



FAIR LABOR  
ASSOCIATION®

## INDEPENDENT EXTERNAL ASSESSMENT REPORT



COMPANIES: Burton Snowboards

COUNTRY: China

ASSESSMENT DATE: 12/12/18

ASSESSOR: Openview

PRODUCTS: Equipment

NUMBER OF WORKERS:

## Summary of Code Violations

Companies that join the FLA agree to uphold the FLA Workplace Code of Conduct throughout their entire supply chain. The Code of Conduct is based on International Labour Organization (ILO) standards, and defines labor standards that aim to achieve decent and humane working conditions.

While it is important to note when violations of the FLA Workplace Code of Conduct occur, the purpose of these assessments is not simply to test compliance against a particular benchmark, but rather to develop an understanding of where and how improvements can be made to achieve sustainable compliance. Code of Conduct violations can be found throughout the course of an assessment of the employment and management functions, and are addressed in companies' action plans.

## Findings and Action Plans

### FINDING NO.1

#### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Recruitment, Hiring & Personnel Development

##### Finding Explanation

1. The factory only has job descriptions for the positions of team leader and above. There are no job descriptions established for the production positions, such as assembly, punching, die-casting, and plastic injection positions. [ER.1]

2. The factory only has performance review criteria for management and office staff. There are no procedures or criteria outlining the process for performance reviews for production workers. Therefore, the factory does not conduct performance reviews for production workers. In addition, the factory does not have a system to review the performance of new workers during their probation period. [ER.1, ER.29]

3. Although there are policies and procedures on Personnel Development, the factory does not have detailed career development plans for production workers. Production workers do not receive skill development training either. [ER.1, ER.28]

4. The factory has not hired any disabled workers, which violates the legal requirements that state at least 1.5% of the total workforce should be composed of disabled workers. Although the factory contributes to the Employment Security Fund in lieu of employing disabled workers as allowed under the local law, this practice carries the risk of discrimination based on FLA Workplace Code and Benchmarks. [ER.3, ND.2]

##### Local Law or Code Requirement

Regulation on the Employment of the Disabled, Articles 8 and 9; FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.3, ER.28, and ER.29; Non-Discrimination Benchmark ND.2)

#### COMPANY ACTION PLANS

##### Action Plan no 1.

##### Description

1. The factory should establish the job descriptions for the production positions, and it should be free from any type of discriminatory bias. 2.The factory should establish the procedures or criteria outlining the process for performance reviews for the existing and new production workers. The factory should communicate this procedure to all workers and implement the system accordingly. The factory should conduct a performance review of new workers during their probation period. 3.The factory should detail the procedure about career development plans for production workers. At the same time, the factory should provide skills development training to production workers regularly. 4.The factory should try to hire disabled workers to work at the factory and

ensure that disability is not a factor in decisions regarding job application and employment offers.

#### Company Action Plan Update

Nov. 28 2019:

1. The factory has established the job descriptions for the production positions, and they are free from any type of discriminatory bias on this job description.

(Completed, please refer to improvement evidence of 1.1)

2. The factory established the procedures and criteria outlining the process for performance reviews for the existing and new production workers. The factory has started to conduct a performance review of new workers at the end of new hire's probation period and keep relevant documents in personal file, while conducting the monthly performance review for existing employees on monthly basis.

(Completed. Please refer to improvement evidence of 2.1- 2.2)

3. The factory has set up career development procedure at the factory, and will provide skill development training to production employees regularly. (In process)

4. The factory has hired one disability person working at injection department since May 2019. The factory will continue to recruit more disability person. ( In process)

Jan 22 2020 Update:

3. The skills training plan for year 2020 has been updated and the training in January has been completed. (Completed)

Please refer to improvement evidence of 1.3.

4. The factory plans to hire two more disabled people after the Spring Festival holiday. ( in process)

Jun 15 2020 Update:

4. As specified in the recruitment advertisement, disabled persons are preferred. The factory will hire disabled person if available. (In process)

Nov. 16 2020 Update:

4. Persons with disabilities are preferred as indicated on the recruitment requirements. (In process)

Please refer to improvement evidence of 4. in folder 1

## FINDING NO.2

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Compensation

##### Finding Explanation

1. The factory usually pays workers on the 20th day of the month. This violates local law, which states that workers should be paid on the 7th day of each month. [ER.18, C.1, C.4]

2. The factory does not provide employees with sufficient social insurance. The social insurance payment receipt from October 2018 indicates that all 340 eligible employees are covered by work-related injury insurance, 338 employees (99.4%) are covered by medical, maternity, and unemployment insurance, and 171 employees (50.3%) are provided with pension insurance. [ER.22, C.1, C.10]

3. The factory does not base its contributions to work-related injury, maternity, pension, and unemployment insurance on each employee's average monthly wage from the previous year. Instead, the contributions were based on the local minimum contribution base of CNY 2,130 (USD 308.3) before August 2018, and 2,200 (USD 318.4) afterward. At least 90% of employees' average wages from the previous year were between CNY 3,000 (USD 434.2) and CNY 5,500 (USD 796.1). [ER.22, C.1, C.10]

4. The factory only provided 22 out of 340 eligible employees with Housing Provident Fund benefits in October 2018. In addition, the factory bases its contributions to the Housing Provident Fund on the legal minimum wage of CNY 2,130 (USD 308.3) instead of each employee's average monthly wage from the previous year. [ER.22, C.1, C.10]

##### Local Law or Code Requirement

Regulations of the Shenzhen Municipality on the Wage Payment to Employees, Articles 11 and 12; 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; Regulations on Management of Housing Provident Fund, Articles 3 and 15; FLA Workplace Code (Employment Relationship Benchmarks ER.18 and ER.22; Compensation Benchmarks C.1, C.4, and C.10)

##### Recommendations for Immediate Action

1. Pay workers in a timely manner.
2. Provide all eligible employees with all five types of social insurance.

3. Base social insurance contributions on each employee's average monthly wage from the previous year.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. The factory should revise its monthly wage distribution date to be no latter than the 7th of each month. The factory should communicate this revision to the workers and implement it at early date. 2.The factory should ensure all employees are covered with social insurance program for basic medical insurance, maternity insurance, pension insurance, work-related insurance and unemployment insurance. 3. The factory should ensure all employees are covered with social insurance program and base its contributions to work-related injury, maternity, pension, and unemployment insurance on each employee's average monthly wage from the previous year. 4.The factory should provided all employees with Housing Provident Fund benefits and base its contributions on each employee's average monthly wage from the previous year.

#### Company Action Plan Update

Nov. 28 2019:

1.The factory has started to bring forward the wage distribution date aiming at the 7th of each month, the wage distribution date was Aug. 9 2019/Sept. 10 2019/Oct. 12 2019/Nov. 8 2019 for wage of July,Aug, Sept. Oct. 2019. The factory will continue to make improvement so as to meet the legal requirement. ( In process.Please refer to improvement evidence 1)

2.The factory has purchased 183 out 230 employees for basic medical insurance, maternity insurance, pension insurance, work-related insurance and unemployment insurance. The factory keeps educating employees to be covered with basic medical insurance, maternity insurance, pension insurance, work-related insurance and unemployment insurance. ( In process.Please refer to improvement evidence 2)

3. So far, the factory purchases the basic medical insurance, maternity insurance, pension insurance, work-related insurance and unemployment insurance on the basis of RMB2200 instead of on each employee's average monthly wage from the previous year. The factory needs to strength full social insurance coverage based on actual wage.( In process)

4. So far, the factory has purchased 18 out of 230 employees with Housing Provident Fund benefits based on RMB2200, instead of each employee's average monthly wage from the previous year. The factory needs to strength providing employees with Housing Provident Fund benefits based on actual wage. ( In process)

Jan 22 2020 Update:

1. The salary payment has been aimed at the 7th of each month, but it will take time for the bank and the working hours checking with the workers. The salary payment for August to December 2019 was on August 9th, September 10th, October 12th, November

8th and December 10th 2019. The factory is making continuous improvement so as to meet the legal requirement. ( In process)

2. There are 249 employees in factory who had bought endowment insurance. All 368 employees had bought maternity insurance and work-related injury insurance unemployment insurance, medical insurance. ( In process)

3. The factory purchases the basic medical insurance, maternity insurance, pension insurance, work-related insurance and unemployment insurance on the basis of RMB2200 instead of on each employee's average monthly wage from the previous year. The factory will gradually make improvement to strength full social insurance coverage based on actual wage for employees.( In process).

4. There are 24 employees covered with Housing Provident Fund benefits. The factory plans to increase to 50 employees covered with Housing Provident Fund benefits in June 2020. ( In process)

Jun 15 2020 Update:

1. Due to the epidemic situation and the holiday, the salary payment time of Feb. and March 2020 is March 19th and April 13th 2020 respectively. The factory is making continuous improvement so as to meet the legal requirement. ( In process)

Please refer to improvement evidence of 1. in folder 2

2. 242 employees have purchased pension insurance. In addition, 60 employees have purchased endowment insurance in their hometown and provided purchase vouchers. All 356 employees have purchased maternity insurance and workers' compensation insurance, unemployment insurance, and health insurance. (In process)

Please refer to improvement evidence of 2.1&2.2. in folder 2

3. The factory purchases the basic medical insurance, maternity insurance, pension insurance, and unemployment insurance on the basis of RMB2200 instead of on each employee's average monthly wage from the previous year. The factory will gradually make improvement for social insurance basis contribution based on actual wage for employees.( In process).

4. 28 employees have been covered with housing fund now. The factory plans to increase up to 50 employees with housing fund contribution in June 2020. ( In process)

1. The wage distribution dates were June 9, July 9, August 7 and September 8 for wage of June, July, August and September 2020 respectively. The factory is making continuous improving. ( In process) Please refer to improvement evidence of 1. in folder 2

2.212 employees have purchased pension insurance. In addition, 65 employees have purchased endowment insurance in their hometown and provided purchase vouchers. All 312 employees have purchased maternity insurance and workers' compensation insurance, unemployment insurance, and health insurance. (In process)

Please refer to improvement evidence of 2.1&2.2. in folder 2

3.The factory buys basic medical insurance, maternity insurance, pension insurance and unemployment insurance on a Rmb2,200 basis rather than on the average monthly salary per employee for the previous year. The factory will gradually improve the basic social insurance contributions according to the actual wages of employees.( In process).

4. Due to the impact of the epidemic, the housing provident fund has been applied for payment delay as per local government notice. The housing provident fund coverage will be increased to 60 people by December 31 2020( In process).

### FINDING NO.3

#### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Hours of Work

##### Finding Explanation

1. The factory does not have a policy to provide one hour of rest per day to workers who are seven or more months pregnant. [ER.14, ND.8, HOW.4]

2. Workers in the mold-making workshop do not swipe their time cards when they they work overtime on Saturdays or Sundays. For example, the factory's leave application records indicate that some workers worked overtime on July 14 and 15, 2018 and September 15 and 16, 2018, but the workers' attendance records do not reflect overtime work on those days. [ER.2, ER.23]

3. Workers in the mold-making workshop do not receive 24 consecutive hours of rest in every seven-day period. For example, several workers worked 12 consecutive days from July 9-20, 2018. [HOW.2]

4. The time records from November 2017 to November 2018 indicate that about 90% of workers' monthly overtime hours exceeded 36 hours during every month in the review period except February 2018, with a maximum of 69 hours of overtime in August 2018. [HOW.1, HOW.8]

5. The factory's production plan always includes overtime work. The factory usually makes production plans based on 11 hours per day and five days per week. This results in 15 hours of overtime per week. The factory has not established a reasonable plan to reduce overtime. [HOW.1, HOW.8]

6. The factory arranges for workers to take their annual leave during the Spring Festival without first consulting with workers. [HOW.12]

#### Local Law or Code Requirement

Special Rules on the Labor Protection of Female Employees of Guangdong Province, Article 10; Labor Law of the People's Republic of China, Articles 38 and 41; FLA Workplace Code (Employment Relationship Benchmarks ER.2, ER.14, and ER.23; Non-Discrimination Benchmark ND.8; Hours of Work Benchmarks HOW.1, HOW.2, HOW.4, HOW.8, and HOW.12)

#### Recommendations for Immediate Action

1. Provide one hour of rest per day to workers who are seven or more months pregnant.
2. Keep complete and accurate attendance records for all workers. Ensure that workers in the mold-making workshop swipe their time cards when they they work overtime on Saturdays and Sundays.
3. Ensure that all workers receive 24 consecutive hours of rest in every seven-day period.
4. Do not allow workers' overtime hours to exceed 36 hours per month.
5. Do not include overtime in production planning or request overtime on a regular basis. Regularly analyze the hours of work in the factory in order to progressively reduce the excessive hours of work.
6. Do not decide when workers will take their annual leave without their input.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1.The factory should establish the policy to provide one hour of rest per day to workers who are seven or more months pregnant and implement it when it applies. 2. The factory should check the attendance records for employees' actual working hours vs attendance records and any related document to make sure it is updated and accurate. The factory should train each employee to record his/her attendance records based on his/her actual working hours. 3. The factory should maintain the working hours meeting the legal requirement. It would be better to have two days as weekly rest period, or at minimum provide one day off (24 consecutive hours) in seven. 4. The factory should maintain and control its overall working hours to meet the legal requirement, controlling total monthly overtime hours per worker to no more than 36 hours per month. 5. The factory should establish its production plan based on normal working hours of 8 hours per day and 40 hours per week. In the case that overtime is necessary, the factory should aim at workers to work no more than 12 hours of allowable overtime a week - for a total of 60 working hours in a seven day period with one day off - and overtime should be voluntary for the employees. 6. The factory should establish a policy to not impose any restrictions on workers' use of annual leave, and the time of annual leave taken should be determined by employers in consultation with workers. The factory should communicate this established policy to all employees and actually implement it at the factory.

Nov. 16 2020 Update:

#### Company Action Plan Update

Nov. 28 2019:

1. The factory has established the policy to provide one hour off a day during the seventh month of pregnancy. And the factory will implement it when there is pregnant employee.

( In process.Please refer to improvement evidence of 1.1)



2.The factory has purchased face recognition system for working hours record and it is under testing, the factory will implement this face recognition system in the factory so as all production employees will use this new system to record the working hours since Feb. 2020. The factory will further strength the working hours recording. ( In process)

3. The factory had controlled the working hours during low season with one day off in seven. The factory will further control the working hours aiming at one day off in seven in peak season. ( In process)

4.The total monthly overtime hours are 66 hours per month as per the attendance records of Mar. - Oct. 2019.The factory will further control its total overtime hours. ( In process)

5. The factory still arranged the production plan as per 11 hours per day with 5 days working per week, the factory will try to make improvement for well production plan in advance. ( In process).

6. The factory has established the policy allowing workers to take their annual leave at the time they want, the factory will further educate the employees about this policy and properly implement it.

( In process.Please refer to improvement evidence 6.1)

Jan 22 2020 Upate:

1. Rest for an hour a day after seven months pregnant has executed. (Completed)

Please refer to improvement evidence of 3.1

2.The factory adopt the new attendance system, and all the attendance records will be recorded according to the facts. All production employees will use this new system to record the working hours since Feb. 2020(In process)

3.Starting from January 2020, department of special injection molding department have one day off in 7 days. The factory will further control the working hours aiming at one day off in seven in peak season. ( In process)

4.The total monthly overtime hours are 66 hours per month. The factory will further control its total overtime hours. ( In process)

5. The factory arranges the production plan as per 11 hours per day with 5 days working per week, the factory will try to make improvement for well production plan in advance. ( In process).

6.The employees can take their annual leave at the time they want according to the factory' policy. And some employees start to apply for annual leave at the time they want. (Completed)

Please refer to improvement evidence of 3.6.

Jun 15 2020 Update:

2. The new attendance system has been adopted in March 2020 to ensure that all attendance records are recorded according to the facts. (completed)

Please refer to improvement evidence of 3. in folder 3

3. Starting from January 2020, the employees in injection molding department have one day off in seven days. The factory will further control working hours, with the goal of a seven-day break during peak season. ( In process)

4. Total overtime hours per month has been controlled to 66 hours per month. (in process)

5.The production of all orders has been arranged according to 11 hours a day and 5 days a week.(completed)

Please refer to improvement evidence of 3 & 5. in folder 3

Nov. 16 2020 Update:

3. It is still the off-season, so the staff of injection molding department can guarantee a day rest within 7 days.( In process)

Please refer to improvement evidence of 3. in folder 3

4. Monthly overtime hours has been limited to no more than 66 hours per month.( In process)

Please refer to improvement evidence of 5. in folder 3

## FINDING NO.4

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Termination & Retrenchment

##### Finding Explanation

1. The factory does not have any policies or procedures on Retrenchment. [ER.1, ER.19, ER.32]

##### Local Law or Code Requirement

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

### COMPANY ACTION PLANS

#### Action Plan no 1.

##### Description

1. The factory should have in place a formal written policy governing all aspects and modes of termination and retrenchment, and should inform workers in advance about the criteria that would be used to select who would be laid off.

##### Company Action Plan Update

Nov. 28 2019:

1. The factory had established the policy about retrenchment, the factory will communicate to all employees.

( In process.Please refer to improvement evidence 1.1)

Jan 22 2020 Update:

Regarding the retrenchment policy, it has been trained in the new employee orientation and will also be conducted during quarterly full staff training. (completed)

Please refer to improvement evidence of 1.1&1.2

## SUSTAINABLE IMPROVEMENT REQUIRED

## FINDING TYPE: Industrial Relations

Finding Explanation

1. The factory does not provide workers with a copy of the Collective Bargaining Agreement (CBA). [ER.16]
2. The union representatives are chosen by the head of each department instead of being elected by workers directly. All Union Committee members are managers, supervisors, or office staff. No production workers are on the Union Committee. [ER.26, FOA.10, FOA.11]
3. The CBA indicates that workers will be paid on the 20th of each month, which is in conflict with the Regulations on Wage Payment of Shenzhen City. [FOA.20.2]
4. FLA Comments: The Chinese constitution guarantees Freedom of Association; however, the Trade Union Act prevents the establishment of trade unions independent of the sole official trade union – the All-China Federation of Trade Unions (ACFTU). According to the International Labor Organization (ILO), many provisions of the Trade Union Act are contrary to the fundamental principles of freedom of association, including the non-recognition of the right to strike. As a consequence, all factories in China fall short of the ILO standards on the right to organize and bargain collectively. Recently, however, the government has introduced new regulations that could improve the functioning of the labor relations' mechanisms. The Amended Trade Union Act of October 2001 stipulates that union committees have to be democratically elected at members' assemblies and trade unions must be accountable to their members. The trade union has the responsibility to consult with management on key issues of importance to their members and to sign collective agreements. It also grants the trade union an enhanced role in dispute resolution. In December 2003, the Collective Contracts Decree introduced the obligation for representative trade unions and employers to negotiate collective agreements, in contrast to the previous system of non-negotiated administrative agreements. [FOA.2]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.16 and ER.26; Freedom of Association Benchmarks FOA.2, FOA.10, FOA.11, and FOA.20)

## COMPANY ACTION PLANS

## Action Plan no 1.

Description

1. The factory should provide workers with a copy of the Collective Bargaining Agreement (CBA). 2. The factory should establish the union member selection procedure, ensure all workers shall have the right to establish and to join organizations of their own choosing, and ensure some union representatives are chosen from production workers as members of the Union Committee. 3. The factory should revise its monthly wage distribution date to be no later than the 7th of each month. The factory should communicate this revision to the workers and implement it immediately.

Company Action Plan Update

Nov.28 2019:

1. The factory has not provided the Collective Bargaining Agreement to each employee. The factory plans to distribute it to each employee in Dec. 2019. ( In process)

2.The factory has established the new policy about the union member selection procedure, ensure all workers shall have the right to establish and to join organizations of their own choosing, and ensure some union representatives are chosen from production workers as members of the Union Committee. The new union member selection will be conducted in Sept. 2020, which factory will

follow the new procedure for union member selection. ( In process).

3. The Collective Bargaining Agreement indicates that workers will be paid on the 20th of each month, and the factory has started to bring forward the wage distribution date, aiming at meeting the legal requirement at early date ( In process).

Jan 22 2020 Update:

1. Collective bargaining agreements have been distributed. (completed)

Please refer to improvement evidence of 1.2.

2.The factory's labor union will hold a general election in September 2020, and 5 front-line employees will be added to the labor union committee, accounting for 50%.( In process)

3.The salary distribution has been aimed at the 7th of each month. The salary payment for August to December 2019 was on August 9th, September 10th, October 12th, November 8th and December 10th 2019. The factory is making continuous improvement so as to meet the legal requirement. ( In process)

Jun 15 2020 Update:

2.The factory's labor union will hold a general election in September 2020, and 5 front-line employees will be added to the labor union committee, accounting for 50%. ( In process)

3.Due to the epidemic situation and the holiday, the salary payment time of Feb. and March 2020 is March 19th and April 13th 2020 respectively. The factory is making continuous improvement so as to meet the legal requirement. ( In process)

Nov. 16 2020 Update:

2. The labor union of the factory has held a general election, and the labor union committee has added more 8 front-line employees, accounting for 50%. (completed)

Please refer to improvement evidence of 2. in folder 5

3. The wage distribution dates were June 9, July 9, August 7 and September 8 for wage of June, July, August and September 2020 respectively. The factory is making continuous improving. ( In process)

## FINDING NO.6

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Workplace Conduct & Discipline

##### Finding Explanation

1. Disciplinary actions are not witnessed by a third party during imposition . [ER.27]

2. The factory has not maintained records of disciplinary actions for the past two years. Management stated that they have only issued oral warnings to workers as there have not been any serious violations of factory rules. [ER.1, ER.2, ER.27]

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.2, and ER.27)

### COMPANY ACTION PLANS

#### Action Plan no 1.

##### Description

1.The factory should establish the disciplinary action procedure to ensure any disciplinary actions are witnessed by a third party during imposition and document the whole process. 2.The factory should establish the disciplinary action procedure to maintain records of disciplinary actions, regardless of whether the disciplinary action was communicated in writing or via oral warning, and keep records accordingly.

##### Company Action Plan Update

1. The factory has established the disciplinary action procedure to ensure any disciplinary actions are witnessed by a third party during imposition and document the whole process and it has been implemented at the factory.

(Completed.Please refer to improvement evidence 6.2)

2. The factory has maintained records of disciplinary actions and ensure there is witness during this imposition.

( Completed. Please refer to improvement evidence of 6.2 )

## FINDING NO.7

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Grievance System

##### Finding Explanation

1. The factory doesn't maintain any documentation in relation to the grievance processes besides records of the opening of the suggestion boxes. There are no records of the verbal grievances communicated to management. Accordingly, there is no evidence that management reviews complaints and grievances and takes appropriate action. [ER.1, ER.2, ER.25]

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.2, and ER.25)

### COMPANY ACTION PLANS

#### Action Plan no 1.

##### Description

1. The factory should establish a clear and transparent system of worker and management communication that enables workers to consult with and provide input to management, establishing written procedures that allow a direct settlement of the grievance by the worker and the relevant management, such as via suggestion boxes, workers' committees, designated spaces for worker meetings, and meetings between management and workers' representatives. All relevant documents should be maintained including records of verbal communications. Factory management should review reported complaints and grievances regularly and take appropriate actions as follow-up, also to be recorded.

##### Company Action Plan Update

1. The factory has ensured contact information and suggestion box to be placed in a prominent position in the factory. The factory has received 2 grievance letters and handled it as per procedure.

(Completed. please refer to improvement evidence 1 & 3)

## FINDING NO.8

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Environmental Protection

##### Finding Explanation

1. There is no secondary containment for the waste chemical containers stored in the hazardous waste storage area, such as machine oil and ink. [HSE.1, HSE.9]

##### Local Law or Code Requirement

The Standard for Pollution Control on Hazardous Waste Storage, Article 6.2.4; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1 and HSE.9)

##### Recommendations for Immediate Action

1. Provide secondary containment for the chemicals in the hazardous waste storage area.

### COMPANY ACTION PLANS

#### Action Plan no 1.

##### Description

1. The factory should regularly check to ensure all chemical containers are properly stored, such as providing secondary containment for chemical containers at chemical use, storage, hazardous chemicals, and waste areas.

#### Company Action Plan Update

Nov. 28 2019:

1. The factory will strengthen the chemical management system, keep monitoring the 2nd containers providing for all chemical containers. ( In process)

Jan 22 2020 Update:

1. The factory has regularly held special trainings on chemical management, regular monitoring 2nd containers providing for all chemical containers. (Completed)

Please refer to improvement evidence of 1.1&1.2.

## FINDING NO.9

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Health & Safety

##### Finding Explanation

1. The factory's Health & Safety procedures do not include a list of equipment and machines that require lockout-tagout (LOTO), or a fire risk assessment. [ER.31, HSE.1]

2. The factory does not implement a LOTO program by locking out equipment when needed. All five punching machines were shut down during the assessment, however, none of them was locked or tagged [HSE.13, HSE.14]

3. There is no centralized control panel for the fire alarm system. [HSE.5]

4. The factory does not track workers' illnesses. [HSE.3]

5. The factory has not performed an Assessment of the Current Condition of Occupational Disease Hazards since it added production buildings and expanded its production processes in 2006. [HSE.1]

6. The factory does not take proactive steps to reduce repetitive-motion stress and injuries. For example, seated workers do not have chairs with backrests, standing workers do not have anti-fatigue mats, and workers who lift heavy objects do not have lifting belts. [HSE.7, HSE.17]

7. There are no visual management devices (such as indicators, convex mirrors in dead ends, reflectors, etc.) to ensure safe driving practices on factory premises. [HSE.1]

##### Local Law or Code Requirement

Provisions on the Supervision and Administration of Occupational Health at Work Sites, Article 20; FLA Workplace Code (Employment Relationship Benchmarks ER.1 and ER.31; Health, Safety & Environment Benchmarks HSE.1, HSE.3, HSE.5, HSE.7, HSE.13, HSE.14, and



## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. The factory should establish a a list of equipment and machines that require lock out/tag out (LOTO) and provide training to relevant employees for proper implementation. 2. The factory should establish and implement a lock out/tag out program to ensure dangerous machines are properly shut off and not able to be started up again prior to the completion of maintenance or servicing work, such as ensuring punching machines are locked and tagged when they are shut down. 3. The factory should install a centralized control panel for the fire alarm system. 4. The factory should maintain all illness, safety, and accident reports on site for at least one year should any employee become injured or ill on the job. Completed record-keeping for work-related injuries and accidents should be kept and reviewed by the factory regularly to reduce and prevent recurrence. 5. The factory should have a qualified company perform an Assessment of the Current Condition of Occupational Disease Hazards to the added production buildings and expanded production processes which started in 2006. 6. The factory should establish ergonomic procedures. Workstations including seating, standing arrangements, and reach required to obtain tools and perform work tasks shall be designed and set up to minimize or eliminate bodily strains and repetitive work injuries. Training should be provided to relevant workers on proper lifting techniques and PPE should be provided such as safety and lifting belts. The factory needs to provide seated workers with chairs that have backrests, standing workers with anti-fatigue mats, and workers who lift heavy objects with lifting belts. 7. The factory should provide a safe and healthy workplace setting to prevent accidents and injury, providing any visual management devices, such as indicators, convex mirrors in dead ends, reflectors, etc., to ensure safe driving practices on factory premises.

#### Company Action Plan Update

Nov.28 2019:

1. The factory has established a a list of equipment and machines that require lock out/tag out (LOTO). (Completed, please refer to improvement evidence 1 -2)

2.The responsible person has been designated to take charge of the machine and equipment in his own area. When it is closed, the machine and equipment has been locked with a tag.

( Completed, please refer to the improvement evidence 3)

3. The factory fire control system has been applied to the district fire brigade, the factory plan to to equip the centralized control panel for the fire alarm system at the beginning of 2020.

( In process).

4. The factory has started to maintain all illness, safety, and accident reports at the factory.

( Completed, please refer to improvement evidence of 4)

5. The assessment of occupational disease status has been in the stage of selecting suppliers and quoting prices

( In process).

6.The factory has started to evaluate the working processs, the factory is under pilot project to provide chair with backrest to employees. The factory will make continuous improvement for providing seated workers with chairs that have backrests, standing workers with anti-fatigue mats, and workers who lift heavy objects with lifting belts.

( In process).

7. The public places of the factory are equipped with convex and concave mirrors, speed bumps and blind area monitors.

( Completed, please refer to improvement evidenece of 7.1)

Jan 22 2020 Update:

3. The fire alarm system will be integrated into the security room in March 2020. ( In process)

5. The assessment of occupational disease status will be conducted in Oct. 2020.( In process).

6.At present, the factory has provided more 30 chairs with backrest to seated employees. The factory plans to provide more 50 chairs with backrest to seated employees,3 anti-fatigue mats and 2 lifting belts before June 2020.( In process)

Jun 15 2020 Update:

3. Due to the epidemic situation, the third-party construction has been delayed, and the fire alarm system will be integrated into the security room in June 2020. ( In process)

5. The assessment of occupational disease status will be conducted in Oct. 2020.( In process).

6. The factory plans to provide more 50 chairs with backrest to seated employees,3 anti-fatigue mats and 2 lifting belts before June 2020.( In process)

Nov. 16 2020 Update

3. The fire alarm system has been replanned as required by the Government Fire Brigade and is expected to be completed by the end of December 2020.( In process)

5.The occupational disease status assessment plan will be completed by the end of February 2021.( In process)

6.The number of backrest chairs has been increased to 50.( In process)

Please refer to improvement evidence of 6. in folder 9

## FINDING NO.10

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Training (Macro)

##### Finding Explanation

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

2. The factory does not provide specific training to the relevant supervisors on Personnel Development, Termination & Retrenchment or Grievance System. [ER.1, ER.17]

3. The factory does not provide ongoing training to workers on Personnel Development, Termination & Retrenchment or Grievance System. [ER.1, ER.15, ER.25]

4. The records provided to assessors indicate that the factory provides orientation training to new workers, ongoing training to the general workforce, and specific training to supervisors regarding the following Employment Functions: Recruitment & Hiring; Compensation; Hours of Work; Industrial Relations; Workplace Conduct & Discipline; Environmental Protection; and Health & Safety. However, no training needs assessments, training materials, or training effectiveness assessments and feedback could be provided for review. In addition, some of the training is not included in the annual training plan. This indicates that the training system is not well implemented. [ER.1, ER.15, ER.17, ER.27]

#### Local Law or Code Requirement

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

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. The factory should provide an orientation to new employees at the time of hiring which includes explanations of the employer's rules, compensation package and policies for human resources, industrial relations including respect of the right to freedom of association, health and safety, and employment functions such as personnel development, termination and retrenchment, grievance mechanisms, and environmental protection. 2. The factory should provide specific training to the relevant supervisors on personnel development, termination and tetrenchment, and grievance mechanisms. Records of these trainings should be maintained at the factory. 3. The factory should establish a training plan for all employees and provide ongoing training to workers on personnel development, termination and retrenchment, and grievance mechanisms. Records of these trainings should be maintained at the factory. 4. The factory should establish and implement a training system via a training needs assessment, keeping training materials, conducting training effectiveness assessments after training delivery, and collecting feedback from employees. An annual training plan needs to be established and cover all aspects of employment functions: recruitment and hiring; compensation; hours of work; industrial relations; workplace conduct and discipline; environmental protection; and health and safety.

#### Company Action Plan Update

Nov. 28 2019:

1. The factory has provided an orientation to new employees at the time of hiring for factory regulation, health and safety, and employment functions, the factory will provide regular training to employees for better awareness. ( In process)

2. The factory will strengthen to provide specific training to the relevant supervisors on personnel development, termination and retrenchment, and grievance mechanisms.( In process)

3. The factory has established the personnel development procedure, the factory will strengthen to provide ongoing training to workers on personnel development, termination and retrenchment, and grievance mechanisms.(In process)

4. The factory will strengthen to implement a training system via a training needs assessment, keeping training materials, conducting training effectiveness assessments after training delivery, and collecting feedback from employees.( In process)

Jan 22 2020 Update:

1. In the orientation training for new employees, the training content of factory regulations, health and safety, and employment functions has been provided.(Completed)

Please refer to improvement evidence of 1.1&1.2&1.3.

2.The factory will carry out ongoing training to management-level on personnel development, termination and retrenchment, and grievance mechanisms on a quarterly basis.(In process)

3.The factory will carry out ongoing training to workers on personnel development, termination and retrenchment, and grievance mechanisms on a quarterly basis.(In process)

4.The training demand and training effectiveness assessments after training delivery for the first quarter of 2020 will be conducted by the end of march 2020. ( In process)

Jun 15 2020 Update:

2. Training of management on personnel development, dismissal and redundancy and grievance mechanisms has been completed in 1st quarter 2020. (completed)

Please refer to improvement evidence of 2. in folder 10

3. Ongoing training of workers on personnel development, dismissal and redundancy and grievance mechanisms has been completed in 1st quarter 2020. (Completed)

Please refer to improvement evidence of 3. in folder 10

4. Training needs and training effect evaluation have been completed after the 1st quarter training delivery in 2020. (completed)

Please refer to improvement evidence of 4. in folder 10

## FINDING NO.11

### SUSTAINABLE IMPROVEMENT REQUIRED

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

##### Finding Explanation

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

2. The factory does not communicate with workers regarding the Grievance System policies or procedures. About 50% of the workers interviewed by assessors are unaware of the Grievance System. [ER.1, ER.25]

3. The factory only communicates its Environmental Protection policies and procedures to the existing workforce. New workers do not receive any communication regarding Environmental Protection. [ER.1, ER.16]

4. There is no communication regarding Retrenchment, and only occasional communication regarding Recruitment, Hiring & Personnel Development, Industrial Relations, and Workplace Conduct & Discipline. [ER.25.1, ER.27.3, ER.29.1, ER.32.3]

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.16, ER.25, ER.27, ER.29, and ER.32)

### COMPANY ACTION PLANS

#### Action Plan no 1.

##### Description

1. The factory should establish procedures to request and/or receive workers' input/feedback regarding the creation, implementation, and revising of its policies and procedures, such as by establishing one or more communication channels with employees: ° Union representative ° Employee committee ° Suggestion box ° Verbal exchange ° Phone hotline 2. The factory should communicate with workers regarding the grievance mechanism policies and procedures, posting the grievance policy in a visible and accessible location and providing regular training to all employees. 3. The factory should not only provide ongoing training with regard to its environmental protection policies to existing employees regularly but also to new workers at the time of hiring. 4. The factory should establish a training plan and provide training regularly to all employees with regard to retrenchment. All training documentation needs to be maintained at the factory.

##### Company Action Plan Update

Nov. 28 2019:

1. The factory will strengthen the management system to involve workers for input about any new policy and procedure.

( In process).

2.The factory has posted the grievance procedure near the suggestion box and communicated to employees.

( completed, please refer to the improvement evidence of 1-3)

3.The factory has established the Environmental Protection policies and procedures, the factory will provide the regular training to all employees.

( In process)

4.The factory will further strengthen the communication regarding Retrenchment, and only occasional communication regarding Recruitment, Hiring & Personnel Development, Industrial Relations, and Workplace Conduct & Discipline, and provide regular training to all employees so that all of the employees understand them.

( In process).

Jan 22 2020 Update:

1. The factory has issued new policy to involve workers for input about any new policy and procedure.(Completed)

Please refer to improvement evidence of 1. in folder 11

3.The factory will conduct quarterly training on the latest environmental regulations and policies to employees.(In process)

4.The factory will conduct quarterly training to strengthen the communication regarding Retrenchment, Recruitment, Hiring & Personnel Development, Industrial Relations, and Workplace Conduct & Discipline, and provide regular training to all employees so that all of the employees understand them.

( In process).

Jun 15 2020 Update:

3. Training of employees on the latest environmental regulations and policies has been completed in the first quarter. (Completed)

Please refer to improvement evidence of 3. in folder 11

4.Q1 2020 training on communication regarding downsizing, recruitment and hiring has been completed. (Completed)

Please refer to improvement evidence of 4. in folder 11

## FINDING NO.12

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Review Process (Macro)

##### Finding Explanation

1. The factory does not regularly review its policies and procedures on any of the Employment Functions or update them according to local laws and FLA requirements. [ER.1, ER.29, ER.30, ER.31]

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.29, ER.30, and ER.31)

### COMPANY ACTION PLANS

#### Action Plan no 1.

##### Description

1. The factory should develop, maintain, and regularly review written policies and procedures for each of the employment functions, aimed at complying both with local laws and FLA requirements.

##### Company Action Plan Update

1. The latest laws and regulations have been searched regularly and maintained at the factory.

( Completed. Please refer to improvement evidence 1.1)

## FINDING NO.13



NOTABLE FEATURE

FINDING TYPE: Compensation

Finding Explanation

1. The factory provides free dormitory housing for workers.