on 28 days. Now it is based on 24 days to ensure 1 day off in every 7 day period.
4. From daily perspective, now the factory make production plan based on 8 hours with 2 hours for rework
5. Overtime control is hard around Chinese New Year normally from Feb to March.
6. 60% domestic move to new factory in Lin An of Hangzhou City(Zhejiang Province) since Sep 2019.

Rotating schedule is implemented this year. The factory hire 500 more workers. The factory is also working on the automation. Now the weekly working hours is within 60 hours. If any overtime, the maximum weekly hour is 70 hours per week.

Haers will update us regularly with production plan findings and review efforts for continuous improvement.

Haers has people to control production plan and focus on reducing hours. Production has been moved to other domestic location.

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Termination & Retrenchment

Finding Explanation

1. There are no policies and procedures governing Retirement.
2. The factory's termination payout procedure does not include a process for paying workers who leave the factory without notification. In practice, workers who leave the factory without notification do not complete the process of Resignation Handover; therefore, the factory does not pay the termination payouts to them.

Local Law or Code Requirement

Wage Payment Regulation of Zhejiang Province, Article 15; FLA Workplace Code (Employment Relationship Benchmarks ER.1.1, ER.21, and ER.32.1; Compensation Benchmark C.1)

VERIFICATION RESULT

Finding Status

Partially Remediated

Remediation Details

1. Finding Status (Remediated)

Explanation:

According to a document review and management interviews, there are policies and procedures on Retirement.

2. Finding Status (Partially Remediated)

Explanation:

According to a document review, the factory has updated the Termination procedures to state that the factory will inform workers who leave the factory without notification about their termination payout through registered mail. If workers who leave the factory without notification still do not come back to complete the resignation process within six months after three separate notifications, the factory will transfer the termination payout to the union. [C.1, C.5, ER.22]

Root Causes:

The factory thinks it is reasonable to not pay termination payouts to workers who leave the factory without notice and do not complete the Resignation Handover process.

Local Law or Code Requirement

Wage Payment Regulation of Zhejiang Province, Article 15; FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.19, ER.22, and ER.32; Compensation Benchmarks C.1 and C.5)

COMPANY ACTION PLANS

Action Plan no 1.

Description

修改程序文件，对于自离人员的通知方式进行更新

Update our progress documents, make sure we upgrade the informing method to employee who leaves with out notification.

Company Action Plan Update

Haers provided evidence of the termination procedure, including a process for paying employees who have sent in written confirmation of their intent to quit. Additionally, the factory added a process for contacting workers who quit WITHOUT notifying the company for up to six months to try and send their final paycheck.

PREVIOUS FINDING NO.10

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Industrial Relations

Finding Explanation

1. The factory has a trade union that was established in 2004 under the ACFTU (All China Federation of Trade Unions). The factory did not make efforts to introduce its Freedom of Association Policy and the trade union to workers before the time of hiring when workers signed the application form to join the trade union. None of the interviewed workers knew if they were members of the trade union. Additionally, none of the interviewed workers were aware of the worker representatives, and none of them participated in the worker representative elections.
2. The factory does not have a policy on collective bargaining. Workers are not provided with a copy of the Collective Bargaining Agreement (CBA). None of the interviewed workers are aware of the CBA.
3. Factory management filled all of the six trade union committee member positions.
4. The factory does not provide an office for the trade union for the proper exercise of the union's functions.
5. The factory has two CBAs, one covering overall working conditions and another called 'Wage CBA' that covers compensation. There is a conflict between the two in that the general CBA states that the factory implements five working days a week, while the Wage CBA states that the factory implements six working days a week.
6. 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

Trade Union Law of PRC, Article 45; FLA Workplace Code (Employment Relationship Benchmark ER.16.2; Freedom of Association Benchmarks FOA.2, FOA.10, FOA.11, FOA.15, and FOA.20)

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Finding Status (Partially Remediated)

Explanation:

According to management and worker interviews, the factory communicates with workers regarding the Freedom of Association policy and the trade union during the Hiring process, before workers sign an application form to join the trade union. About 50% of the interviewed workers know that they are members of the trade union and 50% are aware of the worker representatives. All of the interviewed workers participated in the worker representative elections. [ER.1.2]

Root Causes:

1. The training regarding Freedom of Association is not very effective.
2. Workers do not pay much attention to the union.

2. Finding Status (Partially Remediated)

Explanation:

According to management and worker interviews, the factory established a written policy on collective bargaining and copies of the Collective Bargaining Agreement (CBA) are posted on the bulletin boards in the workshop. However, workers are not provided with a copy of the CBA and none of the interviewed workers are aware of the CBA. [ER.1, ER.16]

Root Causes:

Most of the union committee members are from top or middle management, so they paid little attention to implementing the CBA.

3. Finding Status (Partially Remediated)

Explanation:

According to management interviews and a document review, the trade union now has 11 committee members. However, nine of the 11 committee members are still members of factory management, such as the Administration Manager and Production Manager. [FOA.1, FOA.10]

Root Causes:

Union representatives are required to be approved by the General Union and the General Union is led by the government. As a result, employers may interfere with elections to ensure that the union will be approved by the government.

4. Finding Status (Remediated)

Explanation:

According to assessors' onsite observations, the factory provides an office for the trade union for the proper exercise of the union's functions.

5. Finding Status (Remediated)

Explanation:

According to a document review and manager interviews, the two previous CBAs have been abolished and a new CBA was signed in January 2016.

6. Finding Status (Not Remediated)

Explanation:

FLA Comment: The Chinese constitution guarantees Freedom of Association; however, the Trade Union Act prevents the establishment of trade unions independent of the sole official trade union – the All China Federation of Trade Unions (ACFTU). According to the 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

Trade Union Law of the People's Republic of China, Article 3; FLA Workplace Code (Employment Relationship Benchmarks ER.1 and ER.16; Freedom of Association Benchmarks FOA.1, FOA.2, and FOA.10)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1、重新安排工会代表的选举；增加一线员工的比例；2、员工入职签订劳动合同时签订一份工会的集体协商协议。(Correction: sign annually.)

1、Fresh the union election； provide more opportunities and percentage for common worker；

2、Requested worker to sign a collective agreement with union when they were hired.

Company Action Plan Update

There is an department called Dangqun Ban(Party-People Office). This department is independent from the factory management. The function is similar to or beyond a union or worker committee. This department is responsible for all employee care and benefits decision making and implementation. For example, this department decides to meal allowances. The workers do not really know who(Party-People office) made the decision but in fact they are enjoying the benefit such as meal allowances.

For new workers orientation, the factory normally introduce employee care now they already added it is Party-People Office organize such activities and work on such benefits. Workers are also notified that they have the right for Freedom of Association.

Furthermore, the factory shared their most special employee care project that is implemented the the factory owner: since 1980s, the owner, her relatives and friends gathered together to hand make Zongzi (traditional snack) for each worker to celebrate a traditional holiday called Duanwu Festival.

This can be closed. Elevate confirmed Haers is organized to encourage workers to understand the CBA and join the effort to include their thoughts on the organization.

Elevate provided information for Haers to explain their comprehensive program for FOA and CBA, which are both included in orientation. FLA is being too picky in saying they missed this information in documentation, but the program is working. Worker interviews confirmed this.

PREVIOUS FINDING NO.11

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Workplace Conduct & Discipline

Finding Explanation

1. The disciplinary policy/procedure (included in the Employee Handbook) does not require workers to sign all written records of disciplinary action against them. Consequently, not all the workers who violated factory rules signed the records of disciplinary action against them.
2. The Employee Handbook stipulates that if workers do not correctly use machinery, equipment, and tools, they will receive disciplinary action. As a result, 50% of the disciplinary actions were related to this stipulation, which violates FLA benchmark that prohibits use of negative incentives to ensure proper use of machinery, equipment, etc.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.27.3.3; Health, Safety & Environment Benchmark HSE.15)

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Finding Status (Not Remediated)

Explanation:

According to a document review and management interviews, the Workplace Conduct & Discipline policy and procedure (included in the Employee Handbook) still does not require workers to sign written records of disciplinary actions taken against them. Consequently, in practice workers do not sign the records of disciplinary actions taken against them. [ER.1, ER.27]

Root Causes:

There are many workers in the factory, and it would take a lot of time to obtain signatures from each worker who violates factory rules.

2. Finding Status (Partial Remediated)

Explanation:

According to a document review and management interviews, the Employee Handbook still stipulates that if workers do not use

machinery, equipment, and PPE correctly, they will be subject to disciplinary action (e.g. a warning). However, according to a review of the disciplinary action records and worker interviews, this policy is not implemented and none of the disciplinary action records are related to improper use of machinery, equipment, or PPE. [HSE.15]

Root Causes:

Management does not have a comprehensive understanding of the FLA's requirements.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1 and ER.27; Health, Safety & Environment Benchmark HSE.15)

COMPANY ACTION PLANS

Action Plan no 1.

Description

- 1、 Change the progress documents requirements;
- 2、 Training production line leader and relative authorities.

Company Action Plan Update

Disciplinary policy has been updated to prohibit retaliation for improper use of machinery, linked to training. Additionally, disciplinary documents now require signatures from employees.

Haers provided evidence of discipline document with employee signature. 5 signatures required for each disciplinary action (Employee, Supervisor, Manager, Director, HR).

PREVIOUS FINDING NO.12

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Grievance System

Finding Explanation

1. The factory has not recorded any grievance cases during the last 12 months. Based on management and workers interviews, most of the grievances were settled through face-to-face communication without any written records.
2. The factory provides three grievance channels: face-to-face communication, a suggestion box, and the trade union. However, 60% of the employees were not aware of the latter two channels. Furthermore, the factory does not provide enough suggestion boxes and does not place the suggestion boxes in locations that ensure confidentiality. Also, there are two production buildings in the new campus and the suggestion boxes were only installed at the gate of one of the buildings and in the canteen. Since not all workers eat at the canteen, the absence of suggestion boxes at one of the buildings creates a risk that not all workers have access to them. Around 40% of interviewed workers are unaware of the suggestion boxes.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.2.1, ER.16, and ER.25.3.2)

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Finding Status (Remediated)

Explanation:

According to a document review and interviews with workers and management, the factory recorded all grievances from the past 12 months, including face-to-face communication between management and workers.

2. Finding Status (Not Remediated)

Explanation:

The factory provides three grievance channels: face-to-face communication, a suggestion box, and the trade union. However, 30% of the workers are not aware of the latter two channels. Furthermore, the factory does not provide enough suggestion boxes and does not place the suggestion boxes in locations that ensure confidentiality. In addition, there is only a suggestion box installed at the gate of one of the two production buildings on the new campus and in the canteen. Since not all workers eat at the canteen and there are no suggestion boxes in one of the buildings, there is a risk that not all workers have access to a suggestion box. Around 20% of the interviewed workers were unaware of the suggestion boxes. [ER.25]

Root Causes:

1. Very few workers use the suggestion boxes and young workers prefer to use cellphones, Wechat, etc.
2. Most of trade union representatives are members of management.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.25)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1、increase training; 2、 add more suggestion box; 3、 move the suggestion box to more private place like underneath the stairs、 around toilet

Company Action Plan Update

Haers provided evidence of the added suggestion boxes (confirmed on tour as well) and reviewed training and employee signatures from training.

Note: Production manager mentioned that they do not know how effective the boxes are because HR controls the key. This is understandable, but if there were suggestions HR should be discussing the issues with production to try and find solutions.

PREVIOUS FINDING NO.13

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Environmental Protection

Finding Explanation

1. The factory does not have an acceptance check for the completed environmental protection facilities at the new plant. According to management interviews and document review, the local environmental authority conducted two on-site inspections (acceptance checks) for the new campus so far. In the first inspection in April of 2015, the pH value of discharged wastewater exceeded the legal limits, so the factory failed, and local authority could not issue the approval document. In the second inspection on June 18 of 2015, the previously failed item was passed; however, another item called "water balance" failed, so the approval document still could not be obtained.
2. Due to the capacity limit of the hazardous waste warehouse, the hazardous waste generated on a daily basis is stored in an open-air area.
3. Personal protective equipment (PPE) (respirator and rubber gloves) is not provided at the hazardous waste warehouse, despite the fact that signs requesting these PPE are posted there.
4. The ventilation facility at the hazardous waste warehouse was shut down at the time of factory tour, posing risk of chemical substance build-up.
5. The factory does not have a disposal records for hazardous waste more recent than September of 2014. Management reported that

the commissioned licensed handler has a capacity issue due to annual quota set by the local authority for waste handling. Therefore, the factory was unable to demonstrate that the hazardous 1. wastes were disposed in line with legal requirements after September 2014.

6. The factory was unable to provide disposal records for sludge generated from the wastewater treatment facility.

7. The factory's Environment, Health & Safety Management Procedure (Q/HRS-GP-13) does not have components that enable workers to raise environmental concerns, report environmental emergencies, and protect workers who allege environmental violations from retaliation.

Local Law or Code Requirement

Measures for Administration of Environmental Protection Acceptance Check upon Completion of Construction Project, Article 17; Standard for Pollution Control on Hazardous Waste Storage GB18597, Articles 6.2.2 and 8; Law on Prevention and Control of Environmental Pollution by Solid Wastes (2013), Article 59; Ministry of Environmental Protection PRC, Announcement [2010] No.129, Article 2; FLA Workplace Code (Employment Relationship Benchmarks ER.2.1 and ER.31.2; Health, Safety & Environment Benchmarks HSE.1, HSE.4, HSE.7, and HSE.13)

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Finding Status (Remediated)

Explanation:

According to a document review and management interviews, the factory obtained an Environmental Protection Acceptance Check Report from the Environmental Protection Agency of Yongkang on December 24, 2015. The factory tested the water balance of the wastewater again in October 2015 and met the legal requirements. The factory has not retested the pH of the wastewater. However, according to the Environmental Protection Acceptance Check Report, the local bureau stated that although the pH exceeds legal limits, the factory's wastewater complies with the Class C Wastewater requirement, so there's no need to test the pH again and wastewater can be discharged into the sewer.

2. Finding Status (Not Remediated)

Explanation:

According to a factory tour, hazardous waste (sludge and empty paint containers) are stored in the open-air area near the hazardous waste warehouse in the new plant. [HSE.1]

Root Causes:

1. The workshop in the new plant generates too much hazardous waste to fit in the hazardous waste warehouse.
2. The factory did not build a big enough hazardous waste warehouse for the new plant. As a result, this issue was not resolved and will be hard to correct.

3. Finding Status (Not Remediated)

Explanation:

According to a factory tour, there is no PPE (e.g. respirators and rubber gloves) in the hazardous waste warehouses in the new plant or the old plant despite the fact that there are signs posted warning workers to use these forms of PPE. Factory management provided respirators and rubber gloves for the hazardous waste warehouse on the second day of assessment. [HSE.7]

Root Causes:

Management explained that normally no workers enter the hazardous waste warehouse, so no PPE is stored there.

4. Finding Status (Remediated)

Explanation:

According to a factory tour, the ventilation facility in the hazardous waste warehouse is running and in good condition.

5. Finding Status (Partially Remediated)

Explanation:

The factory provided assessors with hazardous waste transfer manifests from 2018 as well as a contract with a licensed hazardous waste disposal company. However, there are only hazardous waste transfer manifests for lacquer slag, cans of paint, activated carbon, fluorescent lightbulbs, and printer cartridges. There are no transfer manifests for sludge, because the sludge has not been removed. [ER.2, HSE.1, HSE.4]

Root Causes:

The factory commissioned a licensed hazardous waste disposal company to dispose of the sludge, but the company never comes to the factory, so the factory currently stores the sludge in the hazardous waste warehouse in the old plant.

6. Finding Status (Partially Remediated)

Explanation:

According to a document review, the factory signed a contract with a licensed hazardous waste disposal company on April 19, 2018 to dispose of sludge, but there are no transfer manifests indicating that the sludge is actually disposed of. Management stated that this

company never comes to the factory to collect the sludge and the factory is planning to find another disposal company to handle it.
[ER.2, HSE.1, HSE.4]

Root Causes:

The hazardous waste disposal company does not follow the contract requirements.

7. Finding Status (Remediated)

Explanation:

According to a document review, the factory's Health & Safety procedures enable workers to raise environmental concerns, include steps for reporting environmental emergencies, and protect workers who allege environmental violations against retaliation.

Local Law or Code Requirement

The Standard for Pollution Control on Hazardous Waste Storage, Article 6.2.4; The Law of the People's Republic of China on Work Safety, Article 42; The Law of the People's Republic of China of Prevention and Treatment of Environmental Pollution by Solid Wastes, Articles 57 and 59; FLA Workplace Code (Employment Relationship Benchmark ER.2; Health, Safety & Environment Benchmarks HSE.1, HSE.4, and HSE.7)

Recommendations for Immediate Action

1. Do not store hazardous waste outdoors. Store hazardous waste as required by local law.
2. Provide respirators and rubber gloves for the hazardous waste warehouses.
3. Commission a new licensed hazardous waste disposal company to dispose of sludge.
4. Maintain records of the sludge transfer manifests.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1、move the hazardous waste from outdoor to warehouse.assigned powder coating workshop to place、storage department to transport. waste management department responsible to manage and record daily waste processing.

2、signed new sludge disposing contractor to process dispose sludge monthly. As hazardous wastes are generated by the spraying process, so we required spraying workshop staff to place the hazardous wastes in the hazardous waste warehouse as required (not in spraying workshop)

YETI requested Haers provide process/checklist for management to regularly check workers are wearing correct PPE. We need to develop a sustainable process to stop this from reoccurring.

Company Action Plan Update

Haers provided evidence for new supplier disposal contract (with certified papers from the Chinese government). Additionally, evidence of disposal records have been verified.

EHS Security Checking Report - Safety Manual requires weekly walkthroughs of each area to verify PPE is being used. Evidence was presented for action items based on these walkthroughs, as well as corrections.

- separate department checks for functional areas. Ex. equipment department will check eye wash stations

*- Safety bonus that can be taken from for noncompliance findings that are not corrected

Haers Comments:

PPE issue is based on two problems Haers is working to solve:

1) Education of PPE requirements

2) Environment (heat, working conditions) cause workers to remove PPE. Looking for comfort!

PREVIOUS FINDING NO.14

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The factory was unable to provide the inspection report and the official registration record of construction safety for the hazardous chemical warehouse. According to the registration form issued by local construction authority with regards to completed building construction projects for the new plant campus, the two four-story production buildings are registered; however, the independent one-story hazardous chemical warehouse was not registered.
2. According to the Fire Protection Filing Form issued by the local fire authority for the new plant campus, the two 4-story production buildings (one construction area- 43,307 m2 and the other -16,290 m2) are filed; however, as per the national law, the factory should apply for a fire acceptance check for the production buildings above construction areas of 2,500 m2 rather than only undergoing filing. The factory used the incorrect process.
3. The factory was unable to provide the fire acceptance check report for the independent hazardous chemical warehouse. As per national law, the hazardous substance storage building should undergo an on-site fire acceptance check by the local fire authority. According to the fire protection design, the hazardous chemical warehouse was originally designed as a waste product warehouse; however, the usage of this building was changed.

Local Law or Code Requirement

Construction Law of PRC, Article 61; Regulation on Quality Management of Construction Project, Article 49; Regulation on Construction Project Fire Safety Supervision and Management 2012, Articles 13(4) and 14(6); FLA Workplace Code (Employment Relationship Benchmark ER.2.1; Health, Safety & Environment Benchmarks HSE.1, HSE.4, and HSE.5)

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Finding Status (Not Remediated)

Explanation:

The factory was unable to provide the inspection report or official registration record of construction safety for the hazardous chemical warehouse. According to the registration form issued by the local construction authority with regards to the completed construction projects at the new plant, two four-story production buildings are registered but the one-story hazardous chemical warehouse is not. [ER.2, HSE.1, HSE.4]

Root Causes:

Management does not fully understand the legal requirements regarding building inspections and registration.

2. Finding Status (Partially Remediated)

Explanation:

According to a document review and management interviews, the factory obtained Fire Permits from the local fire department for most of the buildings. However, the factory did not obtain completed the fire acceptance check and obtained Fire Permits for a one story warehouse (around 350 square meters) and a one story polishing workshop building (around 500 square meters) at the old plant. [ER.2, HSE.1, HSE.4]

Root Causes:

Management stated that it is hard to obtain Fire Permits and they plan to dismantle these two buildings.

3. Finding Status (Remediated)

Explanation:

According to the Design of Building Fire Prevention and Completion of Fire Construction of Small-Size Building, there is no need to obtain fire acceptance check reports for buildings with an investment amount of less than CNY 300,000 (USD 34,562) or with an area of less than 300 square meters. The independent hazardous chemical warehouse is less than 100 square meters.

Local Law or Code Requirement

The Construction Law of the People's Republic of China, Article 61; Fire Prevention Law of the People's Republic of China, Article 11; FLA Workplace Code (Employment Relationship Benchmark ER.2; Health, Safety & Environment Benchmarks HSE.1 and HSE.4)

Recommendations for Immediate Action

1. Obtain an inspection report and official registration record of construction safety for the hazardous chemical warehouse.
2. Obtain a Fire Permit from the local bureau for the two flat buildings at the old plant.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1、Hazardous chemical warehouse did not obtain inspection record was due to the total area lower than 300m² (207) ; we could arranged 3rd party inspection record when required

1. the legal requirements for building inspections——No.119 document of the Ministry of Public Security of the People's Republic of China.

Company Action Plan Update

1) Haers provided evidence of the Government requirement for inspection reports based on the size of the chemical warehouse. Since Haers uses independent party to inspect regularly, they are not required to perform government inspection. (listed on Chinese govt. website, evidence of 3rd party inspection report)

2) Annual inspection required for all buildings. Evidence provided for fire permit after inspection each facility on campus.

PREVIOUS FINDING NO.15

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The factory's recent fire drill did not simulate normal circumstances in the event of emergency evacuation, which carries the risk of unsafe evacuation in the event of emergency. A recent fire drill (July 2015) in the new plant campus only included the workers on the first floors. The workers on the other three floors did not participate in the drill. (Note: the fire drill in the old plant covered all workers.)
2. There are three dormitory buildings where factory workers live. Although the three dormitory buildings are privately owned, the factory dormitory management rules are posted there, and all workers living there are employees of this factory. However, no fire-fighting equipment (fire extinguishers, fire alarms, emergency lights, and exit signs) is installed in the three dorms.
3. As per the annual fire equipment inspection report, only fire hydrants were tested by a licensed institution, while other fire-firing equipment, such as the fire alarm, fire extinguishers and smoke-detecting devices were not tested.

Local Law or Code Requirement

Provisions on the Administration of Fire Control Safety of State Organs, Organizations, Enterprises, and Institutions, Article 40; Code of Design on Building Fire Protection and Prevention, GB 50016, Articles 8.1.6, 11.3.1 and 11.3.4; Fire Protection Law of PRC (2008), Article 16 (3); FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.5, HSE.6, and HSE.25.1)

VERIFICATION RESULT

Finding Status

Partially Remediated

Remediation Details

1. Finding Status (Remediated)

Explanation:

According to a review of the fire drill records, the latest fire drill in the new plant was conducted on September 20, 2018 and the latest fire drill in the old plant was conducted on September 27, 2018. These fire drills included all workers during the day shift and night shift.

2. Finding Status (Remediated)

Explanation:

According to management interviews, the factory no longer provides dormitory housing for workers. The three dormitory buildings where workers previously lived were not owned by the factory and they could not install fire-fighting equipment without the owner's approval. Thus, the factory decided to stop renting these buildings. According to worker interviews, workers rent their own apartments.

3. Finding Status (Partially Remediated)

Explanation:

According to a document review, a licensed institution conducted a fire equipment inspection on June 8, 2018. However, the inspection only covered the fire hydrants, emergency lights, fire signs, and fire extinguishers. The fire alarms and smoke detectors were not inspected. [HSE.1, HSE.5]

Root Causes:

Management did not know the inspection scope and stated that they would contact the inspection institution to remediate this issue.

Local Law or Code Requirement

Fire Prevention Law of the People's Republic of China, Article 16 (2); FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1 and HSE.5)

Recommendations for Immediate Action

1. Inspect all fire equipment annually, including fire alarms and smoke detectors.

COMPANY ACTION PLANS

Action Plan no 1.

Description

Update our 2019 annual inspection with fire alarm and smoking alarm items.

Monitoring report will be completed in June 2019.

Monitoring report will be provided after the annual monitoring is completed.

Company Action Plan Update

Haers provided inspection report with all required fire equipment. 3rd party audit done annually.

PREVIOUS FINDING NO.16

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The factory provided safety boots to only half of the workers in the molding positions at the new plant campus.

2. Physical observation and worker interviews revealed that workers in the molding positions transport the molds to the preparation area of lean production lines. However, mold transfer from the preparation area to production lines and mold replacing was handled by operators working in the lines, rather than by the designated workers. These operators were not provided with safety boots to protect them from falling goods.
3. The operators at the automatic lean production lines (first floor- hardware workshop at the new plant campus) were not provided with goggles. These operators were working in the bottle mouth/bottom flatting positions (平口平底) and were exposed to flying metal chips. The workers in the same positions at the standard lean production lines were provided with goggles.
4. The factory has not provided the electricians working in the new plant with adequate PPE (safety helmet and safety belt).
5. The factory has not provided workers using the compressed air gun in the assembly lines, who are exposed to a noise level of 90-105dB, with earplugs. The compressed air gun operation was not identified by internal risk assessment.
6. The factory has not replaced the respirator filter used by the worker in the wastewater treatment facility.
7. The occupational hazard notification card posted at the old plant campus was not in line with legal requirements.

Local Law or Code Requirement

Code of Practice for Selection of PPE GB11651-2008, Article 6.1, Sheet 3, A09 and A14; Provisions on the Supervision and Administration of Occupational Health at Work Sites, Articles 15 and 16; Norms of Employers' Notification and Warning Signs of Occupational Hazards (2014), Article 16; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1 and HSE.7)

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Finding Status (Partially Remediated)

Explanation:

According to a factory tour and a document review, the factory provides safety boots to all molding workers at the new plant. However, about 90% of the molding workers were not wearing their safety boots at the time of the inspection. [HSE.8]

Root Causes:

The safety boots are airtight and have steel in them. As a result, the boots are not breathable and are uncomfortable to wear.

2. Finding Status (Not Remediated)

Explanation:

According to management interviews, the factory only provides safety boots for the molding workers. Safety boots are not provided to the operators working in the lines. [HSE.7]

Root Causes:

Management does not realize the risk posed to the operators' feet.

3. Finding Status (Partially Remediated)

Explanation:

According to a factory tour and management interviews, the factory provides goggles for all operators working in the bottle mouth/bottom flatting positions. However, about 50% of workers were not wearing their goggles at the time of the assessment. [HSE.8]

Root Causes:

Workers explained that the goggles get cloudy from the dirt on their hands from touching the half-finished products. Wearing cloudy goggles could be very dangerous.

4. Finding Status (Remediated)

Explanation:

According to a factory tour, the factory provides safety helmets and safety belts to the electricians working in the new plant.

5. Finding Status (Partially Remediated)

Explanation:

According to a document review and management interviews, the factory's internal risk assessment still does not cover the risks posed by the compressed air guns (noise and dust) during the blowing process. Assessors observed that the blowing workers were wearing masks and earplugs while working. [HSE.1]

Root Causes:

Management explained that they did not include the blowing process in their internal risk assessment because it not happen every day.

6. Finding Status (Remediated)

Explanation:

According to a factory tour and document review, the factory replaces the filters in the respirators worn by workers in the wastewater treatment facility at least once per week.

7. Finding Status (Remediated)

Explanation:

According to a factory tour, there is a new occupational hazard notification posted in the old plant which is in line with legal requirements.

Local Law or Code Requirement

The Law of the People's Republic of China on Work Safety, Article 42; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.7, and HSE.8)

Recommendations for Immediate Action

1. Retrain the molding workers on the importance of wearing safety boots. Monitor the workers to ensure compliance.
2. Provide safety boots to the operators working in the lines.
3. Retrain the operators working in the bottle mouth/bottom flatting positions on the importance of wearing goggles. Monitor the workers to ensure compliance.
4. Include the blowing process (the compressed air gun) in the internal risk assessment.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1、 arrange more employee training and inspection; 2、 provide more safety boots for operators, make sure they ware during the operation

1. Purchase safety boots immediately and distribute them to employees;

2. Regular safety inspection will be included in the scope of weekly safety inspection;

3. If the employee does not wear protective equipment as required, the manager will be punished to ensure that the manager will strengthen the supervision and requirements of the employee;

Company Action Plan Update

EHS Security Checking Report - Safety Manal requires weekly walkthroughs of each area to verify PPE is being used. Evidence was presented for action items based on these walkthroughs, as well as corrections.

Haers provided evidence of PPE required by process and area. Annual review of PPE required to update by area.

Identified Best Practices:

Facility map with PPE identified for each area.

PREVIOUS FINDING NO.17

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The MSDS for one type of chemical (called "MianQi") is not fully translated into the local language. The section of ingredients is in English, which workers cannot understand.
2. There are no MSDS available for the following chemicals: mold cleaner, mold rust cleaner, and Autotype Plus 8000.
3. The factory has not installed an alarm device or anti-static facility in the hazardous chemical warehouse.
4. The factory does not have the safety assessment/evaluation on the construction project of hazardous chemical warehouse.

Local Law or Code Requirement

Provisions on the Supervision and Administration of Occupational Health at Work Sites, Article 24; Regulation on the Safety Management of Hazardous Chemicals, Articles 12, 20, and 21; Measures for the Supervision and Administration of "Three Simultaneities" for the Safety Devices of Construction Projects (2015 revised), Articles 7 and 22; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE. 9.1, and HSE.10.1)

VERIFICATION RESULT

Finding Status

Remediated

Remediation Details

1. Finding Status (Remediated)

Explanation:

According to a document review, the Material Safety Data Sheet (MSDS) for MianQi (a kind of paint) is fully translated into Chinese and posted in the workshop where MianQi is used.

2. Finding Status (Remediated)

Explanation:

According to a document review, the factory has MSDS for the mold cleaner, mold and rust cleaners, and Autotype Plus 8000. The MSDS are posted in the workshops where these chemicals are used.

3. Finding Status (Remediated)

Explanation:

According to a factory tour, there is a fire alarm and an anti-static device installed on the exterior wall of the hazardous chemical warehouse near the exit.

4. Finding Status (Remediated)

Explanation:

According to a document review, the factory commissioned a third-party inspection company to conduct a building test report for the hazardous chemical warehouse. The company concluded that the hazardous chemical warehouse requires Class B safety measures, which complies with legal requirements.

PREVIOUS FINDING NO.18

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The factory provides meal service for workers. The factory does not properly manage the process of food sampling against the risk of food poisoning. In the old plant, food samples were only kept for four hours (the period between two meal breaks); in the new plant, there are no food sampling records since August 1st, 2015. Previous records showed that the food sampling was kept for 24 hours instead of the legally required 48 hours.
2. According to the yearly drinking water test report, physical observation, and a management interview, the drinking water test does not cover the new plant campus, and there was no maintenance record to demonstrate that the filters of water boiling machines were regularly replaced. These incidents increase the risk of poor drinking water quality.
3. The factory does not keep the men's toilets of the old plant clean. The regular cleaning is implemented poorly.

Local Law or Code Requirement

Regulation on Hygienic of Food Industry and Delivery Unit of Group Meals (2005), Article 35; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.13, HSE.19, HSE.22, and HSE.23)

VERIFICATION RESULT

Finding Status

Remediated

Remediation Details

1. Finding Status (Remediated)

Explanation:

According to a factory tour and interviews with canteen workers, the factory keeps food samples for at least 48 hours.

2. Finding Status (Remediated)

Explanation:

According to a document review, the drinking water test reports cover both the old plant and the new plant, and the test results comply with legal requirements. The factory also provided maintenance records showing that the filters are replaced every month.

3. Finding Status (Remediated)

Explanation:

According to a factory tour and workers interviews, the men's restrooms in the old plant are kept clean.

PREVIOUS FINDING NO.19

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The illumination level at the metal processing ("hardware") workshops in both the old and new plant ranges from 50lux through 100lux, which is below the legal requirement of 200lux. The factory does not have a policy/procedure on illumination.
2. The factory has not maintained all work-related injury or accident/incident records (e.g., minor and near-miss cases) to help with identifying preventive measures. For example, workers are not required to fill in their reason for using medical supplies when they take them from first aid boxes. The factory only recorded the injuries that require insurance process. Additionally, factory has not tracked or analyzed workers' illnesses.
3. The factory's Environment, Health & Safety Management Procedure (Q/HRS-GP-13) does not address enabling workers to raise Health & Safety concerns, reporting Health & Safety emergencies, and protecting workers who allege Health & Safety violations from remediation.
4. The factory only communicated part of the Health & Safety procedures to the workers. For instance, the policy/procedure on confined space was not communicated to the concerned workers.
5. The factory has made partial effort to improve ergonomics. However, following shortcomings were observed:
 - a. The factory has opened rest areas in the new plant for those workers whose position requires standing. However, such rest areas were not opened in the old plant.
 - b. Anti-fatigue mats have not been provided to the workers who have to stand.
 - c. 95% of the chairs (wooden benches) provided for workers are not adjustable or equipped with backrests to minimize workers' bodily strains.
 - d. There is no training on lifting techniques for eligible workers.

Local Law or Code Requirement

Standard for Lighting Design of Buildings GB50034, Article 5.3, Sheet 5.3.1- metal processing/rough machining-200lux; FLA Workplace Code (Employment Relationship Benchmarks ER.16 and ER.31.2; Health, Safety & Environment Benchmarks HSE.1, HSE.3.2, HSE.13, HSE.17.1, and HSE.19)

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Finding Status (Remediated)

Explanation:

According to assessors' observations, the factory installed new 5,000 lux LED lights, which comply with legal requirements. The factory includes lights in the risk assessment and conducts annual tests for the lights.

2. Finding Status (Not Remediated)

Explanation:

The factory does not maintain records of all work-related injuries, accidents, and incidents (including minor and near-miss cases) to help identify preventive measures. For example, workers are not required to fill in their reason for using medical supplies when they take them from the first aid kits. The factory only records the injuries that require an insurance process. Additionally, the factory does not track workers' illnesses. [HSE.3]

Root Causes:

Management did not realize that this was required.

3. Finding Status (Remediated)

Explanation:

According to a document review, the factory's Health & Safety procedures enable workers to raise Health & Safety concerns, include steps for reporting Health & Safety emergencies, and protect workers who allege Health & Safety violations against retaliation.

4. Finding Status (Not Remediated)

Explanation:

According to management interviews, the factory does not communicate with the relevant workers regarding the Health & Safety procedures for working in confined spaces. [ER.1, ER.16]

Root Causes:

Management does not recognize the risk of not communicating these policies to the relevant workers.

5. Finding Status (Not Remediated)

Explanation:

The factory has not improved its ergonomics program. Assessors observed the following shortcomings:

- a. The factory provides rest areas in the new plant for workers whose positions require them to stand. However, there are no rest areas in the old plant;
- b. Anti-fatigue mats have not been provided to standing workers;
- c. 95% of the wooden benches provided to seated workers are not adjustable or equipped with backrests;
- d. Workers who lift heavy objects are not trained on proper lifting techniques. [HSE.17]

Root Causes:

Management does not recognize the risk of repetitive-motion stress and injuries.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1 and ER.16; Health, Safety & Environment Benchmarks HSE.3 and HSE.17)

COMPANY ACTION PLANS

Action Plan no 1.

Description

2 All incidents and injuries will be recorded, records maintained, and assessed going forward. First aid kits will require signature if used.

4 The factory will develop and provide additional training to workers for Health and safety policies.

Company Action Plan Update

The factory already provided training to workers with heavy lifting work as well as evidence of incident and injury records.

Action Plan no 2.

Description

Add ergonomic pads to all work stations and consider adjustable seating.

Company Action Plan Update

The factory bought around 300 ergonomic paddings(around 1500USD) for workers to stand on. During the verification visit, the factory CSR representative Ms. Peng tested and the padding slipped. Also this padding cause some risks on tripping with materials surrounding the work station.

Instead, the factory is able to provide an area for these workers to rest and sit when they feel tired.

For adjustable seating, the factory is encouraged to take continuous improvement.

PREVIOUS FINDING NO.20

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. There are no reports available for the pre-assessment of occupational hazards (职业病危害预评价) and the assessment of effects of occupational hazards control (职业病危害控制措施效果评价), prior to the acceptance check of the construction project and formal production, which are legally required.

Local Law or Code Requirement

Law of the PRC on the Prevention and Control of Occupational Diseases (2012), Articles 17 and 18; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1 and HSE.4)

VERIFICATION RESULT

Finding Status

Remediated

Remediation Details

1. Finding Status (Remediated)

Explanation:

The factory does not have a pre-assessment of occupational hazards or an assessment of effects of occupational hazards control. However, because these two documents can only be obtained before a factory begins operations, there is no way to obtain these documents now. The only way to address this issue is to conduct an assessment report of current condition of occupational disease hazards, which the factory has done. Thus, assessors consider this finding to be remediated.

PREVIOUS FINDING NO.21

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Review Process (Macro)

Finding Explanation

1. The factory does not conduct periodic reviews of its policies and procedures. There is no version number or revision date on the factory's rules to demonstrate that regular document review is performed.

Local Law or Code Requirement

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

VERIFICATION RESULT

Finding Status

Partially Remediated

Remediation Details

1. Finding Status (Partially Remediated)

Explanation:

According to a document review and management interviews, the factory periodically reviews and updates its policies and procedures on the following Employment Functions: Recruitment, Hiring & Personnel Development; Compensation; Hours of Work; Termination; Industrial Relations; Grievance System; Environmental Protection; and Health & Safety. The factory still does not periodically review its policies and procedures on Retrenchment or Workplace Conduct & Discipline to ensure that they are updated according to local laws and the FLA Workplace Code. [ER.1]

Root Causes:

1. Management neglected to review and update the Workplace Conduct & Discipline policies and procedures.
2. The factory still does not have written policies and procedures on Retrenchment.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.1)

COMPANY ACTION PLANS

Action Plan no 1.

Description

Arrange system documents audition meeting, keep records for documents update

1. Document review once a year.

2. Draft and issue the company's redundancy policy to all workers.

Company Action Plan Update

There is a Policy for reviewing Policies and Procedures on an annual basis, with expectations for the need for special updates. Haers also provided evidence of a new retrenchment policy to add to their employee handbook.

PREVIOUS FINDING NO.22

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Communication & Worker Involvement (Macro)

Finding Explanation

1. The worker integration component is missing from all Employment Functions. This indicates that the factory has not established procedures to receive worker input/feedback on the creation, implementation, and revision of its policies and procedures. Furthermore, workers are neither systematically integrated, nor consulted in the decision-making processes.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.1.3)

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Finding Status (Not Remediated)

Explanation:

The worker integration component is still missing from all Employment Functions. This indicates that the factory has not established procedures to receive worker input/feedback on the creation, implementation, and revision of its policies and procedures. Furthermore, workers are neither systematically integrated, nor consulted in the decision-making processes. [ER.1, ER.25]

Root Causes:

1. The Human Resources (HR) and Corporate Social Responsibility (CSR) staff believe that it is easier and more efficient to perform management reviews without the involvement of workers.
2. Management does not fully understand the FLA Workplace Code and Benchmarks pertaining to this topic.
3. A lack of worker integration is very common in this industry across China.

Recommendations for Immediate Action

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

COMPANY ACTION PLANS

Action Plan no 1.

Description

Haers will begin inviting union members to join documents review.

1. Document review once a year.
2. Has drafted and issued the company's redundancy policy

Company Action Plan Update

The factory did not fully understand the concept of workers intergration during FLA audit. ELEVATE has sent an eLearning course (paid by Kathmandu) called Worker Participation to Haers to help them better understand the terms.

In fact, the workers are invited by the Dangqun Ban(Party-People Office) to join the decision making meeting related to workers' benefit.

For example, the previous meal allowance policy only required workers to pay 1RMB and factory pay the rest 5RMB for each meal. Recently since July, the meat price goes up by 130% increase so the factory has to consider to adjust the allowance. The office sent meetin notice to all workers and required at least 1 repräsentative to attend the meeting. If other worker is interested, they are also welcome and free to join if they want.

YETI Comments: This can be closed. Misscommunication - Haers was not aware of worker integration as a term. Elevate confirmed that the facility does include workers in the decision making process. Additionally, Elevate sent over training material for Haers to understand the requirements as well.

PREVIOUS FINDING NO.23

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Training (Macro)

Finding Explanation

1. The orientation and on-going training for regular workers does not cover Industrial Relations & Freedom of Association.
2. There is no supervisor training on the existing policies and procedures for Hiring and Personnel Development, Industrial Relations, and Workplace Conduct & Discipline.
3. The factory does not provide workers with written documentation that substantiates all of the issues covered in the orientation briefings.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.2, ER.15.2 and 15.3, ER.17.1)

VERIFICATION RESULT

Finding Status

Partially Remediated

Remediation Details

1. Finding Status (Partially Remediated)

Explanation:

According to a review of the annual training plans from 2018, training materials, training records, and worker interviews, the orientation training provided to new workers covers Industrial Relations, as does the ongoing training provided to the existing workforce. However, there is no orientation training for new workers, ongoing training for regular workers, or specific training for the relevant supervisors and managers regarding Termination & Retrenchment.

2. Finding Status (Remediated)

Explanation:

According to a review of the annual training plans from 2017 and 2018, training materials, training records, and management interviews, the factory provides specific training for the relevant supervisors on Recruitment, Hiring & Personnel Development, Industrial Relations, and Workplace Conduct & Discipline.

3. Finding Status (Remediated)

Explanation:

According to interviews with management and workers, the factory provides new workers with written documentation that substantiates all of the issues covered during orientation.

COMPANY ACTION PLANS

Action Plan no 1.

Description

Haers will develop and arrange training on Industrial Relations for workers.

1. Document review once a year.

2. Will place the Freedom of Association policy into the new employee's training PPT.

Company Action Plan Update

During FLA audit, the Haers team provided PPT already included the Freedom of Association. The auditors raised this issue because Freedom of Association is not mentioned in Training Attendance Report.

In addition, the orientation is comprehensive including basic introduction and CSR. The CSR Training slide is independent from the basic introduction. It includes comprehensive CSR and CTPAT training. The orientation lasts one day and factories will send quiz to the workers.

In addition, all workers will have an account to Haers Business Academy APP. In this APP, workers can refer to all policies and procedures. The APP also supports filing grievances, leave management and submit travel expense report.

New Findings and Action Plans

NEW FINDING NO.1

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Responsibility & Accountability (Macro)

Finding Explanation

1. The factory does not clearly define in writing the person in the factory that is responsible and accountable for the following Employment Functions: Recruitment, Hiring & Personnel Development; Compensation; Hours of Work; Termination and Retrenchment; Industrial Relations; Workplace Conduct; and Grievance System. [ER.1]
2. There is no management sign off (personal accountability) 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

Update all related procedure files, require responsible management sign the documents after audition. Stamp and released the procedure by System department

Company Action Plan Update

Haers provided evidence of leadership approval for all policies and procedures. Every new policy includes: Control Stamp of approval, Creator, Reviewed by, Approved by, and revision dates and entries.

Note: Evidence provided exceeds allowable attachment size. Posting one procedure as an example.

NEW FINDING NO.2

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

1. The factory does not have any policies and procedures that encourage ongoing training of all categories of workers with the goal of raising or broadening their skills in order to advance in their careers within the factory and beyond. [ER.1, ER.28]
2. 135 out of 237 workers hired through recruitment agencies in the factory work in metal processing positions, which is a permanent job. [ER.7, ER.8, ER.9]
3. All of the job application forms include questions regarding the applicant's age, gender, and marital status, which may lead to discrimination during the Recruitment process. [ER.3, ND.2]

Local Law or Code Requirement

Labor Contract Law of the People's Republic of China, Article 66; FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.3, ER.7, ER.8, ER.9, and ER.28; Non-Discrimination Benchmark ND.2)

Recommendations for Immediate Action

1. Remove all questions pertaining to applicants' age, gender, and marital status from the job application forms.

COMPANY ACTION PLANS

Action Plan no 1.

Description

Establish a new job application form which only require personal name、 job position.

Job registration form only required after personnel was hired.

Front-line employees are assessed, and output is mainly used as the basis for wage calculation.

Company Action Plan Update

Haers provided evidence showing new job applications do not include any discriminatory questions.

Orientation and annual reviews provide workers with opportunities to train and broaden skill-set.

NEW FINDING NO.3

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Hours of Work

Finding Explanation

1. There are discrepancies between the attendance and payroll records that the factory provided to assessors, the production records, and the information gleaned from worker interviews. It appears that the records provided for the past 12 months do not reflect the workers' actual working hours and wages. As a result, the assessment team was not able to accurately verify the status of workers' hours

of work and compensation. For example:

- a. The production records collected from the workshop indicate that one inspection worker worked on October 21, 2018 (Sunday), one packing worker worked on November 18, 2018 (Sunday) and one warehouse worker worked on November 25, 2018 (Sunday). However, the electronic time records and printed payroll records provided by the factory both indicate that none of these workers worked on any of these Sundays;
 - b. The assessors checked the time records with staff from the production office and found that 89 production workers worked 10.5-11.5 hours on December 3, 2018. However, according to interviews with management and the electronic time records provided by the factory, all workers worked 8-10 hours on December 3, 2018. The assessors randomly selected workers from the time records and asked to interview them regarding their working hours, however, management stated that these workers worked the night shift so none of them worked during the day on December 4, 2018. The assessors re-checked the time recording system and found that all of these workers did work during the day on December 4, 2018. Management finally agreed to allow assessors to interview these workers and all the workers confirmed that they worked 11.5 hours on December 3, 2018. [ER.1, ER.2, ER.23]
2. According to workers' leave records, workers ask for leave on rest days (Saturdays). For example, one sampled worker asked for personal leave on September 1, 2018, which was a Saturday. However, according to local law, regular working hours shall not exceed eight hours per day and 40 hours per week, and overtime on Saturdays must be voluntary. [HOW.1, HOW.8]
 3. Overtime occurs because there are not enough workers. [HOW.1.2, HOW.6]

Local Law or Code Requirement

Provisions of The State Council on Working Hours of Workers and Staff, Article 3; FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.2, and ER.23; Hours of Work Benchmarks HOW.1 HOW.6 and HOW.8)

Recommendations for Immediate Action

1. Implement a reliable and accurate time recording system. Maintain complete and accurate time records.
2. Do not require workers to request leave on rest days. Ensure that all overtime work is voluntary.

COMPANY ACTION PLANS

Action Plan no 1.

Description

Upgrade time records system to make sure the data to be accurate.

1. Auditing once a month.
2. Capacity diversion. If the number of employees remains unchanged, reduce the number of orders to ensure the rest time of employees.

Company Action Plan Update

Production Plan changes since Dec 2018:

1. Previous daily production is 900,000 piece. now 600,000 pieces.
2. Previous production plan was based on 28 days. Now it is based on 24 days to ensure 1 day off in every 7 day period.

4. From daily perspective, now the factory make production plan based on 8 hours with 2 hours for rework

5. Overtime control is hard around Chinese New Year normally from Feb to March.

6. 60% domestic move to new factory in Lin An of Hangzhou City(Zhejiang Province) since Sep 2019.

Rotating schedule is implemented this year. The factory hire 500 more workers. The factory is also working on the automation. Now the weekly working hours is within 60 hours. If any overtime, the maximum weekly hour is 70 hours per week.

Haers will update us regularly with production plan findings and review efforts for continuous improvement.

Haers has people to control production plan and focus on reducing hours. Production has been moved to other domestic location.

NEW FINDING NO.4

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Workplace Conduct & Discipline

Finding Explanation

1. The factory's Workplace Conduct & Discipline policies and procedures do not include a process for workers to appeal disciplinary actions taken against them or require the presence of a third-party witness during the imposition of disciplinary actions. [ER.1, ER.27]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1 and ER.27)

COMPANY ACTION PLANS

Action Plan no 1.

Description

Update current worker Appeal procedure, increase third-party witness during the imposition of disciplinary actions.

Company Action Plan Update

Haers provided evidence of discipline document with employee signature. 5 signatures required for each disciplinary action (Employee, Supervisor, Manager, Director, HR).

NEW FINDING NO.5

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Termination & Retrenchment

Finding Explanation

1. The factory does not communicate its Termination & Retrenchment policies and procedures to the general workforce. [ER.1, ER.16]

2. There are no policies and procedures on all aspects of Retrenchment. [ER.1, ER.19, ER.32]

3. There is no orientation training for new workers, ongoing training for regular workers, or specific training for the relevant supervisors and managers regarding Termination & Retrenchment. [ER.1.2, ER.15.1, ER.15.2]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1 ER.15,ER.16 ER.19 and ER.32)

COMPANY ACTION PLANS

Action Plan no 1.

Description

Establish Termination & Retrenchment policies and procedures,

Audit and issue Termination & Retrenchment policies and procedures, and

Post Termination & Retrenchment policies and procedures in all departments planning board

Add content to the new employee training PPT, but do not require employees to sign for it.

Company Action Plan Update

Haers provided evidence of their Redundancy Policy (termination and retrenchment) for review.

Policy HRS-03-W-05

NEW FINDING NO.6

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. According to the factory's Occupational Hazard Test Report, the noise level in the following areas exceed the legal limit of 85 dB: water-shaping post (86.3 dB); cutting post (88.2 to 101.9 dB); polishing post (90.3 and 95 dB); ultrasonic cleaning (82.9 and 86.9 dB); auto line post (86.1 and 86.6 dB); and assembly (97 dB). [HSE.1]

2. According to the factory's Occupational Hazard Test Report, the air quality in the following areas does not comply with legal requirements:

- a. The concentration of xylene in the lacquer room is 55.61 to 59.41 mg/m³, which exceeds the legal limit of 50 mg/m³; and
- b. The concentration of methyl acetate in the de-painting room is 254.95 to 423.22 mg/m³, which exceeds the legal limit of 200 mg/m³. [HSE.1]

3. Assessors observed a bucket of print oil placed on the floor without secondary containment. [HSE.9]

4. One packing worker was not wearing the gloves provided by the factory when using glue in the packing workshop. [HSE.8]

5. About 20% of the workstation in the polishing workshop are blocked by baskets, making it difficult for workers to evacuate in case of an emergency. [HSE.5]

6. There are no band-aids, burn cream, tweezers, or scissors in about 30% of the first aid kits in the factory. [HSE.6]

7. The factory' Health & Safety procedures do not include the following components:

- a. A list of confined spaces that require work permits;
 - b. The precautions that people must take prior to and upon entry and stay in each confined space. [ER.1, ER.31]
8. Lifting belts are not provided to workers who lift heavy objects. [HSE.17]

Local Law or Code Requirement

The Law of the People's Republic of China on Prevention and Control of Occupational Diseases, Article 26; The Regulation for Safety of Dangerous Chemical, Article 20; The Standards for the Design of Industrial Enterprises, Article 8.3; FLA Workplace Code (Employment Relationship Benchmarks ER.1 and ER.31; Health, Safety & Environment Benchmarks HSE.1, HSE.5, HSE.6, HSE.8, HSE.9, and HSE.17)

Recommendations for Immediate Action

1. Reduce the noise level in the factory so that it meets legal requirements.
2. Reduce the concentration of xylene and methyl acetate in the air so that it meets legal requirements.
3. Provide secondary containment for the print oil bucket.
4. Train the packing workers on the use of PPE. Monitor to ensure compliance.
5. Move the baskets in the polishing workshop so that they do not block the workstations.
6. Stock the first aid kits with band-aids, burn cream, tweezers, and scissors.

-

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Require worker to wear earplug to reduce noise damage, The safety and environment department of the company shall conduct a safety inspection once a week to include the PPE wearing condition into the inspection, and take it as the assessment project of the person in charge, so as to strengthen the management of on-site managers on employees.
2. Replace activated carbon for all exhaust gas exchange equipment on time, increase the exhaust gas processing

Company Action Plan Update

- 1) EHS Security Checking Report - Safety Manal requires weekly walkthroughs of each area to verify PPE is being used. Evidence was presented for action items based on these walkthroughs, as well as corrections.
- 2) Evidence of replacing exhaust equipment provided. Checklist with signature and date for every replacement.

Action Plan no 2.

Description

3. Make sure workers trained to place used chemical to secondary containment

Company Action Plan Update

- 3) Policy and training for using secondary containers provided. Evidence of training with signatures as well as verification during walk through

Action Plan no 3.

Description

4,5,8: Improve the production line management, and require worker to inspect production line, make sure the evacuation path clear, the safety and environment department of the company shall conduct a safety inspection once a week, and take it as the assessment project of the person in charge.

6: Examine all first aid kits at all area, stock band-aids, burn cream, tweezers, and scissors on time, refer to attachment 20.

Company Action Plan Update

4,5,8: EHS Security Checking Report - Safety Manual requires weekly walkthroughs of each area to verify PPE is being used. Evidence was presented for action items based on these walkthroughs, as well as corrections.

6: Evidence of checklist for each first aid cabinet including qty required, and signatures for what has been removed. Verified during facility walkthrough. Designated employee to replenish first aid kits regularly.

Action Plan no 4.

Description

7. Develop a confined space assessment and list spaces that require permits. Provide confined space safety precautions.