



COMPANY: **G-III Apparel Group Ltd.**

COUNTRY: **China**

ASSESSMENT DATE: **10/10/16**

MONITOR: **SMT-Global**

PRODUCTS: **Apparel**

PROCESSES: **Knitting**

NUMBER OF WORKERS: **80**

NUMBER OF WORKERS INTERVIEWED:

ASSESSMENT NUMBER: **AA0000002283**

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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 such 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.

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.

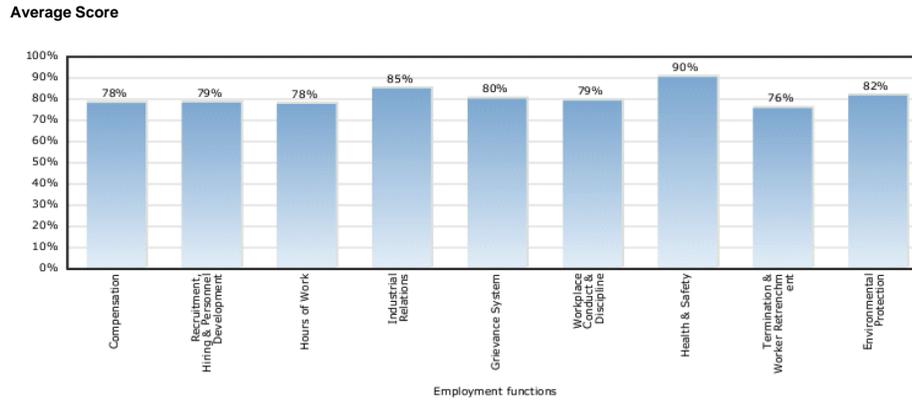
Root causes: a systemic failure within an employment function, resulting in a "finding." Findings are symptoms of underlying problems or "root causes." Consider, for example, the case of workers not wearing hearing protection equipment in a high noise area. The most expedient conclusion might be that 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.

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

Factory Profile

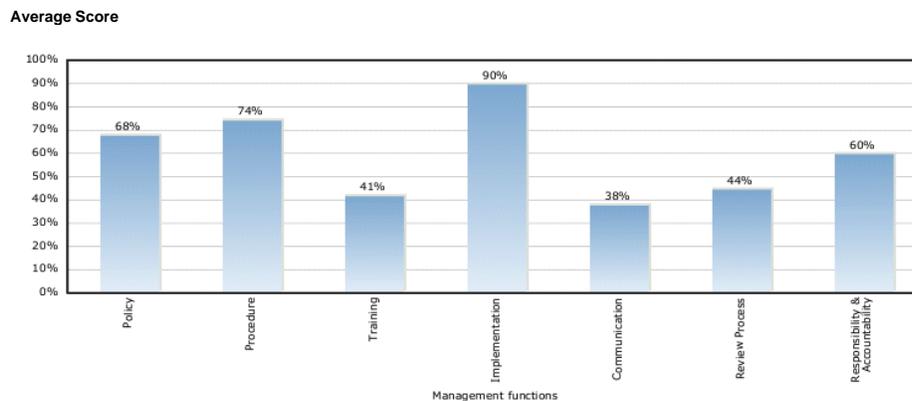
Score by Employment Function

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 assessment conducted for FLA by independent, accredited assessors. 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
Policy	66.71%	66.67%	83.33%	100%	83.33%	83.33%	70.83%	100%	83.33%
Procedure	55.67%	66.67%	66.67%	100%	80%	83.33%	41.67%	78.85%	60%
Responsibility & Accountability	63.4%	63.4%	73.86%	72.33%	63.4%	70%	63.4%	83.33%	83.33%
Review Process	50%	50%	50%	0%	50%	50%	0%	33.33%	66.67%
Training	50%	0%	0%	0%	0%	0%	0%	92.31%	33.33%
Implementation	88.93%	88.84%	73.44%	91.3%	88.89%	93.33%	90%	95.01%	90.91%
Communication	33.33%	62.5%	50%	0%	25%	33.33%	0%	100%	0%

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	Number of Violations	Violations
Compensation	2	General Compliance Compensation Workers Awareness and Understanding of Compensation
Employment Relationship	12	General/Human Resource Management Systems Terms and Conditions/New Employee Orientation Terms and Conditions/Communication Terms and Conditions/Supervisor Training Administration of Fringe Benefits/Holidays, Leave, Legal Social Benefits and Bonuses Industrial Relations Industrial Relations/Right to Organize, Bargain and Participate in Legal Strikes Work Rules and Discipline Skills Development/Management of Performance Reviews Skills Development/Promotion, Demotion and Job Reassignment Health, Safety, and Environmental Management System/Policies and Procedures Termination and Retrenchment/General Policies and Procedures
Freedom of Association and Collective Bargaining	2	Employer Interference Employer Interference/Constitution, Elections, Administration, Activities and Programs
Hours of Work	4	General Compliance Hours of Work Annual Leave Annual Leave/Wage Payments Forced Overtime/Exceptional Circumstances
Health, Safety and Environment	4	General Compliance Health, Safety, and Environment Ergonomics Permits and Certificates Evacuation Requirements and Procedure

Findings and Action Plans

FINDING NO.1

TRAINING (MACRO)

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. The orientation training provided to new workers is not adequate as it does not cover the following Employment Functions: Industrial Relations and Environmental Protection. Furthermore, workers do not receive a copy of the workplace rules or written documentation that substantiates any of the topics covered during orientation.
2. The factory does not provide specific training to supervisors on national laws, regulations, or FLA Workplace Code in any of the Employment Functions.
3. The factory does not provide the training for the relevant HR personnel and administrative staff on Workplace Conduct & Discipline.
4. The factory does not provide specific training for the general workforce on the Grievance System.
5. The factory does not provide ongoing training to workers on any of the Employment Functions except for Health & Safety.
6. The factory does not provide any ongoing training to regular workers and managerial staff on updated factory policies, procedures, or legal requirements.
7. The factory does not provide any ongoing training to workers to raise or broaden their skills for career advancement.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.2, ER.15, ER.17.1, ER.17.3, ER.26, ER.27, and ER.28)

COMPANY ACTION PLANS

1. Root Cause: 1) Fty pays attention to workers skill only. Not be specific with new worker about the their right and liability. In addition, factory policy and rule was not made clear to new workers at beginning. 2) Fty focus on quality & output and neglect other aspects of supervisor responsibility 3) Fty thinks HR is record-keeping and only deal with new hire and severance; therefore fty does not provide adequate training to HR staff. 4) Fty does not pay enough attention to worker's right of complaint. 5) Fty only focus on health & safety training and neglect other aspects 6) Fty does not have the system to update worker and supervisor about the new policy and policy revision. 7) Fty only focus on worker's existing skill and does not pay attention to worker's potential and future opportunity. Immediate Action: 1) Fty to immediately hold new worker training session letting worker familiar with fty policy and important aspect of worker's right and liability. 2) Fty to immediately hold supervisor training session advising them of the national law and regulation and customer Code of Conducts 3) Fty to immediately hold HR training session on law and discipline 4) Fty to immediately hold a factory-wide meeting with all employees hearing all voices from workers 5) Fty to immediately hold training session on topic as work time and workplace relation 6) Fty to immediately hold fty meeting advising all staff about the government new law and any changes to the existing law 7) Fty to immediately hold meeting with worker to discuss the possible further study and training so that worker might have better chance of advancement and improve their career outlook

Action plan status: In Progress

Planned completion date: 03/14/17

Progress update: 04/21/17 : Sustainable Action: 1) Fty set up system so that new hire needs to go through new worker training session before they can start working in factory. Workers are provided with the training material. 2) Fty set up system to train supervisor about the national law and regulation every 3 month 3) Fty set up system to train HR staff every 6 months 4) Fty set up system to timely hear worker's opinion and complain including opinion box system 5) Fty set up system of training such as work time and workplace relationship. 6) Fty set up system to train staff and worker about change of factory policy and law. 7) Fty set up system so that worker can have opportunity to improve their skill

FINDING NO.2

POLICY AND PROCEDURE (MACRO)

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. The factory has policies and procedures on Recruitment & Hiring, but has no written policies and procedures on Personnel Development.
2. There are no policies or procedures that encourage ongoing training to raise or broaden workers' skills for career advancement.
3. There are no policies or procedures on performance reviews that include steps and processes, demonstrate linkages to job grading, prohibit discrimination, provide written feedback, and comply with legal requirements.
4. The policies and procedures on Environment Protection are incomplete and do not include a commitment to minimize

- environmental impacts with respect to energy, air emissions, water, waste, hazardous materials. There are no procedures that enable workers to raise environmental concerns or to report environmental emergencies.
5. The factory has no policies or procedures on Retrenchment and Termination.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.1, ER.28.1, ER.29.1, ER.31.2.4, ER.31.2.5, ER.31.3, and ER.32.1; Health, Safety & Environment Benchmark HSE.1)

COMPANY ACTION PLANS

1. Root Cause: Fty thinks recruitment and termination is simple procedure as long as worker's salary are paid full. Fty does not provide career advancement potential opportunity. In addition, fty does not provide written HR procedure and development outlook and does not engage in worker's performance review: Immediate Action: Fty advised all worker about the following 1) There will be written policy on Personnel Development. 2) There will be on-going training to encourage raising or broadening workers' skill 3) The factory will ensure there is annual performance review based on daily performance for all personnel as per on the policies posted on the site. 4) There will be a channel for workers to raise environmental concerns 5) he factory will establish and post a detail retrenchment procedure for all personnel.

Action plan status:	In Progress
Planned completion date:	03/14/17
Progress update:	04/21/17 : Sustainable Action: Fty will establish a detailed hiring & recruiting policy at HR department. In addition HR department will also provide procedure so that worker will know the opportunity to further training so as to improve their career performance. Fty will also establish policy about fty environment including how to deal with air emission, waste and hazardous material. Fty will review worker's performance annually

FINDING NO.3

RECRUITMENT, HIRING AND PERSONNEL DEVELOPMENT

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. The factory does not conduct performance reviews for any of the workers.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.29)

COMPANY ACTION PLANS

1. Root Cause: Due to high turnover, factory is not able to keep track of all of its work force Immediate Action: Factory will immediately conduct performance review for all workers.

Action plan status:	Completed
Planned completion date:	03/14/17
Progress update:	04/21/17 : Sustainable Action: Factory has set up a system to conduct performance review on all workers on a yearly basis and keep records. The factory has started to use the new system on performance review.
Completion date:	03/14/17

FINDING NO.4

REVIEW PROCESS (MACRO)

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. The factory has not developed policies and procedures on the review process to ensure that updates are made according to local law and FLA Workplace Code requirements. As a result, the factory has not conducted an internal review of the policies and procedures for the following Employment Functions: Recruitment, Hiring & Personnel Development, Compensation, Hours of Work, Industrial Relations, Workplace Conduct & Discipline, Grievance System, Environmental Protection, and Health & Safety.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.3, ER.29.1.1, ER.30.2, and ER.31.1)

COMPANY ACTION PLANS

1. Root Cause: Factory did not follow closely on the updates to policy and procedure made according to local law and FLA Workplace Code. Immediate Action: Factory will assign staff to follow the change and update to local laws and FLA Workplace Code and keep workers informed.

Action plan status: In Progress

Planned completion date: 03/14/17

Progress update: 04/21/17 : Sustainable Action: 1) Factory will establish a policy on the review procedure. 2) Factory will assign permanent staff to study and follow local law and FLA Workplace Code requirement. Factory will conduct internal review of policy and procedure for all necessary Employment function on a regular basis.

FINDING NO.5

COMPENSATION

FINDING TYPE: Immediate Action Required

Finding Explanation

1. The factory does not fully provide workers with the five types of legally mandated social insurance. According to social insurance receipts from September 2016, only 16 out of 51 (31%) workers were provided with all five insurances, these being pension, work-related injury, medical, maternity and unemployment insurance. The factory provides commercial work-related injury insurance to 40 out of 51 workers, this insurance is valid from August 21, 2016 to August 20, 2017. Additionally, the factory does not provide social insurance based on workers' actual wages. All workers' monthly wages range from CNY 1879 (USD 255.23) to CNY 2088 (USD 283.61), however, the social insurance was paid based on the local minimum contribution base of CNY 1820 (USD 247.21), rather than their actual monthly wages.
2. The factory does not contribute to the legally required Housing Provident Fund.
3. The factory calculates paid annual leave on the number of years workers have been employed by the factory rather than by their cumulative years of working experience prior to and including the factory, as required by law. The factory currently gives workers five days of annual leave; however, approximately 20% of workers are eligible for more than the five days of factory-provided annual leave based on their cumulative working experience, while around 10% of workers are eligible for 10 days of annual leave.

Local Law or Code Requirement

The PRC Labor Law, Articles 72 and 73; The Housing Fund Management Regulation, Articles 15 and 17; The Worker Paid Annual Leave Regulation, Article 2; FLA Workplace Code (Employment Relationship Benchmark ER.22; Hours of Work Benchmarks HOW.11, and HOW.14; Compensation Benchmarks C.1 and C.6)

Recommendations for Immediate Action

1. Provide legally mandated social insurance to all workers based on their actual monthly wage.

2. Provide annual leave to all workers based on their cumulative working experience, as stated by local law.

COMPANY ACTION PLANS

1. Factory will provide all 5 types of legally mandatory social insurance to all workers. The 1st phase of coverage will start Apr/30 and cover 30% of workforce. The 2nd phase of coverage will start June/30 and cover another 30% of workforce. The final phase of coverage will start Aug/30 and cover remaining balance 40% of workforce. The contribution base will be adjusted in line with the actual salary (as opposed to minimum wage).

Action plan status: In Progress

Planned completion date: 08/30/17

Progress update: 04/25/17 : 1) Factory will provide the Housing Provident Fund to workers on a monthly basis. The amount will be equal to actual wage multiplied by 8% (the local rate for housing provident fund in Kunshan) 2) Factory has revised the Annual Leave policy in line with the local law. The annual leave will be based on the cumulative years of working experience prior to the employment at the factory plus working years at the factory.

FINDING NO.6

HOURS OF WORK

FINDING TYPE: Immediate Action Required

Finding Explanation

1. The monthly overtime hours exceed the legally required limit of 36 hours per month. The monthly overtime hours for all general workforce (workers in all departments) exceeded the legal limit of 36 hours per month, ranging from 42 to 82 hours in the past year from September 2015 to August 2016.
2. The factory's production target requires workers to work 57 hours per week (40 regular hours plus 17 overtime hours) on a regular basis.

Local Law or Code Requirement

The PRC Labor Law Articles 41; FLA Workplace Code (Employment Relationship Benchmark ER.24; Hours of Work Benchmarks HOW.1.1 and HOW.8.1)

Recommendations for Immediate Action

1. Ensure that workers do not work more than the legal limit of 36 hours of overtime per month.
2. Do not include overtime in production planning.
3. FLA affiliate Company's Sourcing and Social Compliance teams should implement FLA Principles of Fair Labor and Responsible Sourcing and, to help the factory address its excessive hours issue, coordinate accordingly on the following topics: how to provide better order forecasts to the factories; possible workshops/consultancy for the factory on how to improve productivity/quality; clear guidelines on how to extend shipment deadlines in case of contingencies; steps that factory management must follow if overtime is inevitable; clear guidelines on the calculation and setting of reasonable production targets that will not demand work beyond regular working hours or during breaks; and clear guidelines on how and when the factory can use subcontractors and/or temporary workers to avoid excessive overtime.

COMPANY ACTION PLANS

1. The factory will ensure the monthly overtime hours do not exceed the legal limit of 36 hours per month. Starting 3/30/2017, the factory will implement a new system to measure overtime hours, where the total amount of overtime hours will not exceed 36. The factory will hire more workers to reduce the overtime in accordance with the legal monthly/weekly limits.

Action plan status: In Progress

Planned

completion date: 03/30/17

date:

Progress update: 04/25/17 : Immediate action: * Factory will hire more workers to reduce consecutive work; * Factory will provide skills training to workers to increase individual productivity. * The production manager will analyze the order carefully, reasonable arrangement of the worker rest. * The factory will follow the material delivery closely to ensure the normal production capacity. * The factory will communication with buyers when the orders would meet the maximum produce capacity of factory. Sustainable action: Factory will ensure the maximum monthly OT does not exceed 36 hours by July 2017 according to the following timeline: * Will control the maximum monthly OT between 50-65 hours from 2017.5.1-2017.5.31; * Will control the maximum monthly OT between 36-50 hours from 2017.6.1-2017.6.30; * Will control the maximum monthly OT below 36 hours from 2017.7 Factory will ensure the production planning is not based on more than 40 weekly working hours according to the following timeline: * Will keep production planning to 50-57 weekly working hours from 2017.5.1-2017.5.31; * Will keep production planning to 42-49 weekly working hours from 2017.6.1-2017.6.30; * Will keep production planning to 40 weekly hours or less from 2017.7

FINDING NO.7

COMMUNICATION AND WORKER INVOLVEMENT (MACRO)

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. The factory does not effectively or comprehensively communicate its policies and procedures and possible updates to the general workforce and management staff for any of the Employment Functions except for Hours of Work and Health & Safety. The methods that the factory uses to communicate include an insufficient introduction to factory rules to workers during orientation training and an incomplete posting of relevant policies and procedures on site. The factory only posted the following policies and procedures on site: Compensation, Hours of Work, Workplace Code & Discipline, and Health & Safety.
2. All interviewed supervisors and general workers roughly understand some policies and procedure, however, they are not fully aware of all policies and procedures, such as the hiring policy, compensation package and legal benefits, payment of termination, grievance system, appeal procedures and environmental protection policies and procedures. Furthermore, the factory has not developed a plan to communicate future updates or legal revisions to the general workforce and management staff.
3. The worker integration component is missing for all Employment Functions. The factory has not established procedures to receive worker input or feedback on the creation, implementation, and revision of its policies and procedures. Workers are neither systematically integrated nor consulted in the decision-making processes. The factory never arranges consultation meetings with workers or union representative before management reaches their final decisions on layoffs.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.2, ER.1.3, ER.16.1, ER.25.1, ER.25.2, ER.27.3, ER.29, ER.30.2, and ER.32; Compensation Benchmark C.17)

COMPANY ACTION PLANS

1. Root Cause: 1) Fty mistakenly think worker are only to know the basic info about work time and pay and discipline, etc. and other part of policy is not important. 2) Fty think it is ok that worker know general info of policy and not all specifics of law are to be known and understood. In addition, fty failed to set up a system so that new changes in law and regulation can be communicated to all workers. 3) Fty failed to listen to workers' opinion and advice are not part of decision-making. Immediate Action: Fty to immediately have meeting to advise workers of all details of fty policy and procedure. In addition, the changes to such policy are to discussed with fty workers. Fty manager and supervisors are to hold meetings with workers to hear workers' feedback and complaints and let workers be part of fty's decision making

Action plan status: In Progress

Planned completion date: 03/14/17

Progress update: 04/21/17 : Sustainable Action: 1) Fty will set up procedure to organize its worker to learn and study all the details of local law and fty policy on a regular basis. Workers are to fully understand these regulations and let worker participate in the creation and revision of fty regulation and issues concerning workers' welfare. 2) Fty's detailed policy and regulation will be accessible to all workers so that workers have access to info to refer to whenever they have a question. 3) Fty will establish a

system to ensure proposals are screened and voted by all involved personnel for a balanced decision-making process 4) Fty will post the law and regulation and procedure on site.

FINDING NO.8

INDUSTRIAL RELATIONS

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. The factory has a worker representative committee which is made up of two worker representatives and two management representatives. Instead of being elected, the worker representatives are assigned by factory management. The interviewed workers are not aware of the worker representatives; additionally, there are neither records nor procedures to indicate election of worker representatives.
2. FLA Comment: The Chinese constitution guarantees Freedom of Association; however, the Trade Union Act prevents the establishment of trade unions independent of the sole official trade union – the All-China Federation of Trade Unions (ACFTU). According to the International Labor Organization (ILO), many provisions of the Trade Union Act are contrary to the fundamental principles of freedom of association, including the non-recognition of the right to strike. As a consequence, all factories in China fall short of the ILO standards on the right to organize and bargain collectively. Recently, however, the government has introduced new regulations that could improve the functioning of the labor relations' mechanisms. The Amended Trade Union Act of October 2001 stipulates that union committees have to be democratically elected at members' assemblies and trade unions must be accountable to their members. The trade union has the responsibility to consult with management on key issues of importance to their members and to sign collective agreements. It also grants the trade union an enhanced role in dispute resolution. In December 2003, the Collective Contracts Decree introduced the obligation for representative trade unions and employers to negotiate collective agreements, in contrast to the previous system of non-negotiated administrative agreements.

Local Law or Code Requirement

FLA Workplace Code (Freedom of Association Benchmarks FOA.2, FOA.10, and FOA.11)

COMPANY ACTION PLANS

1. Root Cause: Due to high turnover of the workforce, there is no union in the factory. Also, worker representative is appointed by factory and no relevant documents are kept. Immediate Action: Factory will hold factory-wide election and ensure everybody has the right to be elected as worker representative. Sustainable Action: Factory will allow workers to independently set up procedure for election of worker representatives and ensure that election is held on an annual basis and all relevant document and election record are documented.

Action plan status: Planned

Planned completion date: 03/14/17

FINDING NO.9

WORKPLACE CONDUCT AND DISCIPLINE

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. The disciplinary system does not include a third party witness during the imposition of disciplinary action and the appeal process.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.27.4)

COMPANY ACTION PLANS

1. Root Cause: Factory thinks it is sufficient if parties involved agreed to the imposition of disciplinary action. Immediate Action:

All future imposition of disciplinary action will have a witness.

Action plan status:	Completed
Planned completion date:	03/14/17
Progress update:	04/21/17 : Sustainable Action: Factory will let workers representatives to participate as 3rd party witness when carrying out discipline action. Factory will add the appeal process to its disciplinary procedures.
Completion date:	03/14/17

FINDING NO.10

HEALTH & SAFETY

FINDING TYPE: Immediate Action Required

Finding Explanation

1. The factory did not obtain an occupational disease hazard assessment report before beginning operations in 1992. It has never conducted an assessment of the current condition of occupational disease hazards, as legally required.
2. The factory has not provided seated workers with chairs that are adjustable and have backrests, in order to minimize workers' injuries. The factory also does not provide standing workers with anti-fatigue mats.
3. The factory does not train loading workers on lifting techniques or provide loading workers with lifting belts.

Local Law or Code Requirement

The PRC Law of Prevention and Control of Occupational Diseases, Articles 17, 20 and 36; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.4, HSE.17.1, and HSE.17.2)

Recommendations for Immediate Action

1. Arrange for a licensed service provider to conduct an assessment of the current condition of occupational disease hazards. Review and respond immediately to any imminent hazards.
2. Provide lifting belts to all loading workers and train workers on their proper use.

COMPANY ACTION PLANS

1. Root Cause: Factory thinks the worker's health is covered by social welfare and insurance policy and working conditions such as chair and loading staff safety are not as important. Immediate Action: 1) Factory will immediately conduct assessment of occupational disease hazard. 2) Change existing chairs with adjustable chairs with backrests. 3) Provide lifting belt to the loading workers.

Action plan status:	In Progress
Planned completion date:	03/14/17
Progress update:	04/21/17 : Sustainable Action: 1)Factory will hire a licensed provider to make an assessment of its occupational disease hazard on a regular basis. The factory will conduct the assessment of current conditions of occupational disease hazards once every 3 years. 2) In addition, after changing workers' chair and providing lifting belts to loading workers, factory will document these procedure and monitor the use of chairs and belts every 3 months.

FINDING NO.11

HEALTH & SAFETY

FINDING TYPE: Immediate Action Required

Finding Explanation

1. Four out of eight electricity boxes are partially blocked by the production materials in the factory.
2. Two out of three evacuation passages were partially blocked by the production materials in the sewing workshop.

Local Law or Code Requirement

The General Guide for Safety of Electric User (GB/T13869-2008) Article 6.5; the PRC Fire Prevention Law Article 16 (4); FLA Workplace Code (Health, Safety and Environment Benchmark HSE.1, HSE.5.1, and HSE.13)

Recommendations for Immediate Action

1. Keep all electricity boxes free from obstruction.
2. Keep all evacuation passages free from obstruction.

COMPANY ACTION PLANS

1. Factory to set up policy so that access to the boxes are free of blockage at all times. Factory to set up a system to monitor compliance every day and appoint specific persons to monitor compliance.

Action plan status: Completed

Planned completion date: 04/12/17

Progress update: 04/21/17 : Factory has set up policy so that access to the boxes are free of blockage at all times. Factory has designated personnel to monitor compliance.

Completion date: 04/12/17