



# Made with Care

# Social Assessment Program

December 2013

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# Made with Care Program

In our earlier blogs on [choosing](#) and [selecting a production partner](#), I discussed how Fairphone wants to take a different approach in our relationships with production partners. Fairphone feels strongly that the relationship we build with our suppliers will be the foundation on which we make interventions. Thanks to our first backers, the Fairphone buyers, we have been able to do an initial assessment of the working conditions at Changhong, a necessary building block in our relationship to assess and work on improvements and more disruptive interventions going forward. Their purchase is already making changes at they factory, which I'll detail in this blog post.

Over the years, audits have unfortunately turned into checking boxes on a checklist, which does not necessarily mean certain practices are implemented. The policing model has actually made many suppliers less transparent, even to the point of hiding information, presenting false records, coaching workers in advance to say the right things, and restricting access – or worse, unauthorized outsourcing of production. We want to take a different approach to assessments. By creating a long-term relationship in which we grow business together and create value based on mutual gain, our social enterprise wants positive social impact to go hand-in-hand with profit margins.

To achieve better results, we can't allow the need for speed and flexibility to be shifted to our production partner with corresponding costs. Putting transparency and values-based business practices first, makes it possible for us to expect more from them and they can expect more from us in return.

## **So, what are the conditions for the workers at the assembly lines where the Fairphone will be produced and will they need to improve?**

In order to get a baseline understanding of the conditions at Changhong, we worked with TAOS. As you can read [in their guest blog](#), TAOS is a local Chinese organization and will partner with us for the duration of this journey. To determine the conditions at the factory and allow for improvements to take place before Fairphone production started, TAOS carried out a social assessment in August 2013 – a first for the factory in Chongqing. This was based on the Ethical Trading Initiative's (ETI) [Code of Conduct](#).

During their two-day visit with 3 assessors, TAOS interviewed management as well as production workers. They did a factory walk-through, a document review, including company policies and payrolls, and interviewed workers.

These findings have been documented in the TAOS Assessment Report. Following from these results, a set of improvements began to develop including (management) training and an assessment of production processes. These findings are our starting point for collaboration on improvement of conditions.



## TAOS Social Assessment: Findings and Follow up

Not surprisingly there are issues to address. We are very much aware that there is no such thing as a “fair factory.” So, you may be asking – why choose to work in China, anyway? While we’ve addressed it before [in this blog post](#), I’ll discuss it briefly here, too.

Fairphone deliberately chose to work in China, knowing it would not be easy, because we are aiming to improve working conditions in a country and in a business environment that present several challenges. At the time, our criteria for selection was based on companies sharing our values-based business practices and their willingness to offer transparency in the manufacturing supply chain. Being able to offer a quality smartphone was crucial, as well as their agreement to work with our suppliers and change their normal processes to use conflict-free tin and tantalum.

That said, many of the challenges we face in improving the business practices along the assembly lines are of fundamental and systemic nature, most notably workers’ representation, the right to freely associate, collectively bargain, and issues of wages and overtime. So, of course there are issues at the factory.

The findings fall into two broad categories: 1) short-term compliance, and 2) structural implementation. There are certain legal requirements to which the factory should comply according to Chinese law, but we want to achieve structural and sustained implementation for some of these long-term systemic problems. This will take time, training, and hard work from all parties involved.

### Short-Term Compliance

Given the limited space on our blog, we’re not going to elaborate on every improvement made in the first category. A short summary is below, but if you want a complete overview, we’ve got a little something for you – the TAOS social assessment report, and a list of social compliance issues and the resulting action plan.

There is one incident that we want to address specifically. When the assessors reviewed workers’ files prior to any production taking place at Changhong, they found one worker whose hiring date was 42 days away from the legal working age of 16. Thus revealing that a protocol was not thoroughly in place to provide proper verification files for each worker.

The worker had already submitted her resignation (with required 30 days) prior to TAOS discovering the issue. Upon recommendation of the assessor, however, the factory terminated the working relationship immediately and provided compensation per law (including transport to the worker’s guardians). The factory has addressed and improved their existing age-verification protocols, and understands it was a serious violation and dealt with the matter quickly and responsibly.



## Short-Term Compliance Follow-Up

Based in Chongqing, our Fairphone project manager Mulan, has been able to assist and monitor the follow-up in the factory.

The factory now has:

- Better fire safety measures;
- Written policies on child labor and juvenile protection;
- Copies of local labor law have been placed in areas where workers can read and easily access them;
- Chemicals have proper and adequate labelling;
- Lighting in the production rooms has been improved;
- Changhong is now providing lunch for free in the cafeteria.

In the meantime, in collaboration with TAOS, we will continue following-up on improving the issues at the factory, like the reduction of overtime (more on that in the next sections).

## Structural Improvements – Worker Welfare Fund

A crucial part of our efforts is to empower workers with collective bargaining skills and improve worker representation channels, thereby providing a platform for behavioral change in the factory. To do this, we are working on forming a Worker Welfare Fund, a fund that will be governed by factory worker representatives in dialogue with factory management, and Fairphone. Remember the premium of \$2.50 for each phone sold? If not, just take another look [at our cost breakdown](#).

Well, this money will be matched by Changhong so, doing the math, that puts us at \$5 per sold phone that will be given to the fund. How this money is spent will be decided upon in consultation with the above-mentioned representatives. You can think of certain items like bonus pay-outs and leisure activities to skill training, personal development and team building. For your understanding, this does not include any items that are part of the factory's responsibility under legal compliance. In effect, by establishing this fund, workers will get a channel to fairly select representatives on the fund and co-decide on what happens with the investment you made. The timeframe for this is between now and Summer 2014.

*“The formation and functioning of the governance structure of the fund are the fundamentals on which other interventions can be built.”*

We are working with an external working group of several experienced and passionate people and organizations to set up and facilitate fair elections for workers to choose their representatives.



This also involves how to decide how to spend the Fairphone premiums so that they can effectively participate in decision-making and collective bargaining. This “Made with Care” working group consists of several labor experts in the fields of academia and civil society (like NGOs).

## Overtime

Overtime is often caused by ineffective processes and, in particular, unexpected issues in the production planning including delays in components and other materials. Often, the most convenient way to still ensure that delivery dates are met is to get workers to work overtime.

If certain processes would be better monitored and managed, working hours could be better controlled. By digging deeper and understanding production procedures and processes in detail, we can address the necessary changes to reduce overtime. TAOS has already started this work thanks to you and will continue to visit the factory in the coming few months to train and advise Changhong on these and the other remaining issues with the support of the Fairphone project manager, Mulan.

## Fairphone Production

You may be wondering what the current basic conditions are concerning wages and working hours during [the four-week period of Mass Production](#) of the Fairphone.

To put it clearly, during our production run:

- Workers have at least one day off in seven;
- Workers receive minimum wage (RMB 1050 or USD 169 per month) and are properly paid for overtime, already a factory-wide practice;
- Working hours will not exceed 60 hours a week - above the legal amount (49/week), but lower than industry standards and within the margin of the ETI base Code.

At this point, we realize these minimum standards are not sufficient for our long-term goals. Our ambition going forward is that better business practices will become commonplace across the factory and not only on the Fairphone production lines where the above requirements will be implemented. The programs we are launching will address that. But, it will take time and commitment.



### **Small Batches, Real Impact.**

A production run of 25,000 phones by industry standards is quite small, but we believe that it is a good starting point to change systems. Systemic change will take time and long-term engagement. Therefore, our step-by-step model is designed to create continuous engagement with the partners we work with. We will be producing relatively small batches of phones within a relatively short production cycle (many small production batches as opposed to few bigger production batches), which will ensure continuous engagement with the factory and make it possible to continue our phased approach for long-term improvements.

This way, the sales and the production of the Fairphone should facilitate a continuous flow of improvements and change. Only this way can we learn, iterate and gradually implement system improvement. This is why we are making a phone. Thanks to the commitment of our Fairphone community, we can use the production of this phone to become a vehicle for change, a platform for discussion and an investment for long-term social impact.

### **Additional Section on Wages & Worker Welfare Fund**

*We know we've already thrown a lot of information at you – but just for clarity's sake, we've added one more section to elaborate on a few details (and numbers). This section added on 11 December 2013.*

Since it's obvious that the working conditions at present do not reflect our ambitions going forward, we would like to explain here why these numbers are the way they are and hopefully address to what Fairphone buyers are contributing with their purchase.

### **Wages**

It's a given that minimum wage differs per region as living standards (or price for a “bread basket”) differ depending on where you live. This is the case in most countries, and for an overview of minimum wages in China, [please see this source](#). Changhong's factory is based in Chongqing and most workers are from Chongqing and the neighboring provinces. The factory pays wages according to law and pays (weekday/weekend/holiday) overtime according to law. Moreover, the paycheck of a worker at the factory can include other bonuses like perfect attendance pay and good performance bonuses. In total the paycheck during the month of our production would amount to somewhere between 1800 and 2500 RMB/month, including overtime pay.



### What do people making the Fairphone earn and what are we doing to increase this?

Fairphone aims to tackle problems at the root. We felt strongly that if wages were to go up, they should include wages of the entire factory workforce, not just the people on our line. Why? If we only paid people on our line, chances are that the unbalance would create envy or discomfort among staff, which is not a desirable situation.

Instead, Fairphone chose to put the extra \$2.50 – that our buyers contributed with a Fairphone purchase – for the direct benefit of the worker's welfare into a Fund. The factory agreed to match this \$2.50, amounting to a total of \$125,000 for this first production.

*"We could have paid this to the workers on the Fairphone line, but that would mean that only a relatively small group of workers at the factory would receive the equivalent of 7 times their basic monthly salary! Therefore, Fairphone decided to dedicate the money to benefit the entire factory's workforce."*

Moreover, by setting up a structure in which workers get control over how to spend this money fairly, we are taking the first steps to fair elections and worker representation.

So, in short, the Worker Welfare Fund is dedicated to all workers. The workforce at Changhong consists of around 1,000 people, of which around 100 will be working on the Fairphone over the next month. If we calculate what this means per worker, depending on what the workers decide to do with the funds, all 1,000 people could receive the equivalent of one-month's basic salary when the Fund is disbursed. This means that Fairphone buyers are in effect making it possible for workers to launch an initiative for worker elections, after which they can take part in discussions and control what happens with these funds. It remains up to them whether they spend these on bonus pay-outs or on leisure activities, skill training, personal development and team building.





**TRAINING · AUDITING · ORGANIZATION · SYSTEMS · Network**

*'Innovating social responsibility in production environments.'*

*This independent report by TAOS is a baseline used by Fairphone to make future improvements with our production partner, Changhong. No changes have been made by Fairphone.*

*TAOS has been hired as an independent training and auditing agency for a period of six months in which they carry out two assessments (the first in August 2013, the second approximately six months later in an unannounced visit). In the period between audits, TAOS will visit the factory three times to provide training and support.*

*This is a report of the August Assessment of A'Hong – Chongqing Guohong Technology Development Co (Changhong's Chongqing Factory that is producing the Fairphone). During their two-day visit with 3 assessors, TAOS interviewed management as well as production workers. They did a factory walk-through, a document review, including company policies and payrolls. For an overview of improvements since this visit, please see the final section of this document.*



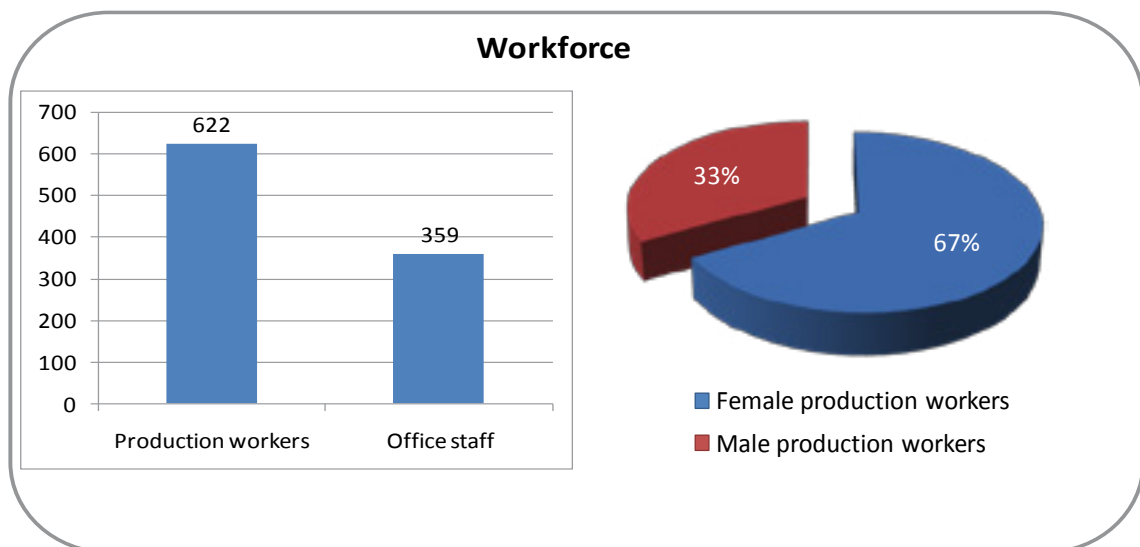


**A'Hong – Chongqing Guohong Technology Development Co., Ltd.  
Summary Audit Report**

**I. Background Information:**

The factory, Chongqing Guohong Technology Development Co., Ltd., was established in 2006 and is currently located at Rongzhi Building, Science and Technology Venture Center, No. 8 Yuma Road, Nan'an District, Chongqing City, China. The factory manufactures cell phones for Fairphone. The factory facility is comprised of one five-storey production building, four four-storey dormitory buildings, and one one-storey building, which houses the cafeteria.

The factory had 981 employees at the time of the audit, 622 of which were production employees, of which 416 were female production workers. The workers are from Chongqing City, Sichuan, Guangdong, Yunnan, and Guizhou provinces of China. The majority of the workers (70%) lived at the factory dormitory facilities.



**II. Audit Findings:**

The factory was found to be open and transparent during the audit process. They provided the auditors with the records and information that were gauged to be accurate and reflective of the actual factory practices.

The auditors had established that, between January 2012 up to June 2013, the factory had paid all their employees the legal minimum monthly wage of RMB 870 (or RMB 5/hour), and RMB1050 per month (or RMB 6.04/hour) as their base wage, which took effect on 1 Jan. 2011 and 1 May 2012, respectively. Based on the working hour records and information gathered from the worker interviewees, the auditors had established that for each month from January 2012 to June



2013, the overtime work of all the 180 sample workers were compensated at legal rates. The information on wage compensations was confirmed by all the 40 workers who were interviewed.

The factory was found to be compliant with established CSR assessment standards, Ethical Trading Initiative Code of Conduct, and best practices with exceptions including:

#### **A. Human Resources Management**

a) The factory should establish written policies on:

- Child Labour
- Juvenile Protections
- Harassment and Abuse

b) Copies of local labor law, including notice regarding the local legal minimum wage should be posted in areas where the workers are comfortable reading them. (*Best Practice*)

c) The factory's written policies include stipulation on punitive fines; the factory should remove such provision and cease the practice of punitive fines. (*ETI Code1*)

d) The employment contracts were not signed by any authorized factory representative; the contracts were missing some of the legally-mandated information, including job description, compensation, etc. All employment contracts should conform with the provisions of the Labour Contract Law of 2008 and should be signed by the legal company representative. (*Employment Contract Law of the People's Republic of China, Article 17*)

e) The auditors used a worker identification card to determine the factory hired a worker below legal age. The worker's hiring date was July 18th, 2013, 42 days before the worker's birthday. The HR office neglected to review the ID. On interviewing the worker and a second individual who knew the worker, the auditor was able to verify that the worker had taken the job at the factory for short term employment. The worker had submitted a notice of resignation within the required 30 days per law prior to the auditor discovering the issue. The auditors recommended that the factory should immediately terminate employment relationship with the worker and provide the terminated worker with compensation per law. Further, the factory should provide the worker upon termination with sufficient protections according to industry-wide best practices, including paying for the worker's safe transportation to the worker's guardians. To prevent future violations, the factory should review and strengthen its existing age-verification procedures and train supervisors and HR Department on policies regarding age verification as well as the importance of fully implementing procedure. (*PRC Labour Law, Article 15.*)

f) The factory had not established separate personnel records for its 42 juvenile workers; the juvenile workers were not registered with the local labor bureau, not given physical examinations, and some of the juvenile workers worked the night shift contrary to local labor law. Management should maintain an up-to-date registry of all juvenile workers employed and register that name list with the local labor bureau in a timely manner. Management



should provide all juvenile workers with all the legally-mandated protection, such as: physical examinations upon hire and regular annual medical check up until they reach the age of 18 years old, no night shift work, etc. (*PRC Labor Law, Article 58 & Regulations for the Special Protection of Juvenile Employees [Document No. 498], Article 9*)

g) The time records from July 2012 up to July 2013, as well as the information gathered through worker and management interviews, indicate that the workers' total weekly working hours exceeded 60 hours; the average weekly working hours during the review period ranged from 60-70 hours. The weekly working hours from Sept.-Dec. 2012 and in May 2013 (peak seasons) reached 77 hours. The time records indicate that the workers were not guaranteed one rest day in every seven days when production schedules were tight. Some of the workers worked continuously for 20 days (10-29 Sept. 2012) without a break. Management should establish/ strengthen work-hour control system to ensure that the total work hours do not go beyond 60 hours a week and that the workers are guaranteed one day-off in every seven days. (*PRC Labor Law, Article 38 & ETI Code*)

h) 576 employees (59% of the total workforce) were provided with all 5 types of legally-mandated social insurance coverage, i.e., unemployment, retirement, medical, maternity, and work-related injury insurance. Nine employees were provided with commercial work-related injury insurance. The rest of the employees were not provided with any type of insurance. All employees should have social insurance coverage. At a minimum, management should provide all workers with work-related injury insurance. (*PRC Labor Law, Article 73*)

## **B. Occupational Health and Safety Standards**

a) The factory should establish a registry of hazardous and safety risk areas and processes; such record should include measures to be taken by the workers and management to prevent/minimize safety risk factors. (*PRC Labor Law, Article 52*)

b) One exit at the 5/F stairway of Bldg. A was locked at the time of the audit; one of the two emergency exits at the 2/F-4/F of Bldg. A was locked at the time of the audit. Stairwells should be kept clear of any objects at all times. (*Article 16 of the Fire Control Law of the People's Republic of China*)

c) Various materials were placed at the 4/F staircase in Bldg. A, which did not allow for easy evacuation. Stairwells should be kept clear of any objects at all times. (*Article 16 of the Fire Control Law of the People's Republic of China*)

d) The fire extinguishers at the electric union warehouse were placed directly on the floor. Fire extinguishers should be placed between 8 cm and 150 cm from the floor. (*Article 3.2.7 of the Code for approval and inspection of extinguisher distribution in buildings [GB 50444-2008]*)

e) Some of the electric power panel boxes at the 5/F Production bldg. and 2/F of dormitory bldg. 1 were not equipped with covers, or the covers were open at the time of the audit. Electric power panel boxes should be equipped with covers, which should be kept closed at all times. (*GB/T 13869-2008*)



- f) Chemical containers were not labeled. The chemicals used in the SMT and assembly workshops, and those stored in the chemical warehouse, were not equipped with secondary containers. (*Regulations on Safety in workplaces where chemicals are used, Article 12 & Code of Design on Building Fire Protection and Prevention, Article 3.6.11*)
- g) Eye wash facilities were not installed at the SMT and assembly workshops as well as at the chemical warehouse. Eye wash facilities should be installed within 10 seconds away from workers dealing with chemicals. (*Law of the People's Republic of China on Prevention and Control of Occupational Diseases, Article 23*)
- h) Material Data Safety Sheets (MSDS) for chemicals were not posted in areas where chemicals were used or stored. The factory should ensure that MSDS for chemicals are posted in areas where chemicals are being used or stored, or made readily available to the workers dealing with chemicals. (*Regulations on Safety in workplaces where chemicals are used, Article 12*)
- i) The workers dealing with chemicals and solders were not provided with occupational disease check-ups. The factory should ensure that these workers are provided with annual occupational disease check-ups, as per law. (*Law of the People's Republic of China on Prevention and Control of Occupational Diseases, Article 32*)
- j) There were no factory employees certified to administer first aid. In the absence of a full-time medical professional, one percent of the workforce should be formally trained in first aid with certification; training certificates should be maintained on file. (*Regulations on labor protection in workplaces where toxic substances are used, Paragraph 2 of Article 17*)
- k) Air quality tests were not conducted in areas where chemicals were being used such as at the SMT and assembly workshops. (*Hygienic standards for the Design of Industrial Enterprises [GBZ 1-2002]*)
- l) The toilets at the production building were not provided with soap. (*Hygienic Standards for the Design of Industrial Enterprises [GBZ 1-2002]*)

### **C. Dormitories**

- a) The government-owned dormitories leased to A'Hong were not equipped with fire alarms. Audible fire alarm should be installed. (*Article 11.4.1 of the Code for design of building fire protection and prevention*)

### **D. Environment Protection**

- a) The factory had not established written environment protection policy. The factory should establish written environment protection policy, that includes a commitment to reduce negative environmental impact caused by production and that notes the introduction of a program on recycling and energy saving. (*Best Practice*)
- b) An Environmental Impact Assessment had not been conducted on the facility. The factory should request that an Environment Impact Assessment be conducted on the facility; the



report should be maintained on file. (*Environmental Protection Law of the People's Republic of China, Article 13*)

c) The chemically-contaminated solid wastes were not collected by a qualified and certified waste collection company. (*Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes, Article 57*)

### III. On-Site Worker Interviews

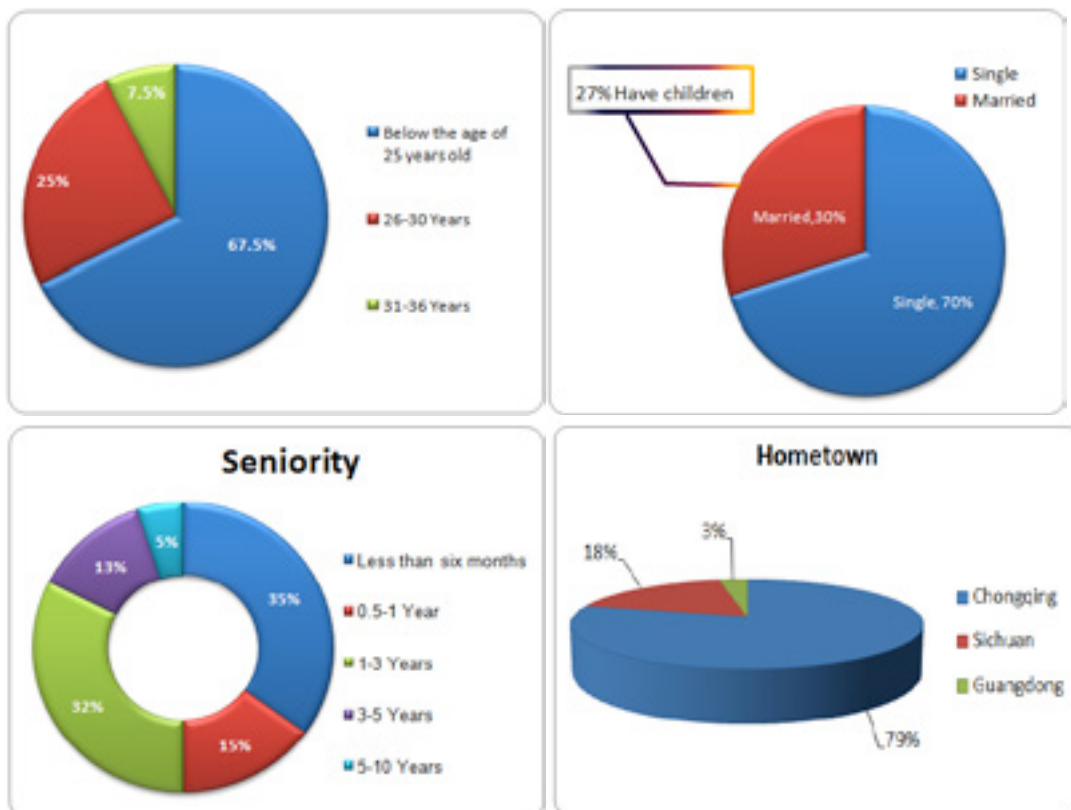
#### A. General Information

Total Number of Interviewed Workers: 40

Interview Tool: Developed by TAOS Network

Interview Type: Individual and group interview

More than half (67.5% of the workers are below the age of 25 years old, 25% are between the ages of 26-30 years old, while 7.5% are 31-36 years of age. The majority of the workers (69%) are single and among those who are married, 27% have children. In terms of work tenure, about one-third (35%) of the workers have only been working at the factory for less than six months; 15% have worked more than six months but less than one year; 35% have worked between one to three years; and 15% have been with the factory for more than three years. In terms of education, 90% of the workers have either graduated or attended middle school while the rest have elementary education.





## **B. Selection of Worker Interviewees**

The worker interviews were carried out during the initial social audit conducted for the A'Hong-Guohong factory. A total of 40 worker interviewees were selected randomly from each of the production workshops. The female to male worker ratio of interviewees was 1.5:1.

## **C. Interview Process**

Twenty-six groups of 4-7 workers and 14 individual worker interviews were conducted. The interviewees were briefed by the TAOS interviewers on the objectives and mechanics of the interview process. The worker interviewees were given the personal information forms to fill out before the start of the interviews.

The TAOS interviewers (2) used a tool developed by TAOS Network to gather information from the workers. The interviews were conducted at a meeting room located at the production floor. The room was located away from the production lines and provided a comfortable setting for the workers, who were interviewed. The worker interviewees were open and candid during the interviews.

## **D. Workers' Feedback**

In general the workers interviewed provided positive feedback in regards to the factory working conditions. They reported that: they liked the working condition and management at the factory; their wages were paid regularly and on time; the food served, as well as the cafeteria service, are better compared to the other factories operating in the area; overtime work was not excessive; the work atmosphere was relaxed and comfortable.

To further improve the work and living conditions at the factory, the workers offered suggestions, including:

- a) Entertainment in the area is limited. The workers would like the factory to organize more recreational activities for them;
- b) The workers do not fully understand the social insurance program. It will help them if the factory conducts regular orientations on the social insurance benefits; and
- c) Provide skills and other personal development training for workers, who are less educated, to help improve their skills and make them more efficient and productive.





#### **IV. Cited Law & Regulations References**

[www.gov.cn/english](http://www.gov.cn/english): The Chinese Central Government's Official Web Portal

[www.mps.gov.cn](http://www.mps.gov.cn): The Ministry of Public Security of the People's Republic of China

[www.mohrss.gov.cn](http://www.mohrss.gov.cn): The Ministry of Human Resources and Social Security of the People's Republic of China

[www.mep.gov.cn](http://www.mep.gov.cn): Ministry of Environmental Protection of the People's Republic

#### Websites in Chinese

[http://www.gov.cn/banshi/2005-05/25/content\\_905.htm](http://www.gov.cn/banshi/2005-05/25/content_905.htm)

[http://www.gov.cn/jrzg/2007-06/29/content\\_667720.htm](http://www.gov.cn/jrzg/2007-06/29/content_667720.htm)

<http://www.mps.gov.cn/n16/n1282/n3493/n3763/n4198/1651320.html>

[http://www.gov.cn/ziliao/flfg/2005-08/05/content\\_20923.htm](http://www.gov.cn/ziliao/flfg/2005-08/05/content_20923.htm)

[http://www.gov.cn/flfg/2011-03/11/content\\_1822902.htm](http://www.gov.cn/flfg/2011-03/11/content_1822902.htm)

<http://www.moh.gov.cn/zwgkzt/pfl/201203/54444.shtml>

# Compliance Status & Action Plan

Completed

Pending

Verification Required

Issue is addressed and/or resolved, next validation in Spring 2014

Issue is not yet resolved, CH needs extra time and/or assistance

Issue is likely to be resolved, but requires verification

CATEGORY	NON-COMPLIANCE ISSUES TAOS	ACTION PLAN (set by TAOS)	STATUS - LAST UPDATE 08-Dec-13
<b>Human Resource Management</b>			
Written Policy Availability	Currently the factory doesn't have a written policy on child labor, juvenile protection, nor a written policy on harrassment and abuse issues.	The factory should draft a written policy on child labor, juvenile protection and harrassment and abuse issues. Child labor policy should include, how to identify child labor as well as a remediation plan once child labor is discovered.	<b>Completed</b>
Worker Awareness	The factory doesn't have posters on local law or local legal minimum wage info in areas where workers are comfortable reading them.	The factory should have labor-related law and regulation posters at locations where workers are comfortable reading them.	<b>Completed</b>
Discipline	Some contracts/agreements miss legal authorization signature. Some parts of the contracts are not fully completed.	The factory needs to make sure all requirements in the contracts/agreements are correctly and completely filled out.	<b>Completed</b>
	The factory performs punitive deduction.	The factory needs to eliminate the rule of monetary punishment from company policies.	<b>Completed</b>
Young Worker (below 16 years old)	One young worker was found to be working during the assessment. The worker's information -- 1. Date of birth: August 28, 1997; 2. Hiring date: July 18th, 2013.	The factory needs to: 1. Terminate contract immediately; 2. Provide all compensation required by law; 3. Review hiring application processes, add better monitoring procedures to avoid future mistakes.	<b>Completed</b>
Juvenile Worker (16 and 17 years old)	The factory currently employs 43 juvenile workers without separate personnel records nor with separate registration at local labor department.	The factory should immediately establish up-to-date registry of all juvenile workers employed and register with local labor bureau.	<b>Verification Required</b>
	The factory currently employs 43 juvenile workers, without protection as requested by law. Juvenile workers have worked night shifts - contrary to local labor law.	The factory will abide by the requirement of the law to protect juvenile workers. For example: juvenile workers should not work night shifts and should not work in risky environments.	<b>Completed</b>
Working Hours	Based on records provided by the factory (Jan. 2012 to July 2013), workers work 60-70 hours per week on average.	The factory needs to work on this issue more carefully, total hours per week should be limited to comply with local law.	<b>Pending</b>
	Based on the records provided by the factory (Jan. 2012 to July 2013), workers didn't consistently get one day off in 7 working days.	The factory needs to improve its monitoring system, make sure workers get one day off in 7 working days.	
Wages Benefit	Insurance, 576 workers have social insurance, 9 workers have commercial insurance, the rest of workers are not insured.	The factory should provide all workers with insurance (especially on accident insurance) and improve social insurance for all in the future.	<b>Verification Required</b>
<b>Health and Safety</b>			
Risk Control	The factory hasn't conducted hazardous or safety risk assessment nor managed risk factors resulting from production.	The factory should conduct risk assessment, recognize safety risks and manage these.	<b>Verification Required</b>
Exits	1. One of the emergency exits on 5th floor was locked on the day of the assessment. 2. One of the emergency exits from the assembly room was locked on each floor from 2nd to 4th floor.	The factory needs to make sure that emergency exits are never locked during working hours.	<b>Completed</b>
	Stairways are not clear.	The factory needs to keep all stairways clear.	<b>Completed</b>
Fire Extinguisher & Fire Prevention	One fire extinguisher was placed on the floor.	All fire extinguishers need to be placed between 8cm to 150cm from the ground.	<b>Completed</b>





# Compliance Status & Action Plan

Completed

Pending

Verification Required

Issue is addressed and/or resolved, next validation in Spring 2014

Issue is not yet resolved, CH needs extra time and/or assistance

Issue is likely to be resolved, but requires verification

CATEGORY	NON-COMPLIANCE ISSUES TAOS	ACTION PLAN (set by TAOS)	STATUS - LAST UPDATE 08-Dec-13
Wiring & Electrical	Covers on some electric meter boxes were open.	All electric meter box should have covers. All covers should be closed at all time.	<b>Completed</b> Comment: All the electrical rooms are locked. No one besides the electrician can enter.
Chemical Safety	The factory hasn't carried out an annual inspection on the air compressor.	The factory needs to arrange inspection for the air compressor annually.	<b>Completed</b>
	Containers for chemical substances are not properly labeled in the assembly room.	All containers with chemicals need to be labeled properly.	<b>Completed</b>
	Chemicals used at assembly room are not equipped with secondary container (need two layers of protection).	All chemicals should have an extra container to prevent leaking.	<b>Verification Required</b>
	The factory doesn't have immediately accessible eye washing facilities at the assembly room nor at chemicals warehouse.	The factory needs to add eye washing facilities at these locations.	<b>Pending</b> Factory purchased temporary eyewash stations
	The factory doesn't have Material Safety Data Sheets (MSDS) posted at locations where chemicals are used.	The factory needs to post MSDS at all locations where chemicals are used.	<b>Completed</b>
	The factory doesn't provide occupational disease health check for workers who use chemical substances and welding equipment.	The factory needs to provide health checks for workers who use chemical substances and welding equipment.	<b>Completed</b>
Medical Personnel	No one at workplace is formally trained in first aid. No certifications registered in the company's records.	At least one in every 100 workers needs formal first aid training and certifications need to be recorded.	<b>Completed</b>
Air Quality	The factory never tested the air quality in the assembly room.	The factory needs to test air quality in assembly and SMT room.	<b>Pending</b>
Lighting	Lighting is not bright enough in assembly rooms.	The factory needs to test and improve lighting conditions.	<b>Verification Required</b>
Restrooms	Restrooms near assembly rooms don't have soap.	The factory needs to make sure soap is provided in all restrooms.	<b>Completed</b>
<b>Dormitory and Cafeteria</b>			
Dormitory Conditions	Fire alarm is not installed.	The factory needs to install fire alarms at the dormitory.	<b>Pending</b>
	One of the emergency exits was locked on the day of the assessment.	All emergency exits must be unlocked.	<b>Pending</b> In the process of changing exit plan
	Natural gas barrel is not properly placed.	The factory should add proper cover for all natural gas barrels.	<b>Pending</b>
Cafeteria	Cafeteria doesn't have ultra violet light for insect control.	The factory should install light for insect control.	<b>Completed</b>
	Lighting is not sufficient in the cafeteria.	The factory should increase the brightness.	<b>Completed</b>
	Cafeteria floor is slippery, anti-slip mat is not sufficient.	The factory should add anti-slip mat and improve the cleaning schedule.	<b>Pending</b>
Environmental Policy	The factory: 1. doesn't have an environmental policy; 2. doesn't have an environmental evaluation report.	The factory: 1. needs to establish an environmental policy; 2. needs to apply for environmental evaluation of the policy.	<b>Verification Required</b>
Contaminated Solid Waste Management	Waste that contains chemicals is not recycled by specialized recycling company.	The factory needs to find specialized recycling company to recycle waste containing chemicals.	<b>Verification Required</b>

