



COMPANY: Chenfeng Group
COUNTRY: China
ASSESSMENT DATE: 10/24/12
MONITOR: FLA Assessor Team (China)
PRODUCTS: Apparel
PROCESSES: Full [= full package]
NUMBER OF WORKERS: 320
ASSESSMENT NUMBER: AA000000027

What's Included in this Report

- Understanding this Assessment Report
- Glossary
- Score by Employment Function
- Score By Management Function
- Score Summary
- Summary of Code Violations Table
- Findings and Action Plans

Understanding this Assessment Report

This is a report of a workplace assessment conducted by Fair Labor Association assessors following FLA's Sustainable Compliance methodology (SCI), which evaluates a facility's performance in upholding fair labor standards through effective management practices throughout the entire employment life cycle.

This report identifies violations and risks of noncompliance with the Fair Labor Association Workplace Code of Conduct in its assessment of the employment functions, and includes a description of the root causes of violations, recommendations for sustainable and immediate improvement, and the corrective action plan for each risk or violation as submitted by the company. This document is not a static report; rather, it reflects the most recent progress updates on remediation in the "Progress Update" section for each finding.

Glossary

De minimis: a de minimis factory is a factory (1) with which the Company contracts for production for six months or less in any 24-month period; or (2) in which the Company accounts for 10% or less of the annual production of the facility. The FLA Charter states that in no event shall de minimis facilities constitute more than 15% of the total of all facilities of a Company, and the list of facilities designated as de minimis by a Company is subject to the approval of the FLA. Please note that collegiate-producing factories cannot count as de minimis.

Facility performance: how a facility rates in terms of a particular employment or management function, with 100% being the best possible score.

Fair labor standards: the minimum requirement for how workers should be treated in a workplace, as outlined in the [FLA Workplace Code of Conduct](#).

Employment life cycle: all aspects of an employee's relationship with the employer, from date of hire to termination or end of employment.

Code violation: failure to meet standards outlined in the FLA Workplace Code of Conduct in the workplace implementation of employment or management functions.

Company action plan: a detailed set of activities outlined by the sourcing company and/or direct employer to address FLA findings.

Employment functions: The different components of the relationship between management and employees in a factory. An employment function is a process regulating an aspect of the employment relationship, such as the recruitment of workers. All employment functions together constitute the employment relationship between an employer and an employee.

1. Recruitment, Hiring & Personnel Development (e.g., performance reviews)
2. Compensation (e.g., wages, health care)
3. Hours of Work (e.g., overtime, documentation of working hours)
4. Industrial Relations (e.g., collective bargaining agreements)
5. Grievance System (e.g., worker communication with management)
6. Workplace Conduct & Discipline (e.g., discrimination, harassment)
7. Termination & Worker Retrenchment (e.g., downsizing, resignation)
8. Health & Safety (e.g., exposure to chemicals)
9. Environmental Protection (e.g., energy saving)

Management functions: violations or risks related to an employment function could be caused by the absence – or a problem in the operation – of any one of the management functions or in more than one.

1. Policy
2. Procedure
3. Responsibility & Accountability
4. Review Process
5. Training
6. Implementation
7. Communication & Worker Involvement
8. Support & Resources (only for the in-depth level)

Finding: indicators of potential gaps between desired and actual performance of the workplace on different employment functions.

Finding type

- *Immediate action required:* discoveries or findings at the workplace that need immediate action because they not only

constitute an imminent danger, risk the workers' basic rights, threaten their safety and well-being or pose a clear hazard to the environment, but also are clear non-compliances with the FLA Workplace Code of Conduct and local laws. Examples include a finding by the assessor that crucial fire safety elements are not in place or that there is underpayment of wages and/or worker entitlements or that there is direct discharge of waste water, etc.

- *Sustainable improvement required*: findings that require sustainable and systematic actions. The factory will be asked to tackle the underlying root causes and to do so in a long-term and systematic manner to bridge the gap between actual and desired performance. Examples include a finding by the assessor that there is lack of termination policies and procedures in the workplace, lack of grievance system, etc.
- *Notable feature*: indicates a remarkable feature or best practice at a workplace. Examples might include workers' wages and benefits that are significantly above the industry average, or community benefits such as free daycare.

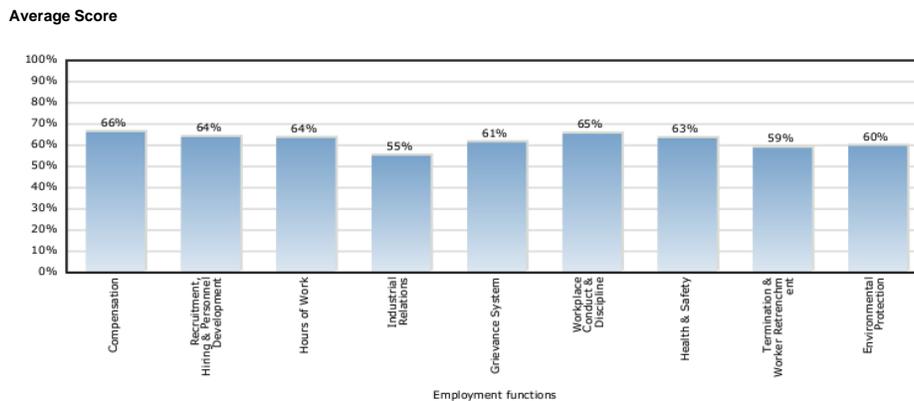
Local law or Code Requirement: applicable regulations and standards in a workplace, which serve as the basis for an assessment, as per local law or FLA Workplace Code of Conduct. When these two do not concur, the stricter of the two standards applies.

Root causes: a systemic failure within an employment function, resulting in a "finding." Findings are symptoms of underlying problems or "root causes." Consider, for example, the case of workers not wearing hearing protection equipment in a high noise area. The most expedient conclusion might be that the worker did not use the hearing protection equipment because such equipment was not provided by management. However, upon a more thorough evaluation of available information, the assessor might find that the worker was indeed supplied with hearing protection equipment and with written information about the importance of wearing hearing protection, but was not trained on how to use the equipment and that use of the equipment was not enforced in a consistent manner by management.

Uncorroborated Risk of Noncompliance: indicates a serious issue that has surfaced during the assessment, but one which the assessors were not able to corroborate through additional sources of information (e.g., allegation of retaliation against a worker by the factory management for participating in the assessment).

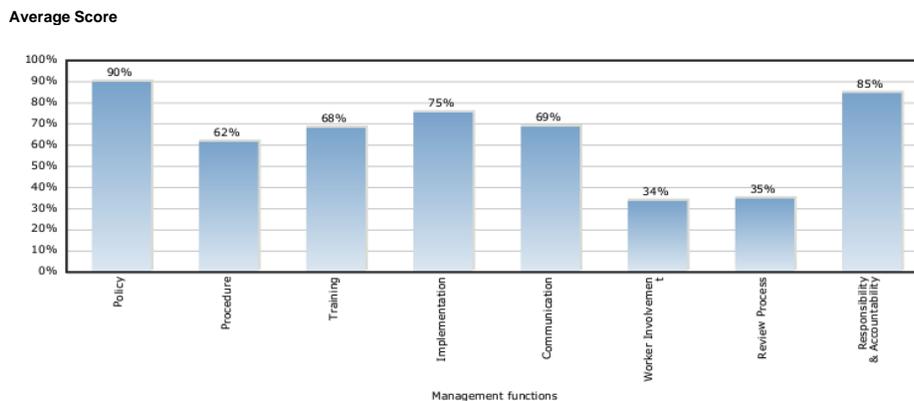
Score by Employment Function

Scores indicate a factory's performance related to a specific employment function based on an FLA assessment. A score of 100 percent indicates flawless operation of an employment function. A score of less than 100 percent indicates need for improvement.



Score by Management Function

Scores indicate a factory's performance related to a specific management function based on an FLA assessment. A score of 100 percent indicates flawless operation of a management function. A score of less than 100 percent indicates need for improvement.



Score Summary

Scores indicate the strength of management functions as they relate to different elements of the employment relationship (employment functions). For example (reading left to right), a score of 100 percent in the cell on the top left corner would indicate the existence of appropriate policies related to recruitment, hiring and personnel development.

Management Functions	Recruitment, Hiring & Personnel Development	Compensation	Hours of Work	Industrial Relations	Grievance System	Workplace Conduct & Discipline	Termination & Worker Retrenchment	Health & Safety	Environmental Protection	Aggregate Score
Policy	100%	87.5%	100%	8.25%	100%	100%	88.89%	83.33%	100%	85.33%
Procedure	72.73%	54.65%	74.19%	19.23%	90%	100%	52.37%	57.96%	63.64%	64.98%
Responsibility & Accountability	85.76%	93.4%	95.29%	100%	93.4%	100%	73.4%	94.5%	93.4%	92.13%
Review Process	30%	25%	27.27%	27.27%	22.73%	25%	30%	25%	39.29%	27.95%
Training	69.88%	78.88%	70.43%	52.17%	69.88%	70.71%	59.52%	66.02%	65.85%	67.04%
Implementation	79.6%	83.69%	71.21%	73.91%	77.78%	90.74%	93.33%	73.33%	60.3%	78.21%
Communication	50%	80%	60.42%	100%	77.78%	87.5%	55.56%	66.67%	52.86%	70.09%
Worker Involvement	0%	N/A	N/A	100%	0%	N/A	N/A	45.83%	100%	49.17%
Aggregate Score	60.99%	71.87%	71.26%	60.11%	66.45%	81.99%	64.72%	64.08%	71.92%	

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.

FLA Code Element
Compensation
Employment Relationship
Freedom of Association and Collective Bargaining
Hours of Work
Health, Safety and Environment

Findings and Action Plans

FINDING NO.1

ENVIRONMENTAL PROTECTION

FINDING TYPE: Immediate Action Required

Finding Explanation

- i) Hazardous and solid waste collection area was neither segregated nor secure. Only 1 type of waste container was placed on the production floor; its label did not specify which kind of waste should be put in it, resulting in a mixture of waste;
- ii) Second container for chemicals did not have sufficient capacity; the volume of the second container could not accommodate chemical spills.

Local Law or Code Requirement

Prevention and Control Law of Environmental Pollution, Solid Waste, Articles 52 and 58; FLA Workplace Code (Health, Safety, and Environment benchmarks HSE.1 and HSE.9)

Root Causes

- i) Environmental risk assessment report is incomplete and not up-to-date;
- ii) There is no dedicated HSE staff in the factory. Factory manager and 1 security staff member are responsible for HSE issues, which are not their sole responsibility;

iii) HSE staff from headquarters visits the factory only once per month; the internal monitoring is not implemented well;

iv) The headquarter HSE manager did not provide formal and comprehensive training on health and safety to factory management and workers.

Recommendations for Immediate Action

i) HSE staff at headquarters and the factory's security staff should conduct an internal inspection to identify where solid waste or/and hazardous waste containers should be placed. Different types of containers should be clearly labeled and segregated. The labels should also indicate waste type in detail, e.g., waste fabric (solid waste), waste fluorescent lamps (hazardous waste);

ii) Suitable second container for chemicals should be put in place.

COMPANY ACTION PLANS

1. 1. The factory will take immediate actions and conduct classified collection of the factory's waste (recoverable, unrecyclable, hazardous waste); 2. Equipped with appropriate container immediately, take leakage prevention measures, and provide secondary container with the chemicals; 3. Comprehensive department to conduct training for the factory's HSE specialist, enhance the ability of identify environmental risks; 4. Comprehensive department is to conduct training for employees, improve employees' environmental consciousness, and classify the waste; 5. Comprehensive department is to inspect the company's environmental risks and to avoid similar situations from occurring; 6. The action project has been brought into annual internal audits to make sure remediation measures are reasonable and efficient.

Action plan status: In Progress

Planned completion date: 12/31/12

Progress update: 08/15/14 : Factory classified the collection of factory waste recoverable, unrecyclable, hazardous waste. Currently, the factory has classified collection of solid waste. Recyclable waste has been delivered to the qualified recycler for integrated utilization. Hazardous waste has been delivered to Jintan Huazhen Waste Management Co., Ltd. for suitable disposal.

FINDING NO.2

TRAINING

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

Most workers and supervisors have not received training on existing policies and procedures. As the factory started implementing orientation trainings only 6 months ago, most of them have not been trained on the factory's policies and procedures.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship benchmarks ER1.2, ER.15, and ER. 17)

Root Causes

i) Management does not put enough emphasis on training; they do not recognize the benefit of it;

ii) Headquarters does not allocate enough resources to the training program;

iii) Absence of a mechanism to balance production needs with training needs.

COMPANY ACTION PLANS

1. 1. Conducting in-service training to all employees immediately; 2. Set up the training plan based on the demands of all employees; 3. Provide training to all employees twice per year on the related content of social responsibility policy, etc.; 4. The training on the employee handbook; social responsibility policy; health and safety, etc., are provided by the factory manager to new employees every month; 5. The CSR team will follow up on this issue in the yearly internal inspection.

Action plan status:	Completed
Planned completion date:	11/30/12
Progress update:	08/15/14 : Training on employee handbook; social responsibility policy; health and safety, etc., are provided by the factory manager to new employees every month. General training for new employees is carried out in the form of classroom teaching. Trainers will explain the training content in detail and then examine the workers by spot checking to see if they know key points well. The trainings are basically efficacious.
Completion date:	11/30/12

FINDING NO.3

HEALTH & SAFETY

FINDING TYPE: Immediate Action Required

Finding Explanation

No SOPs or safety instructions are displayed near machinery. Around 10 sewing machines are not equipped with needle guards.

Local Law or Code Requirement

FLA Workplace Code (Health, Safety and Environment benchmarks HSE.14.1 and HSE.14.3)

Root Causes

- i) The factory was under the impression that their machines posed low safety risk and did not see the need to post SOPs or safety instructions near machinery;
- ii) There were mechanical and production-related concerns from factory management on the installation of needle guards for the 10 sewing machines.

Recommendations for Immediate Action

- i) Factory is to post SOPs or safety instructions near machinery;
- ii) Factory is to install needle guards on the 10 sewing machines.

COMPANY ACTION PLANS

1. Safe operation rules have been posted up in the workplace; suitable articles for labor protection products have been equipped. 2. Comprehensive Department delivers training for HSE specialists in factories and enhances their ability of recognizing the risks of occupational health and safety. 3. Comprehensive Department makes use of broadcasts to deliver security training to workers, telling them the safety matters that need to be focused on in productive processes and how to closely follow operation rules to avoid accidental injury. 4. Equipment servicemen inspect the safety performance of all equipment every month to make sure all machines are running safely. 5. Comprehensive Department (the governing HSE body) is to inspect monthly, setting all kinds of safety warning signs to make sure there is safe production.

Action plan status:	In Progress
Planned completion date:	12/31/12
Progress update:	08/15/14 : We posted the safety operation procedures for the workplace equipment and equipped workers with the appropriate PPE.

FINDING NO.4

RECRUITMENT, HIRING & PERSONNEL DEVELOPMENT

FINDING TYPE: Immediate Action Required

Finding Explanation

The factory does not specify a salary amount in its employment contracts with workers; “wage not lower than the local minimum wage” is written instead. Through worker interviews, 60% of workers are not aware of their basic wage.

Local Law or Code Requirement

Law of Employment Contracts of the PRC, Article 17; Labor Law of PRC, Article 19; FLA Workplace Code and Benchmarks (Compensation benchmark C.17)

Root Causes

- i) Since the local labor bureau frequently updates the minimum wage amount, management is trying to avoid having to update employment contracts every year by including a fixed wage language instead of the actual amount;
- ii) There was only 1 HR staff member in the factory; they are also in charge of wages and working hours affairs. The HR resources are limited in the factory; therefore, contracts were not timely updated to reflect legal minimum wage changes.

Recommendations for Immediate Action

HR staff is to review employment contracts and clearly state the compensation package, including basic wage, overtime wage, and position bonus.

COMPANY ACTION PLANS

1. The company is to modify the contract stipulations on wage changes to a specific amount.

Action plan status: In Progress

Planned completion date: 12/31/12

Progress update: 08/15/14 : The company modified the contract stipulations on wage changes to a specific amount. This change applies to new contracts.

FINDING NO.5

HOURS OF WORK

FINDING TYPE: Immediate Action Required

Finding Explanation

- i) Most workers in the factory worked 9 days consecutively without a rest day between October 5 and October 13, 2012, after the national holiday. The factory did not provide a consecutive 24 hours of rest within the same 7-day period or immediately following it;
- ii) The total overtime for October 2012 was around 50 hours, which exceeded the monthly limit of 36 hours according to the Chinese Labor Law.

Local Law or Code Requirement

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

Root Causes

- i) In October 2012, due to urgent order placement, the production planning required more than 48 overtime hours a month, exceeding regular production capacity;
- ii) Most workers rely on overtime for their income;
- iii) Not adequate headquarter oversight to identify and address the possible reasons behind excessive overtime.

Recommendations for Immediate Action

Factory management is to create and implement a plan that ensures that workers who were not provided with a rest day in October 2012, are retroactively provided with 24 consecutive hours of rest, as consistent with the FLA compliance benchmarks.

COMPANY ACTION PLANS

1. This situation is very rare in this factory. Normally, the factory ensures that workers have 1 day off per week. During the dates before or after National Holiday, in order to let workers have a longer vacation, the factory would shift the days off into the holidays. 2. The HR department is to provide training on normal working hours regulations to the responsible staff member who arranges production plans and order distribution. 3. When this responsible person arranges production planning, they must ensure that workers have 1 day off per week and work a maximum of 60 hours per week. 4. Overtime arrangements should be approved by the General Manger before they are arranged for the production line. 5. The company's CSR team will conduct annual internal audits to follow up on this issue.

Action plan status: In Progress

Planned completion date: 11/30/12

Progress update: 08/15/14 : The factory hasn't experienced work on rest day recently and at present can provide workers 1 day off per week.

FINDING NO.6

COMPENSATION

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

- i) Around 26% of workers were not covered by 5 types of social insurance (pension, medical, work-related injury, maternity and unemployment).

- ii) Based on worker interviews, workers are unclear about social insurance schemes, contribution base, and proportions.

Local Law or Code Requirement

Social Insurance Law of PRC, Article 58; FLA Workplace Code (Compensation benchmarks C.1 and C.17)

Root Causes

- i) Social insurance payments represent additional costs for management;
- ii) Local labor bureau does not strictly control the factory's compliance with social insurance regulations;
- iii) The orientation and ongoing training related to social insurance is not effectively carried out in the factory.

Recommendations for Immediate Action

COMPANY ACTION PLANS

1. The factory is to train all employees on social security. 2. The factory has established a social insurance participation plan for 3 years, and is to gradually achieve the rate of 100%.

Action plan status: In Progress

Planned completion date: 12/31/15

Progress update: 08/15/14 : At present, the rate reached is 71%.

FINDING NO.7

INDUSTRIAL RELATIONS

FINDING TYPE: Immediate Action Required

Finding Explanation

- i) Factory management stated that all workers automatically become members of the trade union without handing in a written document when they join the factory;

- ii) Based on worker interviews, most workers are unaware that they are the members of the trade union;
- iii) There is no specific policy and procedure on Industrial Relations and Freedom of Association in the factory.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship benchmark, ER.1.1; Freedom of Association benchmarks FOA.2, FOA.10, and FOA.11)

Root Causes

- i) **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 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 does stipulate 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;
- ii) Factory is not aware of FLA Code of Conduct; it is a common practice in Chinese factories to automatically enroll workers into the existing official union;
- iii) Lack of worker involvement in the trade union’s operation; the current labor union is managed in a top-down manner with limited communication with and input from workers.

Recommendations for Immediate Action

Participation in the trade union should be voluntary and without management interference.

COMPANY ACTION PLANS

1. 1. Factory is to establish the written policies and procedures of labor-capital relationship; freedom of association; and collective bargaining. They are to be included in the Employee Handbook, which is to be posted for employees to consult in the workplace. 2. Every new employees will be asked to complete an employee register when they enter the factory; the bottom of the form will indicate whether they are willing to join the union. 3. The factory will provide unified training for all new employees at the end of that month.

Action plan status:	In Progress
Planned completion date:	11/30/12
Progress update:	08/15/14 : Factory has established the written policies and procedures of labor-capital relationship; freedom of association; and collective bargaining. They have been included in the Employee Handbook, which has been posted for employees to consult in the workplace. 1. The factory has added training on the new industrial relations policy in the new employee orientation training. 2. It has been stated explicitly in the Join and Exit Mechanism of Trade Union that participation in the union is voluntary and that workers can exit anytime after joining.

FINDING NO.8

TERMINATION & WORKER RETRENCHMENT

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

Factory’s policy and procedures on termination and worker retrenchment were incomplete.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship benchmarks ER.1.1 and ER. 32)

Root Causes

- i) There have never been any cases of retrenchment in the factory, so the factory did not see it necessary to develop a retrenchment system;
- ii) Factory's lack of expertise on creating specific policy and procedure on termination.

COMPANY ACTION PLANS

1. 1. The factory is to establish the written policies and procedures on termination and worker retrenchment. They are to be included in the Employee Handbook, which is to be posted for employees to consult in the workplace. 2. The factory will conduct training to new employees every month. The training content should include Employee Handbook; social responsibility policy; health and safety, etc. 3. The factory's HR specialist is responsible for the supervision and implementation of the relevant procedure. 4. The CSR team will follow up on this issue in the yearly internal inspection.

Action plan status: In Progress

Planned completion date: 12/31/12

Progress update: 08/15/14 : Factory has established the written policies and procedures on termination and worker retrenchment. They have been included in the Employee Handbook, which has been posted for employees to consult in the workplace.

FINDING NO.9

RECRUITMENT, HIRING & PERSONNEL DEVELOPMENT

FINDING TYPE: Immediate Action Required

Finding Explanation

The factory did not: a) maintain a copy of a young worker's ID, b) register her with the local labor bureau, or c) provide her with a physical examination. This young worker did not go through any formal recruitment process with responsible factory management staff. Through checking her original ID, assessors verified this young worker's age.

Local Law or Code Requirement

Special Protection Provision for Young Worker, Article 9; FLA Workplace Code (Employment Relationship benchmark ER. 4)

Root Causes

- i) Although there is policy and procedure regarding recruitment and hiring in place, factory manager and supervisors are not fully aware of them;
- ii) The factory has limited HR resources in its management system; HR responsibilities are being implemented by the factory's accountant, who has limited time to ensure the timely fulfillment of these responsibilities.

Recommendations for Immediate Action

- i) Factory is to: a) maintain this worker's personnel file, including a copy of the ID, b) register her with the local bureau, and c) have her undergo physical examination.

COMPANY ACTION PLANS

1. 1. Immediately conduct training to HR specialist on the orientation program. 2. When recruiting new employees, carefully check their age-related documents. Ensure they are of age and keep a copy. If they are juvenile workers, they should be provided with a physical examination at a local hospital pre-placement and be registered with the local labor bureau. 3. Regularly conduct related training to recruiters every year. 4. The CSR team will follow up this issue in the yearly internal inspection.

Action plan status: In Progress

Planned completion date: 11/30/12

Progress update: 08/15/14 : Factory provided all juvenile workers with a physical examination at a local hospital pre-placement and registered them with the local labor bureau.

FINDING NO.10

COMPENSATION

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

Workers who are entitled to 10 or 15 days of annual leave only get 5 days; they were given monetary compensation for the unused annual leave without their consent.

Local Law or Code Requirement

Paid Annual Leave Regulation (2007), Article 5, 10; FLA Workplace Code (Hours of Work benchmarks HOW.11, HOW.12, and HOW.13)

Root Causes

- i) Management thought that the current system that: a) granted workers 5 days of annual leave plus compensation and b) did not consult workers on annual leave allocation was convenient for production planning;
- ii) Lack of effective dialogue between management and workers on wage and benefits.

Recommendations for Immediate Action

Management is to consult with workers on annual leave allocation and seek their consent on the current system. Workers should be able to avail themselves of their leave days if they are not willing to receive monetary compensation in return.

COMPANY ACTION PLANS

1. In May 2013, it was voted through by the Workers' Congress and the collective contract passed in the conference. It was appointed that it was a uniform arrangement by the company if the annual leave was up to 5 days, and workers were to make their own arrangements for rest time that was for more than 5 days.

Action plan status: Completed

Planned completion date: 05/30/13

Progress update: 08/15/14 : 1. Worker representatives will participate. All representatives will vote by raising hands in the congress, and the collective contract will be passed if more than 2/3 of people agree. 2. For workers who have annual leave of up to 5 days, the company will arrange for their holidays uniformly in Spring Festival, May Holiday or National Day. For those who are entitled to more than 5 days of annual leave, the company will arrange 5 days for them and then they can make their own arrangements for the rest of the days.

Completion date: 05/30/13

FINDING NO.11

HEALTH & SAFETY

FINDING TYPE: Immediate Action Required

Finding Explanation

- i) No personal protective equipment (PPE), such as helmets, insulated boots or safety belts are provided to electricians; no gloves are provided to workers who are exposed to high temperatures (130 – 170°C) when maintaining the lining machines;
- ii) During the lunch break, canteen staff was not wearing masks and hats to serve food in a sanitary manner. Also, working areas for a) vegetables and meats and b) raw and cooked food are not separated in the canteen.

Local Law or Code Requirement

FLA Workplace Code (Health, Safety, and Environment benchmarks HSE.7 and HSE.22)

Root Causes

- i) Factory has not developed a complete health and safety risk analysis report;
- ii) Traditionally in China, vegetables are cooked or boiled, so canteen staff do not see the importance of separating raw vegetables and meat during preparation;
- iii) There is no effective internal mechanism to monitor the occupational health and safety implementation within the factory.

Recommendations for Immediate Action

- i) Factory is to provide suitable and adequate PPE for workers, according to material safety data sheets (MSDS), e.g., provide PPE for workers working in the waste storage area and provide helmets, safety belts, and insulated shoes for electricians;
- ii) Meat and vegetable preparation areas should be separated from each other. Food should be prepared in a sanitary manner.

COMPANY ACTION PLANS

1. The factory is to take immediate actions and equip employees with appropriate PPE (safety helmet for electricians; high temperature gloves for equipment maintenance personnel). 2. In accordance with food safety requirements and health and epidemic prevention related laws and regulations, the dining room staff is to wear hats and respirators. They are to section off an area for meat and vegetarians, cooked and uncooked, to ensure dietetic hygiene. 3. Comprehensive department is to conduct training for the factory's HSE specialist, and to enhance their ability to identify environmental risks. In view of the operation risk level, they are to equip employees with appropriate PPE. 4. Comprehensive department is to conduct training for cafeteria employees and increase their awareness on diet safety. 5. Comprehensive department is to inspect the occupational health and safety risks in the company and avoid the occurrence of similar situations. 6. The action project has been brought into annual internal audits to make sure the remediation measures are reasonable and efficient.

Action plan status: In Progress

Planned completion date: 12/31/12

Progress update: 08/15/14 : All appropriate employees have been equipped with PPE. The dining room staff has to wear hats and respirators. Electricians have been provided safety boots and belts.

FINDING NO.12

HEALTH & SAFETY

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

No ergonomic training was provided to workers to increase their awareness and knowledge on ergonomic risks in the workplace. For example, chairs do not have proper backrests to support the lower back.

Local Law or Code Requirement

Root Causes

- i) Management's lack of awareness of the benefits of ergonomic improvements, such as increasing productivity and attendance levels, while reducing risk of worker accidents and Musculoskeletal Disorders (MSD);

- ii) Health and Safety Department does not cover ergonomics as part of their risk assessments.

COMPANY ACTION PLANS

1. Headquarters and the other 2 factories have provided command seating with a backrest for all employees, but has not supplied them to all factories. We will assign them to other factories after trial by headquarters and the 2 factories. 1. Training about man-machine efficacy (handling posture and the load standard) has been provided to packaging and finished product warehouse employees by the synthesis department. 2. We plan to equip employees with ergonomic seats by the end of 2014.

Action plan status: In Progress

Planned completion date: 12/31/14

Progress update: 08/15/14 : Haven't equipped command seating with a backrest for all factories.

FINDING NO.13

BASIC NEEDS

FINDING TYPE: Uncorroborated Risk of Non Compliance

Finding Explanation

Based on worker interviews, their salary is not enough to cover all of their basic needs and provide a discretionary income.

Local Law or Code Requirement

FLA Workplace Code (Compensation benchmark C.1.3)

Root Causes

- i) The Chinese apparel industry currently does not provide wages that allow for the fulfillment of basic needs plus a discretionary income;

- ii) There is no wage structure in the factory that would enable workers to progressively earn a wage level that meets basic needs.

Recommendations for Immediate Action

COMPANY ACTION PLANS

1. Management took an online FLA Fair Wage Self-Assessment. The 2013 wages at this factory increased 8 - 10% from 2012.

Action plan status: In Progress

Planned completion date: 12/31/12

Progress update: 08/15/14 : Management took an online FLA Fair Wage Self-Assessment. The 2013 wages at this factory increased 8 - 10% from 2012.