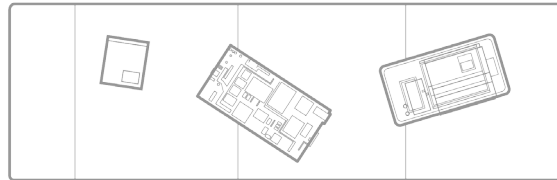


Social Assessment Program: Hi-P



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Improvement Plan

Social Assessment Program begins at our manufacturer Hi-P



Sean Ansett
Chief Sustainability Officer
8 April 2015

In October 2014, four team members of TAOS, our [assessment partner](#), visited the facilities of Hi-P, the [production partner for the next Fairphone](#). They spent three days on factory walkthroughs, numerous document reviews and interviewing workers in both the factory's cafeteria and a private meeting room. TAOS went through all the relevant documentation from Hi-P, such as worker payrolls and company employment policies. The focus was to examine workplace dynamics like working hours and wages, as well as overall working conditions and health and safety procedures, while using local legal requirements and internationally recognized conventions such as the International Labor Organization (ILO) as a benchmark.

While this may sound intrusive in the daily operations of a factory, we don't intend to "police" our production partner with these types of visits. We believe that an [assessment](#):

1. Acts as a snapshot of the factory
2. Should be seen as a starting point
3. Presents challenges that are of a long-term and short-term nature
4. Requires that issues be handled with a tailored, systemic approach

As such, the social assessment provides us with a baseline to develop improvement plans and programs

with the people who help put the Fairphone together. Setting out a clear and shared understanding of the current conditions is the starting point for a partnership built on trust and transparency. Our goal with carrying out assessments is to get a better understanding of the deeper underlying social and environmental challenges, and then working together with our production partner and third-party experts to address them in going further in the partnership.

The full assessment report with an additional section on the first steps for improvement going forward can be read at the end of this document. In this blog, you can read about some key findings and more on the process of the assessment itself.



General observations and impression of the assessment

As we described in the last [blog](#), Hi-P is a design manufacturer who specialize in wireless telecommunications and consumer electronics products. Headquartered in Singapore, they employ over 15,000 people throughout the world, spread out over 15 manufacturing plants and marketing and engineering support facilities.

The Fairphone will be assembled at Hi-P's Suzhou location in China, a couple of hours west of Shanghai, that houses four facilities within it. We are working specifically at the EMS facility for the final assembly, officially named Hi-P (Suzhou) Electronics Co., Ltd. During the assessment visit in October, TAOS visited the Suzhou site looking specifically at this EMS facility.

At the end of the third intensive day on-site, TAOS was ready to share their initial findings.

A closing meeting was set up before TAOS' departure to which Hi-P invited around 15 people, including general managers, business managers, employees from HR and EHS (Environmental Health and Safety) and the site's labor union chairperson. A first round of sharing overall impressions showed that throughout the assessment process Hi-P dealt openly with our requests for transparency on a wide range of social and environmental issues.

Overall, TAOS observed a well-organized company with well-established documentation systems, which was therefore able to provide the assessors with required insights in company policies and documentation. Reviews showed that workers receive wages at a monthly rate and that this is in accordance with the Chinese labor law. The factory provides free lunches, dinner allowance and a shuttle bus service for commuting between the factory and workers' homes. This information was verified by worker interviews, who "in general gave positive feedback in regards to the factory's working conditions." (Source: TAOS report, [Section V Conclusion](#)).

However, as expected, the assessment also identified findings that need our close and on-going attention and improvement going forward with the partnership. There is no such thing as a 100% fair or perfect manufacturer, and we were expecting to find some points for discussion and improvement. Fairphone sees improvements as opportunities to work towards systemic change in the industry - starting first with our top-tier manufacturing partner.



Issues arising from the first assessment: Health and safety, working hours, wages and working conditions

TAOS identified several issues regarding daily **health and safety operations** on the workfloor. The emergency evacuation routes, fire safety and necessary preventative measures were not all compliant as prescribed in applicable national and international regulations. For example, some exit doors did not swing outward (to allow for easier exit) and others were missing exit signs. Workers handling heat guns for small repairs were not wearing the required safety carbon masks. Also, insulated gloves and one area where chemicals are used had no eye wash station nor in some cases were there posted explanatory posters of material safety data sheets (MSDS).

On the other hand, the assessment brought up systemic challenges that are recurring in the electronics industry. Most notable to us from the sample records of May to September 2014 show that **working hours** exceeded 60 hours per week when **production schedules were tight** and there was a reported instance when some workers worked 28 days without a day off in July 2014. In addition to that, the workforce composition shows that an excessive portion of workers is not directly hired by Hi-P but are **agency workers** that are recruited by labor agencies. Working with labor agencies assumes that agency workers don't benefit fully from the employment relationship. Hi-P has less control to provide agency workers with continuous job security since the employment relationship is held by the agency.

After reviewing payroll records and interviews with workers, TAOS confirmed that workers are compensated at monthly rates and that the base **wage**, at RMB 1530, complies with the local minimum wage requirement. Take-home wages, which are comprised of the base wage, a performance bonus, overtime wage, job subsidy, as well as meal and night shift allowances, are higher and range between 2700 and 3700/month. This is after deduction of a social insurance contribution. Overtime is compensated according to labor law and both agency workers – who are paid through agencies – and direct-hire workers are provided with the legally mandated benefits including social insurance and paid leave and holidays.

To better understand what the current wage means for workers, the next step could be to research living expenses for the area. This would give a reference point for living wages in the region where Fairphones are made in comparison to other manufacturing facilities. As with our first Worker Welfare Fund, the fund would give training to workers to empower their skills and knowledge to negotiate improvements, including wages. And in turn, give them concrete, financial resources to invest in what they find important. More on wages in [Section II General Assessment Observations](#).

The last point to highlight is the critical issue of genuine and effective **worker representation**. The facility has a Worker Representative Congress (WRC), suggestion boxes and an open-membership labor union, but the interviews indicate that workers feel that the issues they raise are not always acted upon by management in a satisfactory way to workers. Also, not all workers that are recruited by labor agencies say to have been properly informed about the option to join the site's labor union.



Partnership improvement and worker empowerment

We take the above-mentioned findings seriously and they require strong commitment and follow-up monitoring both by Hi-P and Fairphone. For most of the issues, especially those relating to daily operations and health and safety, Hi-P worked with TAOS following the weeks after the assessment to create a list of actions to address them. Many of the issues mentioned above have by now been addressed by Hi-P. Fairphone will follow-up on these actions and update the status of each issue with accompanying sources for verification in the Improvement Plan.

Following up on the first assessment, Fairphone team members, most often our project manager Mulan, are regularly on-site to monitor progress. Lastly, TAOS will make additional unannounced follow-up visits to validate the status over the course of our partnership.

The Improvement Plan is expected to improve findings that require relatively simple fixes, like changing emergency arrows, providing protective masks, installing eye wash stations. More importantly, however, the assessment also identified systemic and interrelated challenges, like fluctuating and sometimes excessive working hours. These issues require more time and commitment to bring about improvements from both Hi-P and Fairphone.

Fairphone believes that in order to really structurally address systemic problems, the involvement and empowerment of the workers themselves is crucial. Therefore, in the coming months, we will be working on establishing a Worker Welfare Fund in Hi-P as a first step to empower workers by providing training

and skills development, establishing financial resources and setting up channels for them to formalize lines of communication.

By buying the Fairphone, Fairphone owners will be contributing to this Worker Welfare Fund (WWF). The fund will have similar objectives as the fund we set up with our previous production partner [Guohong](#), including facilitating worker representation and improving worker well-being, but it will be tailored for a bigger site with different governance structures. The Suzhou site houses four different Hi-P facilities in one building and shares several areas, such as the cafeteria. We therefore decided that the WWF should benefit all workers from the four facilities in the site, not only the EMS facility that is responsible for final assembly of the Fairphone. This new set-up will require research and many conversations with management and workers, as well as professional training.

In the meantime, Hi-P is implementing their own internal plan to reduce the percentage of agency workers in the facility and to reduce overtime to a maximum of 60 hours/week with one day off in seven days. While Fairphone alone, as a small client of Hi-P, won't change these issues overnight, one example of a step in the right direction would be to adapt our purchasing behavior as a buyer to have timely and accurate production forecasts for Hi-P. That way, Fairphone and Hi-P could better define the production schedule for the next model of Fairphone, aiming to create stability in the production, workforce and working hours to monitor fluctuation as much as possible.

Continuing progress before production begins

After assessing all the requirements we need from a production partner – on technical match, attitude toward transparency, open collaboration and social and environmental performance – we feel that Hi-P understands our value proposition and we can confidently take the first step working together to address these systemic issues. Going forward we will keep you posted about the progress we are making. In the next few months, you can expect to read more about the findings from the social assessment improvements, the Worker Welfare Fund, training and other activities to tackle outstanding issues and the challenges that we encounter in addressing them.

Lastly, while this blog concerns our first-tier supplier, it doesn't mean we leave it at that. The decision to invest in our own design also presents the ability to have more influence in selecting sub-suppliers and engaging with them. We are already reaching out and further engaging with some of the component manufacturers to explore opportunities, for example, in sourcing more responsible minerals and developing other types of worker empowerment projects. We will be delivering information to keep you informed going further in opening up the Fairphone value chain.

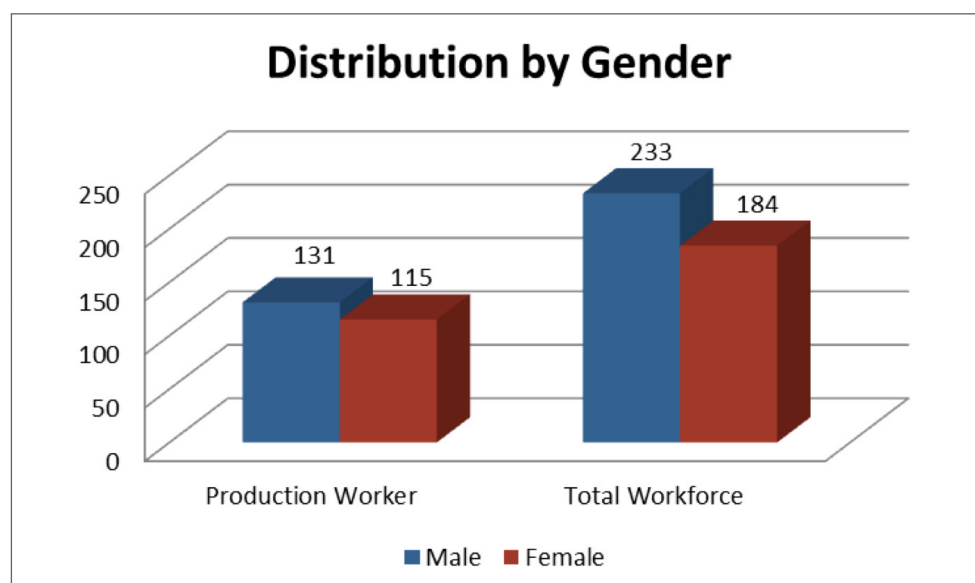
Hi-P (Suzhou) Electronics Co., Ltd. Assessment Summary Report

The assessment was conducted from the 28th to the 30th of October 2014 by four assessors from TAOS Network. This assessment was requested by Fairphone B.V. During these three days, TAOS assessors reviewed conditions in Hi-P (Suzhou) Electronics via documentation review, factory walkthrough, management interview, and on-site worker interview. A total of 41 workers were interviewed: 20 female workers and 21 male workers; 12 were workers hired directly by Hi-P (direct-hire worker) and 29 were hired through labor agencies (agency worker). The workers were interviewed at the factory's meeting room and cafeteria. Of these interviews, six were conducted as group interviews of five workers each and eleven were conducted as individual worker interviews. The interviewees were briefed by the TAOS interviewers on the objectives and mechanisms of the interview process.

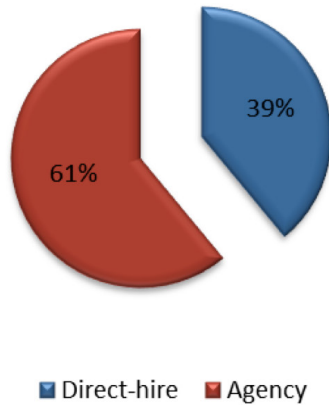
I. Background Information of the Factory:

The factory, Hi-P (Suzhou) Electronics (Hi-P SZE in short) is located at No. 86 Liufeng Road, Wuzhong District, Suzhou City, Jiangsu Province, China. Hi-P SZE is directly managed by a Singaporean company, Hi-P International Limited, and is located in a site owned by Hi-P International Limited established in 2004. Hi-P SZE was moved from Tianjin to Suzhou in early 2014. The factory specializes in the manufacture of mobile phones. The main production processes include: SMT (Surface-mount technology) assembly, Assembly, Testing, Inspection and Packaging.

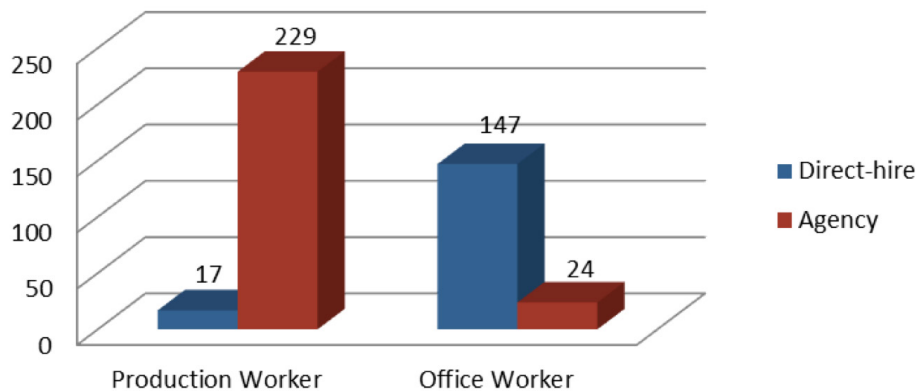
The factory management is mainly Chinese; two members of the management staff are from Malaysia. The factory had a total 417 employees at the time of the assessment, 246 of whom were production workers and 117 were office workers. Of the product workers, 115 were female. The production workers are from Jiangsu and other provinces in China, such as Henan, Anhui, Shandong, Sichuan, Hubei, Shanxi, and Guizhou. About 61% of the employees (253 employees) were agency workers, who signed employment agreements with labor agencies, namely: Suzhou Shi You Employment Agency Ltd., Suzhou Bao Chang Employment Agency Ltd., and Suzhou You Bang Human resources & Employment Agency. These labor agencies are duly certified and qualified labor agencies.



Distribution by Type of Employment



Distribution by Job Type and Type of Employment



Two hundred twenty-nine of the agency workers, or 55% of the factory's total workforce, were production workers and 24 of them, or about 6% of the factory's total workforce, were office workers doing administrative and paper work.

The labor agencies do the recruiting but the selection and hiring of the workers was decided and done by Hi-P SZE. Once hired, the labor agencies would process the necessary documents based on agreements previously reached between Hi-P SZE and the labor agencies, including: notifying the candidate of his/her employment; arranging the candidate's physical check-up; and guiding/assisting the worker on the first day of work at Hi-P SZE. The agency workers signed the employment contract with the labor agency, which in turn is under contract with Hi-P SZE. The contract periods were all for less than two years.



II. General Assessment Observations

The factory's regular working hours are from 08:00 to 16:30, from Mondays to Fridays, with 10 minutes break time in the mornings and the afternoons; lunch break is 30 minutes between 11:00 and 13:00; overtime is considered to be between 16:30 and 20:00 with a 30 minutes dinner break. The assembly and SMT departments work the night shift, working from 20:00 to 08:00 the following morning including 3 hours of overtime, with a one-hour meal break. When production schedules are tight, the workers may be requested to work between 8 and 11 hours on Saturdays and Sundays, for which the workers are compensated with overtime pay. Weekly work hours reviewed during the assessment period ranged from 54-77 hours. Agency workers worked the same work schedules as the direct-hire workers.

All production workers, including the agency workers, are compensated at monthly rates. The workers' base wage is RMB 1530, which is the local minimum wage. Total worker compensation is comprised of the base wage, performance bonus, overtime wage, job subsidy, as well as meal and night shift allowances. Overtime is compensated according to the labor law, which is 150% of the basic hourly wage during the regular workweek, 200% for weekend overtime work, and 300% on legal holidays. Job subsidies are provided to the workers engaged in operations involving hazardous substances and/or are highly skilled, such as welding and inspection jobs, because these positions require specialized trainings. Subsidies range from RMB 50 to RMB 100 a month.

The factory provides workers free lunch and RMB 7.50 dinner allowance per day. Night shift workers are given an allowance of RMB 15 per shift. The factory has no dormitory facility. The factory workers live near the factory site.¹ A shuttle bus service is provided by the factory to transport the workers to and from the factory without additional charge.

In general, the production workers' gross wage ranged from RMB 3000 to RMB 4000 per month. A review of payroll records found that the production workers were deducted about RMB 300 for social insurance contribution. The production workers' take-home pay averages between RMB 2700 and RMB 3700. The interviews with production workers confirmed the findings gathered from the payroll records.

The direct-hire workers' wages are increased by 5%-10% of their base wage annually. The agency workers receive RMB 50 seniority bonus per month after working one year at the factory, RMB 100 and RMB 150 on the second and third year, respectively. The agency workers get their wages from the agencies. The agency workers are provided with pay slips for every pay period. The agency workers receive the same legal benefits as the direct-hire workers, which indicates that the agency workers are provided with the legally-mandated benefits, including social insurance and paid leave and holidays.

The workers are given job orientation upon hire, which included discussions on company policies, health and safety, and job training. The orientation lasts two to three days, and sometimes a week.

Hi-P SZE has a labor union that is a branch of the All-China Federation of Trade Unions (ACFTU). This labor union was established in 2013. The Chairperson of the labor union is Ms. Li-yu. All direct-hire workers of the factory are members of the labor union, while the agency workers have the option to join the labor union or not. All union-related fees and dues are paid by Hi-P SZE and not by the workers.

¹ In worker interviews, some workers stated they rent housing near the factory. The rent is about RMB 300 to RMB 400 for a room per month. A small two-room apartment costs approximately RMB 600 to RMB 700 per month.



The facility is equipped with an exhaust emission system, which is installed in all the production workshops and inspected regularly. Inspection records are maintained and kept on file. Each production workshop is also equipped with a solid waste container. Contaminated solid wastes are segregated, stored in separate containers, and are collected by qualified and certified waste collection companies.

III. Assessment Findings:

The assessment standards were based on the Ethical Trading Initiative Code of Conduct, Chinese Labor Law, Chinese fire and health safety related regulations, and best practices from the electronics industry. The factory was found to be compliant with the following exceptions:

A. Human Resource Management

- The employee handbook includes a stipulation on punitive fines, i.e., late-comers or workers who render under time, or workers who leave their work post for 2-6 hours without approval, are considered absent for half a day. Latecomers or workers who render under time, or workers who leave their work post without approval for over 6 hours, are considered absent for one day. The sample payroll records from May to September 2014 did not show any deductions for punitive fines. The workers who were interviewed confirmed this finding.
- The time records from May to September 2014 indicate that the workers' total weekly working hours exceeded 60 hours when production schedules were tight. The weekly work hours during the review period ranged from 54-77 hours. The highest weekly working hours reached 77 hours as indicated in the time records of two of the 25 sample workers from the Assembly and SMT workshops. This was recorded in July 2014. The workers were not guaranteed one rest day in every seven days. The workers worked continuously for 28 days without a break from June 21 to July 18.

B. Occupational Health and Safety Standards

- Some exit doors in the SMT, maintenance, and testing workshops did not swing outwards. (Code of Design on Building Fire Protection and Prevention, GB50016-2006, Article 7.4.12)
- At least 3 exits in the SMT, maintenance, and testing workshops were not equipped with exit signs. (Code of Design on Building Fire Protection and Prevention, GB50016-2006, Article 11.3.4)
- Production materials were placed along three production aisles on the assessment day. (Article 28 of Fire Prevention Law of the People's Republic of China)
- Most of the emergency exit route directions were not indicated with arrows painted on the floor or on walls. (Best Practice)
- Access to two groups of fire extinguishers was blocked by materials. (Rules Concerning Warehouse Safety and Fire Control article 52)
- Production floor layouts, rather than emergency evacuation maps, were posted in the production workshops. (Fire Prevention Law of the People's Republic of China Article 14.6)
- The heat guns (temperature is above 300oC) at the repairing room were not equipped with heat shields; the workers handling the heat guns were not wearing activated carbon masks and insulated gloves. (General rules of design on health and safety of production facility (GB5083-1999)
- There was no eye-washing facility installed in the area where chemicals were used. (Law of the People's Republic of China on Prevention and Control of Occupational Diseases, Article 23)
- MSDS (Material Safety Data Sheet) was not posted in the area where chemicals were used. (Regulations on Safety in Workplaces Where Chemicals Are Used, Article 12)

C. Environment Protection

- Hi-P SZE had no emission permit as of the assessment date. The factory was moved from Tianjin in Spring 2014, therefore the environmental protection acceptance is still under observation as per local guidelines. Documents show that the factory had applied for the permit and it is still being processed. (Law of the People's Republic of China on Prevention and Control of Water Pollution [2008] Article 20; Article 16)

IV. Additional Concerns Collected from Worker Interviews

During the assessment, assessors observed additional issues from worker interviews. These issues are worth Fairphone's and the factory management's attention.

A. Agency Worker Recruitment Fee

Several worker interviewees reported that the larger labor agencies, which directly work with the factory, do not charge any recruitment fees from the job applicants. However, some of the subcontractors that supply to Hi-P's contracted agencies would charge fees. Some interviewees reported that they were charged as little as RMB 10 to RMB 15 for the paper work, while others paid as much as RMB 120. The fees were collected once the applicant was hired. However, the interviewees reported that the identification cards of some of the workers were held by the labor broker until the RMB 120 recruitment fee was paid.

B. Freedom of Association

As previously described, Hi-P SZE has a labor union, which agency workers have the option to join or not. However, some of the worker interviewees reported that they were not informed by the labor agents about their right to join the factory's labor union. When the assessor validated this report with the Hi-P management team, management reported that the labor agencies working with Hi-P SZE had all been informed of the open union-membership policy. The staff turnover and lack of training within the contracted agency may have resulted in the failure by the agency to communicate the policy with the agency workers.

C. Benefits

The labor agency is responsible for processing the social insurance for the agency workers. The worker interviewees reported that they clearly understood how their wages, including the overtime wages, were calculated. However, the worker interviewees reported that the processing of the social insurance took too long, i.e., the workers received their insurance enrollment documents and insurance cards more than three months after employment. When the assessor validated this report with the Hi-P management team, management reported that, normally, the social insurance enrollment process would take about one month. The management was not aware that the distribution of insurance cards among agency workers was very much delayed.

D. Grievance channels

The interviewees reported that there is no effective grievance and communication channel established at the factory. While suggestion boxes are installed at the production floor and the rest areas, the workers reported that the issues they raised were not always acted upon by management, particularly queries regarding worker welfare.

When the assessor validated this report with the management team, management reported that Hi-P SZE could not take action on some of the issues, especially those regarding benefits or company policies,

because these issues could only be addressed by headquarters, Hi-P International Limited. As such, the feedback process would take much longer. Upon review of the grievance records kept on file, the assessors observed that all the issues reported verbally or in writing (dropped in the suggestion boxes) were responded to by Hi-P SZE management. However, some of the responses were either vague or simply referrals to policies set by the headquarters.

V. Conclusion

The factory management was transparent and cooperative during the assessment process and provided all documentation requested by TAOS. The information provided by the factory was assessed to be accurate and reflective of the actual factory practices.

In general, the workers interviewed gave positive feedback in regards to the factory's working conditions, i.e., those that were interviewed were all provided with legal benefits, wages were paid regularly and on time, the line supervisors and floor managers are responsive to the work-related issues raised by the workers. Interviewees did not report harsh or disrespectful treatment by their supervisors or management.

The non-compliance issues identified during the assessment of Hi-P SZE were discussed with the Hi-P management team. A compliance action plan (CAP) was jointly developed with the management team and includes recommendations on each of these findings.

Management expressed its commitment to implement the CAP, and its willingness to address improvements to meet Fairphone's requirements.

VI. Cited Law & Regulations References

- www.ethicaltrade.org: ETI Base Code/ The Ethical Trading Initiative
- www.gov.cn/english: The Chinese Central Government's Official Web Portal
- www.mps.gov.cn: The Ministry of Public Security of the People's Republic of China
- www.mohrss.gov.cn: The Ministry of Human Resources and Social Security of the People's Republic of China
- www.mep.gov.cn: Ministry of Environmental Protection of the People's Republic

Websites in Chinese

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- <http://www.chinalaw.gov.cn>

Improvement Plan

(last updated: April 2016)

Factory: Hi-P (Suzhou) Electronics Co., Ltd.

Section I: Human Resource Management

	TAOS entry assessment October 2014	Action plan	Status update February–April 2015 (verification by Fairphone)	TAOS unannounced assessment April 2015	Status update April 2016 (verification by Fairphone)
Written policy availability	The employee handbook includes stipulation on punitive fines, i.e., late comers or undertime, or who leaves the work post without an approved excuse for 2-6 hours is considered absent for 0.5 day; late comers or undertime or who leaves the work post without an approved excuse for over 6 hours is considered absent for 1 day.	The procedures must exclude the use of deductions/ monetary fines.	<p>Last follow up on 2 April 2015 - The factory has modified the language to "Late comer or who leaves work without v approval will be considered absent from work. Hourly pay will be deducted based on the hours of absence." The factory has posted this modification on public message boards, officially notified employees via email and trainings. Employees hired after the assessment received an employee handbook with the hand-made correction. According to the factory, the hand-made corrected employee handbook will be available in the cafeteria since March 2015.</p> <p>Electronic copy of the modified employee handbook; notification shows internal announcement on this issue; email shows internal communication on this issue; training signing sheet; and discussion with the factory management.</p>	Completed.	Completed. Factory walk-through.

FAIRPHONE

	TAOS entry assessment October 2014	Action plan	Status update February-April 2015 (verification by Fairphone)	TAOS unannounced assessment April 2015	Status update April 2016 (verification by Fairphone)
Working hours	The time records from Sept. 2013-2014 indicate that the workers' total weekly working hours exceeded 60 hours when production schedules were tight; the weekly working hours during the review period ranged from 54-77 hours. The highest weekly working hours reached 79 hours as indicated by the time records of 2 of the 25 sample workers (Assembly and SMT workshops). This was recorded in July 2014.	Management should establish/ strengthen working hour control system to ensure that the total working hours do not exceed 60 hours a week.	Last follow up on 13 February 2015 - Factory has developed and started implementing a control system for working hours since November 2014. Production managers are asked to thoroughly forecast the labor demand within their departments and submit a request to HR to approve their labor demand and working hours. Reasons and causes for overtime are reported and recorded in the HR department. Weekly working hour tracking sheet; discussion with the factory management.	The time records from Oct. 2014-Mar. 2015 indicate that the workers' total weekly working hours exceeded 60 hours when production schedules were tight. The weekly work hours during the review period ranged from 55-77 hours.	In August 2015, Hi-P started measures to limit weekly working hours to max. 60 after communicating with all levels of employees. Records for August 2015-April 2016 show that while weekly working hours for all production workers on average were below 60 hours, there were several instances when weekly working hours exceeded 60hrs. Fairphone and Hi-P will continue working together to improve control of working hours. Working hour tracking sheet provided by Hi-P.

FAIRPHONE

	TAOS entry assessment October 2014	Action plan	Status update February-April 2015 (verification by Fairphone)	TAOS unannounced assessment April 2015	Status update April 2016 (verification by Fairphone)
Working hours	The time records for Sept. 2013-2014 of 25 sample workers as well as information gathered through worker and management interviews indicate that the workers were not guaranteed one rest day in every seven days when the production schedules were tight. The highest continuous period worked by the workers was 28 days (June 21-July18, 2014).	Management should provide all employees one day off in every seven days.	Last follow up on 13 February 2015 - Corporate HR is monitoring workers' working days on a weekly basis. HR officers request each department to review and schedule working days every week, and review the actual number of days worked. If in an exceptional case workers need to work beyond the 6th day, HR and corporate HR's approval is required. The factory states that such an exception is only made in rare cases and is not a common practice. Weekly working hour tracking sheet; discussion with the factory management.	The time records for Oct. 2014-Mar. 2015 as well as information gathered through worker and management interviews indicate that the workers were not guaranteed one rest day in every seven days when the production schedules were tight. The highest continuous days worked by the workers were 31 days (21 Oct.- 20 Nov. 2014, production and assembly workshops).	Records for August 2015-April 2016 show that while workers generally had one day off in every 7 days, there were several instances when some workers did not get a rest day within 7 days. Fairphone and Hi-P will continue working together to improve control of working hours. Working hour tracking sheet provided by Hi-P.
Recruitment fee	Interviewees reported that some of the subcontractors that supply to Hi-P's contracted agencies charged fees. Some interviewees reported that they were charged as little as RMB 10 to RMB 15 for the paper work, while others paid as much as RMB 120. Interviewees reported that the identification cards of some of the workers were held by the labor broker until the RMB 120 recruitment fee was paid.	Factory must notify contracted agencies to force their contractor to stop this practice. Factory must create a system to monitor this situation.	Last follow up on 26 February 2015 - The factory requested labor agencies to sign an agreement with their contracted agencies and labor brokers to guarantee that identification cards will not be withheld. The agreement includes prohibiting the contracted agencies to charge fees and to avoid working with labor brokers that charge non-transparent or an unreasonable amount of fees. The factory will monitor this situation via interviewing newly hired workers and asking about their experiences from the beginning to the end of the hiring process. Discussion with the factory management	Agencies are only allowed to charge a small fee for administrative costs. None of the workers interviewed reported that their identity documents were being withheld.	Agencies are only allowed to charge a small fee for administrative costs. There are no reports about withheld identity documents. Hi-P monitors this by surveying newly hired agency workers. Continue monitoring. Information provided by Hi-P; discussion with factory management.

FAIRPHONE

	TAOS entry assessment October 2014	Action plan	Status update February–April 2015 (verification by Fairphone)	TAOS unannounced assessment April 2015	Status update April 2016 (verification by Fairphone)
Freedom of association	Some agency workers are not informed about their right to join the labor union	Factory needs to inform all current agency workers about this right; factory needs to ask agency to pass along this information and monitor the condition	Last follow up on 26 February 2015 - The factory notified contracted agencies to provide this information to agency workers. The factory will notify agency workers on this issue upon hire. Discussion with the factory management	Some agency workers reported that they were informed about the option to join the labor union during job orientation. However, more than 85% of the agency workers interviewed did not know that there is a union and/ or what a union is.	Agency workers are informed about the option to join the enterprise labor union during job orientation. Information provided by Hi-P; discussion with factory management.
Wages and benefits	Labor agency took too long (over three months) to distribute insurance cards to agency workers.	Factory needs to monitor agency's progress with issuing insurance cards to agency workers.	Last follow up on 26 February 2015 - The factory will continue monitoring this issue and has set the target that each employee shall receive his/her insurance card within 2 months after hired by the factory. Discussion with the factory management	No delays in receiving insurance cards were reported by the workers interviewed. Continue monitoring.	No delays in receiving insurance cards were reported. Continue monitoring. Information provided by Hi-P; discussion with factory management.
Grievance channels	Workers did not receive proper feedback on issues related to wages and benefits	Factory should review previous suggestions by workers and the factory's responses, discuss with workers to see if their concerns were taken care of.	Last follow up on 26 February 2015 - The factory agreed to improve their communication with workers on the company's wage and benefit policies. Discussion with the factory management	Workers reported that grievance and communication channels have improved; the management responded to the work-related issues raised by the workers in a timely manner and to some of the queries regarding worker welfare with detailed information.	Fairphone and Hi-P continue to address this topic by strengthening worker representation and worker-management dialogue.

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	TAOS entry assessment October 2014	Action plan	Status update February–April 2015 (verification by Fairphone)	TAOS unannounced assessment April 2015	Status update April 2016 (verification by Fairphone)
Agency workers	The percentage of agency workers must be reduced to 10% of the total workforce by March 2016 according to legal requirements in China. At the time of the assessment, 61% of the workforce were agency workers.	Factory must have a clear plan to reduce the percentage of agency worker to the required standard by March 2016.	<p>Last follow up on 26 February 2015 - Factory's agency worker reduction plan sets the following targets: Reduction of agency workers to max 45% of the workforce by June 2015; reduction to max. 25% by December 2015 and reduction to max. 10% by February 2016.</p> <p>According to the factory, these targets will be pursued by converting current agency workers to direct-hires and increase direct recruiting.</p> <p>Agency worker reduction plan; discussion with the factory management</p>	57% of the total workforce were agency workers.	<p>As of early April 2016, 29.8% of the total workforce were agency workers. Continue monitoring progress.</p> <p>Data provided by Hi-P.</p>

Section II: Health and Safety Standards

	TAOS entry assessment October 2014	Action plan	Status update February-April 2015 (verification by Fairphone)	TAOS unannounced assessment April 2015	Status update April 2016 (verification by Fairphone)
Exits	Some exit doors in the SMT, maintenance and testing workshops did not swing outwards.	Emergency exit doors should swing outwards.	Last follow up on 22 January 2015 - The doors do now swing outwards. Photos provided by factory management	Completed.	Completed. Factory walk-through.
Exits	At least 3 exits in the SMT, maintenance and testing workshops were not equipped with exit signs.	Exit signs should be properly installed at all exits and in all hallways and stairwells.	Last follow up on 27 February 2015 - The signs are now installed at the proper height. Photos provided by factory management	Completed.	Completed. Factory walk-through.
Aisle/Exit routes	3 aisles were blocked by materials on the audit day.	Aisles should be kept clear at all times.	Last follow up on 22 January 2015 - The aisles are now kept clean. Photos provided by factory management	Two aisles and exits were blocked by materials in the assembly workshop. One aisle in the SMT workshop was too narrow (about 60 cm).	Completed; continue monitoring. Aisle cannot be broadened, therefore the exit route was re-routed to a wider aisle. Local fire department to be consulted to assess this alternative from a safety perspective. Factory walk-through.
Alarms/ Emergency systems	Most of the emergency exit routes did not detail the evacuation direction with arrows.	Emergency exit routes should detail the direction of evacuation with arrows.	Last follow up on 22 January 2015 - The emergency exit routes have been detailed with the arrows for emergency escape. Photos provided by factory management	Completed.	Completed. Factory walk-through.

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	TAOS entry assessment October 2014	Action plan	Status update February-April 2015 (verification by Fairphone)	TAOS unannounced assessment April 2015	Status update April 2016 (verification by Fairphone)
Alarms/ Emergency systems	Access to 2 groups of fire extinguishers was blocked by materials.	Fire extinguishers should be easily accessible at all times.	Last follow up on 22 January 2015 - The fire extinguishers are not blocked by materials. Photos provided by factory management	Completed; continue monitoring.	Completed. Factory walk-through.
Evacuation maps	Evacuation maps were not posted in the workshops, rather what was posted were the production floor layouts.	Up-to-date and accurate evacuation maps should be posted in the workshops. The maps should include location of fire extinguishers, first aid boxes, exits and emergency evacuation routes.	Last follow up on 2 April 2015 - A floor emergency escape map covering several workshops is posted. Since the floor area is large and per floor often contains several workshops, the factory is advised to also post emergency escape map in each workshop; posting emergency escape map is completed in March 2015. Photos provided by factory management	No update.	Completed - evacuation maps now also posted in each workshop. Factory walk-through.
Machine safety	The heat guns at the maintenance room were not equipped with heat shields; the workers handling heat guns were not wearing activated carbon masks and oven mitts. (The temperature of the heat gun was above 300 degrees Celsius.)	1. Machinery should be equipped with adequate safety devices. 2. The factory should provide activated carbon masks and oven mitt to the workers who are using heat guns.	Last follow up on 13 February 2015 - Machinery is now equipped with adequate safety devices. Personal protective equipment (carbon masks) is provided. Photos provided by factory management	Completed.	Completed. Factory walk-through.

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	TAOS entry assessment October 2014	Action plan	Status update February–April 2015 (verification by Fairphone)	TAOS unannounced assessment April 2015	Status update April 2016 (verification by Fairphone)
Chemical safety	There was no eye-wash facility installed in the area where chemicals were used.	Workers dealing with chemicals should have immediate access (approx. 10 seconds) to eye-wash facilities.	Last follow up on 22 January 2015 - The eye-wash facilities are installed. Photos provided by factory management	Completed.	Completed. Factory walk-through.
Chemical safety	There was no MSDS (Material Safety Data Sheet) posted in the areas where chemicals were used.	Relevant MSDS should be posted or made readily available and written in a local language(s).	Last follow up on 22 January 2015 - The MSDS are all posted. Photos provided by factory management	Completed.	Completed. Factory walk-through.
Environment permit	There is no emission permit.	Factory needs to update permit as soon as possible.	Last follow up on 2 April 2015- The factory has applied for the permit. The environmental protection acceptance is now under observation as per local guidelines. A state agency auditor visited the factory on 4 March. The final permit is expected to be ready by the end of April 2015. Photos provided by factory management	Completed.	Completed. Reviewed by TAOS in April 2015.