

Appendix 1, Part 3

FACTORY NAME: **HONG FU JIN ELECTRONICAL TECHNOLOGY (CHENGDU) CO. LTD.**

BUSINESS UNIT NAME: **SHZBG Chengdu**

FLA AFFILIATED BRAND IN PRODUCTION: **APPLE**

CITY/COUNTRY: **CHENGDU / CHINA**

NUMBER OF WORKERS: **38,393**

DATE OF ASSESSMENT: **6-9 MARCH 2012**

SERVICE PROVIDER: **SCSA**

NUMBER OF WORKERS INTERVIEWED ON-SITE: **558**

NUMBER OF WORKERS INTERVIEWED OFF-SITE: **96**

NUMBER OF MANAGERIAL STAFF INTERVIEWED: **58**

FINDING NO: 1

EMPLOYMENT FUNCTION: RECRUITMENT, HIRING AND PERSONNEL DEVELOPMENT

FINDING TYPE: Sustainable Improvement Needed

Finding Explanation:

- Factory requires workers – except temporary workers and interns – to sign a three-year contract that provides for an extended probation period of 6 months. However, in the FLA Benchmarks, the probation period limit is 3 months.
- No specific policy and/or procedures related to some special categories of workers were available, e.g., short term workers and interns.

Local Law or Code Requirement:

FLA Workplace Code (Employment Relationship Benchmark ER.7; Compensation Benchmark C.3)

Root Causes:

- Since Apple only recently affiliated with the FLA, and has yet to fully align its policy and procedures as well as Code of Conduct with FLA standards and benchmarks, suppliers have not been communicated FLA requirements.
- China's Labor Contract Law Article 19 allows an extended probation period of up to 6 months in three-year employment contracts.
- Management has not seen the need to have policy and procedures for short term workers and interns; mainly because they do not represent a large number of workers (less than 1%).

Recommendations for Sustainable Improvement:

- Management should revise the employment contracts to limit the maximum probation period to three months / 1 month
- Apple should align its current policy, procedures and Code of Conduct with FLA's standards and benchmarks / 3 months
- Management should revise Recruitment & Hiring policy and procedures to include special categories of workers, e.g., short term workers and interns, and

Remediation Plan:

- Enhance job descriptions to define skill level requirements and relevant working experiences of critical work stations for the management of new-employee probation period. (CHR: Director and SHZBG: Director, 04/30/'12)
- Revise policy and procedures regarding probationary period for newly-recruited employees to limit the probation period to 3-6 months based on previous relevant working experiences and skill level

the protections they require / 6 months

- Workers and Management representatives should be trained on revised policy and procedures / 9 months

requirements of critical work stations. Furthermore, ensure consistency when issuing the employment contract and policy and procedures with regard to the probation period limit. (CHR(Corporate HR): Director and SHZBG (Super HongZhun Business Group): Director, 05/31/'12)

- Continuously enhance policy and procedures for Recruitment & Hiring / HSE Protection / Management of Special Categories of Workers such as young workers (16 to 18 years old)/ elderly workers/ pregnant/ lactating workers/ trainees/ apprentices/ interns/ short term workers and employees with disabilities. (CHR: Director, CFIS(Corporate Fire and Industry Safety): VP, HSE committee, SHZBG: Director, 05/31/'12)
- Train workers and management team on the revised policy and/or procedures; refresh training periodically as operations move forward. (SHZBG: Director, 06/30/'12)
- Apple will align its current policy, procedures, Code of Conduct with FLA's standards and benchmarks. (Apple Supplier Responsibility, 06/30/12)

FINDING NO: 2

EMPLOYMENT FUNCTION: RECRUITMENT, HIRING AND PERSONNEL DEVELOPMENT

FINDING TYPE: Sustainable Improvement Needed

Finding Explanation:

- During the review of job descriptions it was observed that there is an age requirement (older than 24 years old) for the Recruitment Interviewer position.
- Several inconsistencies were observed between business group- and factory-level policies and procedures dealing with Recruitment and Hiring that could potentially discriminate against protected classes of workers.
- Although there have been many changes implemented recently with respect to technical staff recruitment at the group-level, related procedure has not been reviewed and updated since February 22, 2008. Similarly, the terms of workers' grades have been changed in practice, but the policy has not been updated accordingly.
- Current work positions of some interns are not related to their departments/ area of training at their vocational school.
- Missing information on some employment contracts such as wage information or position/job description.

Local Law or Code Requirement:

FLA Workplace Code (Nondiscrimination Benchmarks ND.2; Employment Relationship Benchmarks ER.1)

Root Causes:

- Since Apple only recently affiliated with the FLA, and has yet to fully align its policy and procedures as well as Code of Conduct with FLA standards and benchmarks, suppliers have not been communicated FLA requirements.
- Lack of a mechanism/procedure to ensure consistency in the creation and implementation of policy/procedures from Business Group-level down to Factory-level and vice-versa.
- Internal monitoring system does not provide in-depth controls on possible quality issues in documentation

on Employment Relationship

Recommendations for Sustainable Improvement:

- Management should prepare an action plan to ensure that selection of vocational schools/interns will be in line with the ongoing tasks within the factory / 1 month
- Management should prepare an action plan to ensure that all workers have employment contracts that contain all necessary clauses / 1 month
- Corporate management to create a mechanism to align all policies and procedures across all Business Groups producing Apple products; including provisions that would allow Business Groups and factories to provide feedback about changes in their policies and procedures, so that consistency is ensured / 6 months
- Management should revise Recruitment & Hiring policy and related procedures for addressing discrimination issues and eliminate group- and factory-level inconsistencies / 6 months
- An effective internal monitoring procedure should be established and implemented to ensure updating of written policy and procedures/ 9 months

Remediation Plan:

- Coordinate with the schools and colleges providing interns to ensure that the jobs relate to the interns field of study. (CHR: Director and SHZBG: Director, 04/25/'12)
- Review and revise the employment contract to ensure it contains all necessary clauses. (CHR: Director and SHZBG: Director, 04/25/'12)
- Review and revise existing policy and procedures to ensure consistency among corporate, business group and factory levels. (CHR: Director and SHZBG: Director, 04/30/'12) 4.
- Review and revise Recruitment & Hiring policies/procedures to eliminate any potential discrimination, e.g., based on age. Develop objective criteria (such as educational achievement or work experience) to define qualifications for all job positions. (CHR: Director and SHZBG: Director, 04/30/'12)
- Enhance periodic monitoring on policy, procedures and document control to ensure internal documents are up-to-date. (SHZBG: Director, 04/30/'12 and continuously)
- Apple will align its current policy, procedures and Code of Conduct with FLA's standards and benchmarks. (Apple Supplier Responsibility, 06/30/12)

FINDING NO: 3

EMPLOYMENT FUNCTION: COMPENSATION/HOURS OF WORK

FINDING TYPE: Immediate Action Required

Finding Explanation:

- Some workers are asked to come earlier or stay after their official start/end time for some work related activities such as morning briefings or department meetings. That time is not treated as time worked and is not compensated.

Local Law or Code Requirement:

China Labor Law, Article 44; FLA Workplace Code (Compensation Benchmarks, C.5)

Recommended Immediate Action:

Management to ensure full payment of all hours of work (including morning meetings).

Root Causes:

- Inconsistency in the implementation of Hours of Work/Compensation policy and procedures.
- Hours of Work & Compensation policy and procedures do not include or reference treatment of time for attending testing sessions, team meetings, arriving to work early, and so on, and top management is not aware of these practices.

- These issues have never been raised during the external or internal audits.
- Workers' lack awareness on factory's Hours of Work and Compensation policy and procedures.
- There is no system in place for evaluating the efficiency of the trainings provided or communication procedures.

Recommendations for Sustainable Improvement:

- Enhance Compensation and Hours of Work policy and procedures to address workers attending work-related meetings, early arrivals, etc. / 3 months
- Department managers and supervisors to be trained on Compensation and Hours of Work policy and procedures / 4 months
- Workers should be trained on enhanced Compensation and Hours of Work policy and procedures / 5 months
- An effective internal monitoring procedure should be established and implemented to prevent recurrence of this practice and to ensure successful implementation of written policy and procedures / 6 months
- Efficiency of the trainings and communication procedures should be checked periodically to gauge workers' awareness on wages and benefits / 6 months

Remediation Plans:

- Immediately review current payment practices to ensure full payment of all hours worked, including work-related meetings before and after regular working hours. (SHZBG: Director, 04/15/'12 and continuously)
 - o Enhance Compensation/Hours of Work policy and procedures to address workers' attendance at work-related trainings and meetings. (CHR: Director and SHZBG: Director, 04/30/'12)
 - o Worker will be compensated (regular hours or overtime) for all work-related mandatory training.
 - o Ensure that all work-related meetings are conducted on-the-clock during regular working time.
 - o Workers will be informed and trained to understand that compensation is not payable for trainings that are not work-related or mandatory, such as degree training programs subsidized by the company, social skill trainings, trainings for personal hobbies, and so on.
 - Enhance working hours and wages management of workers. (SHZBG: Director, 04/30/'12)
 - o On the pre-shift 10 to 15 minute assembly for the direct workers, the company will develop a process to ensure employees receive compensation for these meetings if they happen prior to employee clocking in for work.
 - Enhance overtime hours and wage management of workers. (CHR: Director and SHZBG: Director, 04/30/'12 and continuously)
 - o Synchronize time window for wage calculation of effective overtime to 15 minutes window (equivalent to time window for tardy and early leave as specified in current policy).
 - o Strengthen the overtime hour validation process conducted by supervisors.
 - o Ensure real time database updated in enquiry terminals for workers to verify their attendance/overtime hours on each and every building.

- Overtime management remains on application basis and not based on punch-in/punch-out time basis.
- Enhance internal monitoring system to ensure that the actual implementation aligns with policy and procedures. (SHZBG: Director, 05/31/12)
- Train on enhanced policy and procedures to department managers and supervisors. (SHZBG: Director, 06/30/12)
- Train newly-hired workers on enhanced policy and procedures to via orientation training and current workers via refresh training. (SHZBG: Director, 07/31/12)
- Periodically conduct employee surveys to confirm their awareness and perception on wages and benefits. (SHZBG: Director, 09/30/12)

FINDING NO: 4

EMPLOYMENT FUNCTION: RECRUITMENT, HIRING AND PERSONNEL DEVELOPMENT

FINDING TYPE: Sustainable Improvement Needed

Finding Explanation:

- Factory does not employ disabled workers; management prefers to pay into the employment security fund instead of hiring disabled workers and security fund payment documents for 2010 were provided.
- Management representatives mentioned that factory will start hiring disabled workers starting from 2012 but such hiring was not documented.

Local Law or Code Requirement:

Regulations on the Employment of Persons with Disabilities, Article 8; Employment Contract Law, Article 17; FLA Workplace Code (Non-Discrimination Benchmarks ND.2; Employment Relationship Benchmarks ER.3)

Root Causes:

- Since Apple only recently affiliated with the FLA, and has yet to fully align its policy and procedures as well as Code of Conduct with FLA standards and benchmarks, suppliers have not been communicated FLA requirements.
- Regulations on the Employment of Persons with Disabilities, Article 9 allow employers to pay into the employment security fund instead of hiring disabled workers.

Recommendations for Sustainable Improvement:

- Apple should align its current policy, procedures and Code of Conduct with FLA's standards and benchmarks / 3 months
- Management should work closely with HSE Committee to define the positions/areas suitable for employing disabled workers and start employing disabled persons to reach at least the legal quota (which is 1.5% of total workforce) /9 months
- An effective internal monitoring procedure should be established and implemented to ensure updating

Remediation Plan:

- Factory will work closely with the HSE team to define positions and areas suitable for persons with disabilities and appropriate job and workplace accommodation. (HSE committee and SHZBG: Director, 04/23/12)
- Chengdu campus will align its procedures with corporate procedures about Employment and Management of workers with disabilities and to enhance efforts to recruit persons with disabilities. (SHZBG: Director, 04/30/12 and

of written policy and procedures along with controlling quality of documentation/ 9 months

continuously)

- Design and provide policy and procedures and training on employment of persons with disabilities protection to operators, production management, supervisors at all levels, and HR personnel. (SHZBG: Director and On-site Supervisors, 05/31/'12)
- Apple will align its current policy, procedures and Code of Conduct with FLA's standards and benchmarks. (Apple Supplier Responsibility, 06/30/12)

FINDING NO: 5

EMPLOYMENT FUNCTION: HOURS OF WORK

FINDING TYPE: Sustainable Improvement Needed

Finding Explanation:

- Factory's hours of work policy and related procedures set the maximum weekly combined working hours (regular hours plus overtime) at 60 hours per week. This meets Apple and FLA Code standards but violates local law which limits regular working hours to 40 hours per week and overtime hours at 36 hours per month (an average of 9 hours per week).
- During the last 12 month period, 26% of the total workforce exceeded the 36 hour overtime limit per month in June 2011; 53.1% of total workforce exceeded this limit in July 2011, while almost 46% of the total workforce exceeded it in January 2012.
- Most of the workers worked fewer than 60 hours per week as combined hours (normal hours plus overtime) in recent months, but it was not guaranteed in peak season. For example, 24.60% of the workforce worked more than 60 hours per week in June 2011 while 6% exceeded that level in January 2012.
- Under 1% of the total workforce did not receive 24 consecutive hours of rest in every seven-day period during the peak season (June and July 2011), with a maximum 13 days consecutive work.

Local Law or Code Requirement:

China Labor Law, Articles 38 & 41; FLA Workplace Code (Hours of Work Benchmarks HOW.1 and HOW.2; Employment Relationship Benchmark ER.23)

Root Causes:

- High turnover rate decreases levels of productivity and efficiency, which in turn requires workers to work more hours to be able to meet production targets.
- Production and capacity planning does not include adequate safeguards to prevent workers from working more than 60 hours a week or to ensure workers are provided a day off within a 7 day work period
- Insufficient oversight by the buyer to address reasons behind excessive overtime.
- Although the current starting wage is 20% above the legal minimum wage, workers do not feel it is high enough to meet basic needs and provide some discretionary income. As a result, workers rely on OT hours.
- Tight production schedule due to short lead time and late orders.
- Quality issues and reworking hours due to precision and high detail level of the product.
- Possible delays due to late delivery of components.

Recommendations for Sustainable Improvement:

- Close tracking of monitoring of Hours of Work on a weekly basis to ensure consistency with policy

Remediation Plan:

- Track and monitor hours of work on a weekly basis (SHZBG: Director, Done on 01/01/'12 and

and procedures / Continuous

- Factory management should revise its Hours of Work policy and related procedures to meet local law requirements / 3 months
- Management should focus on ways to reduce employee turnover rate to keep trained/experienced workers in the factory / 3 months
- Workers and management representatives should be trained on revised policy and procedures / 5 months
- An effective internal monitoring procedure will be prepared and implemented to ensure that workers are provided with their ergonomic breaks and not working on established overtime hours limits as a successful implementation of written policy and procedures/ 6 months
- Apple's Sourcing and Supplier Responsibility teams should use the FLA Principles of Fair Labor and Responsible Sourcing to work with Foxconn to identify and improve the materials and production planning processes that contribute to excessive overtime.
- Factory should improve forecasting and production planning to ensure hours of work limits are not exceeded. Facilitate close communication with customers to meet the demands based on actual capacity and based on legal compliance with local regulations and code of conduct. / Continuous
- Factory should look for ways to improve productivity and quality levels (such as using in line SPC system, preventive maintenance, individual performance evaluation systems, etc.) while reducing re-work and second quality ratios. It's important for these gains to be reflected in the monthly salaries of the workers. This could also help reduce OT work by increasing the output at the regular hours. / 1 year

continuously)

- Develop programs to reduce turnover rate by retaining trained/experienced workers through the following approaches: (SHZBG: Director, completed and continuously)
 - o Continuously improve general services, including food quality, after-work activities, etc
 - o Flexibility on working hours/ vacation/ leave application management
 - o Continuously enhance personal career development programs, such as degree programs.
 - o Continuously review and enhance existing job enrichment programs
- Immediately abide by the FLA and Apple code of conduct of no more than 60 working hours per week. (CHR: Director, Labor Union: Chairman and SHZBG: Director)
- Put in place an aggressive program to achieve the limit of no more than 36 hours overtime per month by July 1, 2013. This program will involve building sufficient infrastructure including more dormitories to accommodate the additional number of workers required to reduce the overtime from 80 hours per month to no more than 36 hours per month as well as addressing compensation given the reduced hours. (CHR: Director, Labor Union: Chairman and SHZBG: Director, 01/01/'13)
- Formally announce the revised policies to all workers and management representatives through means such as company newsletter, email, notice board, trainings and so on.(SHZBG: Director, 01/01/'13 and continuously)
- Enhance e-HR system regarding overtime management and monitoring: (SHZBG: Director, 06/30/'12)
 - o Revise the upper limits for monthly and weekly working hours and continuous working days.
 - o Pre-alert for imminent OT violation.
 - o Automatic selection of qualified candidates in compliance with legal limit.
 - o Regularly report and monitor OT data to management team on weekly basis.
 - o Collaborate with customer on production schedule, yield/quality improvement actions, production report and overtime status. (SHZBG: VP, Continuously)

- Continuously improve productivity and quality and identify best practices for shift arrangements.
- Monitor consistency in implementing written policies regarding 10-15 minute ergonomic breaks. (iDPBG: Director, Ongoing and continuously)
- Apple will continue to work with Foxconn to understand and resolve all of the causes of excessive overtime, including the recommended actions above. In late 2011 Apple began focused weekly tracking and management of working hours across the supply chain, including Foxconn factories, which have already resulted in significant improvements. (Apple Supplier Responsibility, on-going)

FINDING NO: 6

EMPLOYMENT FUNCTION: INDUSTRIAL RELATIONS

FINDING TYPE: Sustainable Improvement Needed

Finding Explanation:

- Despite the presence of a labor union in the factory with almost the entire workforce registered as members, many workers were unaware that the union represented them.
- Nearly all union representatives are comprised of managerial staff.
- Despite the presence of elected worker representatives in different committees in the factory, it was observed that worker representatives were pre-selected by management before the election.
- Copy of current Collective Bargaining Agreement has not been provided to the workers, per FLA Benchmark ER.16

Local Law or Code Requirement:

FLA Workplace Code (Freedom of Association Benchmarks FOA.2, FOA.10, and FOA.11; Employment Relationship Benchmarks ER.16 and ER.26); China Trade Union Act of 2001

Root Causes:

- Since Apple only recently affiliated with the FLA and has yet to align its policy and procedures as well as Code of Conduct with FLA standards, suppliers have not been communicated the requirement that Collective Bargaining Agreement be supplied to workers
- It is not a legal requirement in China to provide a copy of Collective Bargaining Agreement to the workers

Recommendations for Sustainable Improvement:

- A copy of Collective Bargaining Agreement should be provided to the workers / 3 months
- Apple should align its current policy, procedures and Code of Conduct with FLA standards and benchmarks / 3 months
- Management should create and implement Industrial Relations policy and procedures that would enable workers to consult with and provide input to management through appropriate structures to be developed for this purpose / 4 months
- Workers and Management representatives should

Remediation Plan:

- Determine the optimal way to convey contents of the Collective Bargaining Agreement to employees considering the massive numbers of employees (over 1.2 million) working at Foxconn. (CHR: Director, Labor Union: Chairman and SHZBG: Director, 05/31/'12)
 - Print contents of Collective Bargaining Agreement on employee handbook, and/or
 - Post on database where workers can access online through terminals on shop floor or internet devices, and/or

be trained on revised policy and procedures / 5 months

- Union committees should be comprised of representatives nominated and elected by workers without management interference. Apple staff should observe the election process / 6 months
- Elected worker representatives should be placed in all existing and future committees (e.g., Health and Safety Committee, Disciplinary Committee) and these committees should be actively involved in the decision-making process / 7 months

o Always post contents of Collective Bargaining Agreement on bulletin boards.

- Review Industrial Relations policy and procedures with Labor Union and worker representatives to enhance worker participation in policy formation process. (CHR: Director and SHZBG: Director, 06/30/'12)
- Labor Union to review formation of Labor Union committees consistent with the Chengdu Municipal Implementing Regulations for the Trade Union Law; and encourage the participation by worker representatives in the election of Labor Union committees without management's interference. (Labor Union: Chairman and SHZBG: Director, 06/30/'12)
- Workers and Management representatives will be trained on the revised policy and procedures. (Labor Union: Chairman and SHZBG: Director, 06/30/'12)
 - o Conduct a dedicated session for Labor Union and make introduction of Labor Union staff and relevant representatives of Labor Union committee in new employee orientation training.
 - o Organize refresh training for employees to enhance the participation of workers in the activities of the Labor Union.
- Monitor the level of participation of elected worker representatives in various Union committees and survey the perception of Labor Union members to determine upgrading strategies going forward. (Labor Union: Chairman and SHZBG: Director, 10/31/'12)
- Apple will align its current policy, procedures and Code of Conduct with FLA's standards and benchmarks. (Apple Supplier Responsibility, 06/30/12)
- Apple will evaluate alternatives for independent monitoring of the election process (09/30/12)

FINDING NO: 7

EMPLOYMENT FUNCTION: RECRUITMENT & HIRING / HEALTH & SAFETY/HOURS OF WORK

FINDING TYPE: Immediate Action Required

Finding Explanation:

- Young workers (16 to 17 years of age) were found working at hazardous areas, such as CNC section or in some positions that could possibly put them at risk from chemicals or expose them to physical risk factors such as aluminum dust, noise, thermal conditions and vibration.
- Managers and pregnant women were not aware of the policy and procedures that allow pregnant workers to

be exempt from normal security checks during their pregnancy.

- Some pregnant women reported that they did not know how to submit to management their application for an exemption from normal security checks.

Local Law or Code Requirement:

Regulations for the Special Protection of Juvenile Workers, Document No. 498, Article 8; FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.14; Child Labor Benchmarks CL.4, CL.5; Hours of Work Benchmark HOW.4)

Root Causes:

- Although the factory has a well developed written policy and procedures, the implementation of the system was not effective in many areas, arguably due to the ineffectiveness of the HSE committee and of the methodology and tools used for internal audits and routine HSE inspections along with absence of an effective communication and review process
- General Health & Safety Policy does not cover all the aspects of protection of special categories of workers such as young workers/elderly workers, pregnant/lactating workers, trainees/apprentices/interns and employees with disabilities.
- The policy and procedures about protection of young workers and the legal requirements/limitations on their working areas/position were not properly communicated to the workers, line supervisors and floor managers.
- The policy and procedures about protection of pregnant workers including their exemption from normal security controls were not properly communicated to the workers, line supervisors and floor managers
- Most of the managerial staff interviewed mentioned that these issues have never been raised during external audits
- There is not an active worker representation and participation on HSE committee.
- There is not an active system for encouraging workers to participate in ongoing HSE efforts.
- No effective system for controlling or implementing the safety guidelines about special categories of workers on a periodic basis.

Immediate Actions:

- Immediately cease the deployment of young workers to hazardous areas and transfer all young workers into low risk areas identified in current risk assessment report.
- Immediately announce to all workers and managerial staff that pregnant workers are exempted from normal security checks.
- Immediately inform managers and workers about the process for pregnant women to be exempted from normal security checks and streamline process for requesting such treatment.

Recommendations for Sustainable Improvement:

- HSE Committee should start working more actively to revise current policy and procedures about protection of special categories of workers along with planning necessary trainings for both workers and managerial staff / 6 months
- Hold an election -without management interference - to elect worker representatives to the HSE committee. Brand's social compliance team should observe the election process. / 6 months
- Risk Analysis report should be revised for workers and management with a mutual effort of below listed participants to have a better understanding about

Remediation Plan:

- Immediately conduct shift arrangement to ensure there is no night shift for young workers (16 to 17 years old) and for pregnant women. (SHZBG: Director and On-site Supervisors, Done on 03/23/'12 and continuously monitor)
- Relocate young workers (16 to 17 years of age) and other special categories of workers from risk areas to appropriate positions and areas in compliance with laws and regulations. (HSE: VP and SHZBG: Director, Done on 03/30/'12 and continuously) Inform, post and train workers and managers about the existing policies and application process for

risk areas for special categories of workers: / 7 Months

- o External Consultant and/or Brand Social Compliance Department Representatives
- o Factory Manager
- o HR Manager
- o Social Compliance Responsible
- o Elected HSE Worker Representatives
- o Maintenance Department Responsible
- o Workplace Doctor (from hospital at the outside of the campus)
- HSE committee and management should work together on ways to improve communication process / 7 months
- Develop and implement an effective internal monitoring procedure to prevent recurrence of such issues/ 8 months

pregnant workers to be exempt from normal security checks. (HSE: VP and SHZBG: Director, 04/07/'12)

- Inform, post and train workers and managers about the existing policies and application process for pregnant workers to be exempt from normal security checks. (HSE: VP and SHZBG: Director, 04/07/'12)
- Periodically monitor the implementation of procedures to prevent recurrence of such issues. (SHZBG: Director, 04/30/'12 and continuously)
- Review and enhance procedures of the HSE Committee about protection of special categories of workers, along with planning necessary trainings for both workers and managerial staff. (HSE: VP and SHZBG: Director, 09/30/'12)
- Hold an election to elect worker representatives to the HSE committee. (HSE: VP, 09/30/'12)
- Working with the HSE committee, conduct a comprehensive risk analysis of risk areas for special categories of workers with participation of the following representatives and parties: (HSE: VP, 09/30/'12)
 - o External Consultant and/or Brand Social Compliance Department Representatives
 - o Factory/HR Manager
 - o Social Compliance Responsible
 - o Elected EHS Worker Representatives
 - o Maintenance Department Responsible
 - o Workplace Doctor (from hospital at the outside of the campus)
 - o Ergonomics Experts from the Company Ergonomics Center
- Enhance communications between HSE committee and management via periodic working meetings. (HSE: VP and SHZBG: Director, 09/30/'12)
- Apple will evaluate alternatives for independent monitoring of the election process (09/30/12)

FINDING NO: 8

EMPLOYMENT FUNCTION: WORKPLACE CONDUCT

FINDING TYPE: Immediate Action Required

Finding Explanation:

- It was observed that there is a practice of posting all disciplinary actions with names of the workers subjected to these disciplinary actions on the factory's website and notice boards.

Local Law or Code Requirement:

FLA Workplace Code (Harassment or Abuse Benchmarks H/A.6)

Immediate Action:

Factory management should stop this practice and communicate its discontinuance to the workers.

Root Causes:

- Since Apple only recently affiliated with the FLA and has yet to align its policy and procedures as well as Code of Conduct with FLA standards, suppliers have not been communicated this requirement. This practice is in line with local law and regulations but is in violation of FLA standards.
- Although there is a detailed Disciplinary System in place which includes written policy & procedures and a Disciplinary Committee, there are still some important components missing such as worker participation in the decision making process. In the current system, disciplinary penalties and appeal process are under the sole control of the management and there is no oversight mechanism or means to appeal a disciplinary action.

Recommendations for Sustainable Improvement:

- Apple should align its current policy, procedures and Code of Conduct with FLA's standards and benchmarks / 3 months
- Management should review and revise Workplace Conduct policy and related procedures to eliminate the possibility of posting the names of workers that have been subjected to disciplinary actions / 6 months
- Workers and Management representatives should be trained on revised policy and procedures / 9 months
- An effective internal monitoring procedure should be established and implemented to prevent recurrence of this practice and to ensure successful implementation of written policy and procedures / 9 months

Remediation Plan:

- Review and revise Workplace Conduct policy and procedures to eliminate the possibility of posting the names of workers that have been the subject of disciplinary actions, e.g., removing workers' names prior to posting. (CHR: Director and SHZBG: Director, 03/31/'12)
- Enhance the Discipline module of the e-HR system to make sure there is confidentiality during the whole process. (SHZBG: Director, 03/31/'12)
- Train all workers and relevant management representatives on revised policy and procedures. (CHR: Director and SHZBG: Director, 04/30/'12)
- Enhance internal monitoring frequency on disciplinary process to ensure successful implementation of the written policy and procedures. (SHZBG: Director, 06/30/'12 and continuously)
- Apple will align its current policy, procedures and Code of Conduct with FLA's standards and benchmarks. (Apple Supplier Responsibility, 06/30/12)

FINDING NO: 9

EMPLOYMENT FUNCTION: WORKPLACE CONDUCT & DISCIPLINE

FINDING TYPE: Immediate Action Required

Finding Explanation:

- Workers' names and time of leaving the workstation to go to the toilet are registered in Building B09 Surface Treatment section.

Local Law or Code Requirement:

China Labor Law, Article 52; FLA Workplace Code (Harassment or Abuse Benchmark H/A.7; Health, Safety, and Environment Benchmarks HSE.21)

Root Causes:

- Policy and procedures regarding freedom of movement of workers not properly communicated to line supervisors and floor managers
- Despite the fact that top management is not aware of this practice, some floor managers and supervisors think that this kind of practices could increase production output.
- This situation has never been raised during the external or internal audits.

Immediate Action:

Immediately stop the practice and enhance the training and communication to the line supervisors and floor managers on the policy and procedures regarding freedom of movement.

Recommendations for Sustainable Improvement:

- An effective internal monitoring procedure should be established and implemented to prevent recurrence of this kind of restriction of worker movement/ 6 months

Remediation Plan:

- Stop the practice of registering the names of persons using the toilets. (SHZBG: VP, Done on 3/25/'12 and continuously monitor)
- Enhance periodic monitoring on the implementation of the procedure to prevent recurrence of similar issues or any confusion which may occur. (SHZBG: Director, 04/01/'12 and continuously)
- Enhance training and communication to the line supervisors, floor managers and workers on the existing policy and procedures of free movement at production lines, including access to water and toilet facilities. (SHZBG: Director, 04/07/'12)

FINDING NO: 10

EMPLOYMENT FUNCTION: GRIEVANCE SYSTEM

FINDING TYPE: Sustainable Improvement Needed

Finding Explanation:

- Although there are several ways to lodge grievances at this factory, including suggestion boxes (President's Suggestion Box, Communist Party Suggestion Box, General Manager's Suggestion Box, Trade Union suggestion Box, and Business Group Suggestion Box), 80% of the workers interviewed mentioned that they do not know the factory's grievance and counseling procedures.
- There is inconsistency in procedures regulating how to lodge a grievance. For example: the grievance procedures suggest grievances can be anonymous whereas article 140 of the worker handbook stipulates that the Company does not accept anonymous grievances.
- Workers are not comfortable using the grievance system because of fear of retribution and pressure from supervisors to quit the factory after lodging one or more complaints.
- In one instance, a floor manager opened a suggestion box and handled the grievances, which dampened workers' confidence.

Local Law or Code Requirement:

FLA Workplace Code (Employment Relationship Benchmark ER.25)

Root Causes:

- Since Apple only recently affiliated with the FLA and has yet to align its policy and procedures as well as Code of Conduct with FLA standards, suppliers have not been communicated the requirements.

- Lack of understanding of how the grievance system functions and fear of retaliation, which is mainly due to inconsistencies at a policy level.
- These issues have never been raised during previous external audits.
- There is no worker representation and integration on current Grievance policy and procedures; therefore workers do not trust in these systems.
- There is no established system for evaluating the efficiency of the trainings provided or communication procedures in place.

Recommendations for Sustainable Improvement:

- Management should train all workers, supervisory and managerial staff on the factory's grievance system / 3 months
- Apple should align its current policy, procedures and Code of Conduct with FLA's standards and benchmarks / 3 months
- Effectiveness of the trainings and communication procedures should be checked periodically to gauge workers' awareness on factory's Grievance policy and procedures / 6 months
- Elected worker representatives should be placed in Workers' Committee so that they can provide active worker representation and involvement on decision-making process about grievance-related issues. / 7 months
- An effective internal monitoring procedure should be prepared and implemented to prevent recurrence of this issue and to ensure successful implementation of written policy and procedures / 9 months

Remediation Plan:

- Use a variety of means (emails, bulletin board, posters, trainings) to inform workers and managers about grievance channels and counseling procedures. (SHZBG: Director, 04/30/'12)
- Enhance the consistency in policy and procedures on how to handle a grievance at both business group and factory level. (CHR: Director and SHZBG: Director, 04/30/'12)
- Workers and management representatives will be trained on revised policy and procedures. (SHZBG: Director, 05/31/'12)
- Conduct employee surveys periodically to assess awareness and perception of grievance system. (SHZBG: Director, 06/30/'12)
- Elected worker representatives will be placed in Workers' Committee so that they can provide active worker representation and involvement in the decision-making process about grievance related issues. (SHZBG: Director, 06/30/'12)
- Enhance monthly internal monitoring to ensure implementation is in alignment with the written policy and procedures. (CHR: Director and SHZBG: Director, 06/30/'12 and continuously)
 - o Establish and periodically review KPI to gauge the effectiveness of grievance system and workers' perception.
 - o Identify root cause for any gaps in grievance system and workers' perception, and take continuous improvement actions.
- Review and implement a comprehensive mechanism to prevent employees from retaliation and to prevent managers from retaliating against employees. (CHR: Director, Labor Union: Chairman and SHZBG: Director, 06/30/'12)
- Apple will align its current policy, procedures and Code of Conduct with FLA's standards and

FINDING NO: 11

EMPLOYMENT FUNCTION: TERMINATION & RETRENCHMENT

FINDING TYPE: Immediate Action Required

Finding Explanation:

- Resignation process requires approval from different levels of management before workers can complete the process. It was observed that many workers prefer to bypass this system and leave the factory without prior notice --sacrificing their outstanding wages - rather than to follow the complicated process, so that a high percentage of workers leave each month without notice.
- There are no written policies or procedures governing retrenchment and resignation.

Local Law or Code Requirement:

Employment Contract Law Article: 37, FLA Code (Employment Relationship Benchmarks ER.32; Forced Labor Benchmarks F.2 and F.7)

Root Causes:

- Since Apple only recently affiliated with the FLA and has yet to align its policy and procedures as well as its Code of Conduct with FLA standards, suppliers have not been communicated this requirement.
- Cumbersome resignation process acts as a discouragement for workers to resign; management thinks that this might be a way to reduce the high turnover rate.
- It is not a legal requirement in China for factories to have retrenchment policy and procedures.
- Factory management stated that since they have never experienced any downsizing, they do not need policy and procedures on retrenchment.
- This issue has never been brought to the attention of the factory management during external audits.

Immediate Action :

- Immediately develop policy and procedures to streamline the resignation process, eliminating numerous pre-approvals, and implement them so that workers can leave the factory through normal procedures and collect all wages

Recommendations for Sustainable Improvement:

- Apple should align its current policy, procedures and Code of Conduct with FLA's standards and benchmarks regarding termination and retrenchment / 3 months
- Management should revise current termination policy and related procedures to include retrenchment and resignation / 6 months
- Workers and Management representatives should be trained on revised policy and procedures / 9 months
- An effective internal monitoring procedure should be developed and implemented to ensure consistent implementation of written policy and procedures/ 9 months

Remediation Plan:

- Resignation procedure has been simplified and a one-stop service center will be established to provide convenient and direct service for workers seeking to resign. (SHZBG: Director, completed and 04/30/'12)
- Revise current Termination policy and procedures to include retrenchment, resignation and retirement. (CHR: Director, 04/30/'12)
- Train workers and management representatives on the revised termination policy and procedures. (CHR: Director, 06/30/'12)
- Conduct periodic internal monitoring to ensure consistent implementation of written policy and procedures. (CHR: Director and SHZBG: Director, 06/30/'12)
- Apple will align its current policy, procedures and Code of Conduct with FLA's standards and

FINDING NO: 12

EMPLOYMENT FUNCTION: HEALTH & SAFETY

FINDING TYPE: Sustainable Improvement Needed

Finding Explanation:

- No procedure for controlling thermal comfort conditions of the workers and protecting them from potential heat/cold related impact. Currently workers working at over ventilated areas such as CNC and Polishing/CNC sections and contract workers that are working at the outside of the buildings are at risk.
- No Lock out-Tag out (LOTO) procedure for protecting workers from hazardous equipment that might accidentally turn on and harm them.
- List of machines that need guarding is missing.
- No procedure for controlling working conditions and protecting workers from potential risk of falling when they work at heights.
- Emergency action plans do not cover external parties, such as service providers or visitors.
- Some machines in polishing section were missing protective guards and sensors.

Local Law or Code Requirement:

Code of Design of Manufacturing Equipment Safety and Hygiene Article: 6.1.6, FLA Workplace Code (Health, Safety, and Environment Benchmarks HSE.1, HSE. 11, HSE.14; Employment Relationship Benchmark ER.31)

Root Causes:

- Although the factory has a well developed system as far as written policy and procedures are concerned, the implementation of the system was not effective in many areas, arguably due to the ineffectiveness of the HSE committee and of the methodology and tools used for internal audits and routine HSE inspections along with absence of an effective review process
- Most of the managerial staff interviewed mentioned that these issues have never been raised during external audits
- No active worker representation and participation on HSE committee.
- No active system for encouraging workers to participate in ongoing HSE efforts.
- Risk Analysis report does not cover all hazards and risks in the factory,
- Management is not aware of possible legal and financial consequences of work accidents and occupational diseases that may happen within the factory, including involving service providers/contractors.

Recommendations for Sustainable Improvement:

- Include review of outstanding HSE issues and corrective actions in annual “Management Review” of the HSE system and regular HSE committee meetings / 3 months
- Develop and implement Lock out-Tag out procedure with at least the following details: /6 months
 - Identification of equipment, tasks (e.g., installation, maintenance, inspection, cleaning or repair of machinery or equipment)
 - Associated hazards resulting from

Remediation Plan:

- Include ongoing HSE issues and corrective actions in the agenda of annual “Management Review” of the HSE system and regular HSE committee meetings. (SHZBG: VP, Done on 03/01/’12 and continuously)
- Enhance HSE policy and procedures with respect to the following items to be continuously implemented and strengthened:(SHZBG: VP, Done and continued)
- Enhance HSE policy and procedures with respect to the following items to be continuously

uncontrolled hazardous energy sources

- o Evaluation of risks associated with hazardous energy
- o Control measures to reduce or eliminate the risks

- Prepare list of machines that need guards and periodically update list. / 6 months
- Develop and implement a fall protection procedure with at least the following details: / 6 months
 - o Identification of job tasks where an employee or object are at risk of falling
 - o Evaluation of the risk associated with tasks involving work at height
 - o Identification and implementation of control measures to reduce the risk
- Revise and expand coverage of emergency action plans to cover external parties such as service providers or visitors with clear guidelines that define how to ensure their safety in case of an emergency. / 6 months
- Revise procedures so that HSE worker representatives will be elected and promote worker participation in ongoing HSE efforts such as implementing a system for collecting problems/ observations/feedback from workers or letting workers participate in Risk Assessment studies / 3 months
- Risk Analysis report should be revised through joint efforts of the below listed participants: / 7 Months
 - o External Consultant and/or Brand Social Compliance Department Representatives
 - o Factory Manager
 - o HR Manager
 - o Person Responsible for Social Compliance
 - o Elected HSE Worker Representatives
 - o Maintenance Department representative
 - o Workplace Doctor (from hospital outside of the campus)
- Prepare annual training plan for HSE staff and HSE worker representatives to improve their knowledge and skills on detecting & managing potential risks. / 6 months
- Prepare and implement an internal monitoring program that would include thermal conditions, LOTO, machine guarding, fall protection and

implemented and strengthened:(SHZBG: VP, Done and continued)

- o Procedures for Young Workers (16 to 17 years of age) Protection Management: HRD20120228A
- o Young Workers (16 to 17 years of age) Special Protection Guidance: SR-OP-003
- o Procedures for Female Worker Protection Management: HR-01-20-WI
- o Procedures for Disabled Workers Recruiting and Management: HRD20120217A
- o SER Code of Conduct for Contractors in the Factory: EMH0019
- o Procedures for High Above Ground Work (fall protection) Regulation: CFIS-OP-00020
- o Procedures for Lock Out/ Tag Out Management in Chengdu Campus: EMD0004
- o Procedures for Thermal Comfort Control: EMH0021

- The following items to be continuously revised. (SHZBG: VP, 04/30/'12)
 - o List of complete sets of analysis on all equipment requiring guarding
 - o MSDS information enhancement by suppliers
- Enhance annual training plan for HSE staff and HSE worker representatives to improve their knowledge and skills on detecting & managing potential risks. (HSE committee, SHZBG: VP, 05/30/'12)
- Inspect and install missing protective guards and sensors for polishing machines. (CFIS: VP, 06/01/'12)
- Review and enhance procedures of HSE committee to encourage participation by worker representatives and implement regular meetings on a monthly basis. (SHZBG: VP, 06/30/'12)
- Develop comprehensive policies at the Corporate level to manage safety and health issues involving contractors who work in the factory, such as in construction, maintenance, or waste handling. (SHZBG: VP, 06/30/'12)
- The following items will be managed by additional policy and procedures: (CHR: Director, CFIS (Corporate Fire and Industry Safety): VP, SHZBG: VP, 06/30/'12)

emergency action plan coverage. / 8 months

- o Procedures for elderly employee protection
- o Procedures for protection of workers with disabilities
- HSE committee will enhance Risk Assessment report through joint efforts by the following participants: (HSE committee and SHZBG: VP, 06/30/'12)
 - o External Consultant
 - o Brand Social Compliance Department Representatives
 - o Plant Manager
 - o HR Manager
 - o SER Specialist
 - o Worker Representatives
 - o Maintenance Department Representative
 - o Clinic Doctor (from Health Center on the campus)
 - o Industrial Ergonomist
- Enhance internal monitoring program that specifically emphasizes thermal conditions, LOTO, machine guarding, fall protection and emergency action plan coverage. (HSE committee, SHZBG: VP, 06/30/'12)

FINDING NO: 13

EMPLOYMENT FUNCTION: HEALTH & SAFETY

FINDING TYPE: Sustainable Improvement Needed

Finding Explanation:

- Although there is an HSE committee in place, this committee is not active. There are no periodic meetings, accident/incident investigation or internal audits conducted by this committee. Currently, the committee only holds meetings for some special cases.
- There is no worker participation and integration on ongoing HSE efforts, as there are no elected worker representatives on HSE committee (all current members were selected by management).
- Accident records only cover serious accidents (accidents with lost working time) but not all the accidents and near miss cases.
- No system for keeping track of sickness and working day loss due to sickness.

Local Law or Code Requirement:

Food Safety Law, Article 29; Trade Union Act; FLA Workplace Code (Health, Safety, and Environment Benchmarks HSE.1, HSE.3; Employment Relationship Benchmarks ER.25, ER.31)

Root Causes:

- Although the factory has a well developed system as far as written policy and procedures are concerned, the implementation of the system was not effective in many areas, arguably due to the ineffectiveness of the HSE committee and of the methodology and tools used for internal audits and routine HSE inspections along with absence of an effective review process
- No active worker representation and participation on HSE committee.

- No active system for encouraging workers to participate in ongoing HSE efforts.
- Classification of work accidents and recording liability of these accidents is not clearly defined in local law.
- Management lacks awareness about possible benefits of keeping records of all work accidents, sicknesses and near miss cases
- Management lacks awareness about possible benefits of having elected worker representatives on HSE committee.

Recommendations for Sustainable Improvement:

- Revise procedures that define working areas/role/responsibility of HSE committee in order to activate the committee. New procedures should clearly define meeting frequency as at least once per month along with additional number of days required for periodic internal audits, possible training participation, etc./ 3 months
- Improve record-keeping procedure to make sure that all work accidents, regardless of severity, all near-miss cases and sickness are recorded in order to identify potential hazards/risks within the workplace and provide meaningful information for Risk Assessment studies. / 3 months
- Hold an election - without management interference – to elect worker representatives to the HSE committee. Brand’s social compliance team should observe the election process. / 6 months

Remediation Plan:

- Review and enhance procedures of HSE committee to encourage the participation by worker representatives and other stakeholders and implement regular meetings on a monthly basis and specific project review meetings as needed; the missions, goals, milestones and working plan of HSE committee will be comprehensively defined. (HSE committee and SHZBG: VP, 04/30/’12)
- Review and enhance record-keeping procedures for sickness, leaves, accidents, near-miss cases and lost work to be used for purposes such as potential hazards/risk assessments as well as root causes elimination. (CPH (Corporate Public Health): Director and SHZBG: VP, 05/31/’12)
- Enhance procedure of HSE committee formation process to encourage the participation by worker representatives. (SHZBG: VP, 06/30/’12)
- Apple will evaluate alternatives for independent monitoring of the election process (09/30/12)

FINDING NO: 14

EMPLOYMENT FUNCTION: HEALTH & SAFETY

FINDING TYPE: Sustainable Improvement Needed

Finding Explanation:

- Hearing protectors (ear plugs) were not being used appropriately by workers, as many workers were not actually using them and others were not using them properly.
- Non-potable water sources are not labeled.
- It was observed that workers are provided with wrong type of PPEs in some production areas –like carbon layered masks in areas with high dust concentration - and many workers are not using their PPEs properly or on a continuous basis.
- No protective shoes provided to workers in warehouse areas, forklift and pallet truck traffic areas.
- Speed limitation signs are missing in many areas; also there are no speed bumps around the zebra crossings
- Forklift truck drivers are not using safety belts; also some forklift trucks are operating with worn-out tires that affect safe brake distance.
- Rear gear sound alarms of forklift trucks are missing or not operational, no speed limiting systems installed in forklift trucks.
- Maximum working pressure limits not indicated on the manometers of pressure vessels in compressor room.
- Color-coding of pipes within the factory varies in different areas. While there is no legal requirement to do so,

they are not in line with international standards such as British Standard 1701 on color for pipes (e.g., yellow color used for compressed air pipes) and could cause accidents.

- Many workers working with chemicals (cleaning solvent, lubricants, adhesives) use different type of gloves (finger gloves or half gloves) or not using any gloves at all; it is not clear that these gloves are providing enough protection against potential risk of skin absorption.
- Some medicines were stocked in the first aid kits and some first aid kits were locked and not easily accessible in case of an emergency.

Local Law or Code Requirement:

Production Safety Law Article: 37, Prevention and Treatment of Occupational Diseases Law Article: 23, and FLA Workplace Code (Health, Safety, and Environment Benchmark HSE.1, HSE.6, HSE.7, HSE.8, HSE.15; Employment Relationship Benchmarks ER.31)

Root Causes:

- Although the factory has a well developed system as far as written policy and procedures are concerned, the implementation of the system was not effective in many areas, arguably due to the ineffectiveness of the HSE committee and of the methodology and tools used for internal audits and routine HSE inspections along with absence of an effective review process.
- No active worker representation and participation on HSE committee.
- No active system for encouraging workers to participate in ongoing HSE efforts.
- No clear links between PPE selection/usage and workplace environment measurements (noise measurement, thermal comfort conditions, indoor air quality, dust, etc.).
- Some PPEs in use are for product safety concerns rather than personal protection.
- Management is not aware of possible legal and financial consequences of work accidents and occupational diseases.
- Workers' awareness on importance of using PPEs is low. Also workers do not know how to report unsafe PPEs.

Recommendations for Sustainable Improvement:

- PPE selection procedure should be revised and all H&S committee members (including elected worker representatives) should actively participate in the selection process / 3 months
- All medicines should be removed from first aid kits and there should be only first aid material stocked in first aid kits. Also, all first aid kits should be kept unlocked in an easily accessible location for emergency response / 1 month
- Maximum working pressure levels should be marked on manometers / 3 months
- Speed limitation signs should be placed in prominent places; speed bumps should be placed around zebra crossings / 3 months
- Non-potable water sources should be marked / 1 month
- Workers should be trained to raise their awareness on importance of PPE usage; positive incentives to encourage PPE use (like employee of the month

Remediation Plan:

- Enhance PPE selection procedures by following China Labor Protective Equipment Selection Principle and participation by EHS committee and workers representatives. (HSE committee, SHZBG: VP, 04/30/'12)
- Through HSE internal monitoring program, ensure that:
 - o All medicines have been removed from first aid kits and there is only first aid material stocked in first aid kits. Also, all first aid kits will be kept unlocked in an easily accessible location for emergency response. (CPH: Director, Done on 03/20/'12 and continuously)
 - o Maximum working pressure levels will be marked on manometers, speed limitation signs will be placed in prominent places, and speed bumpers will be placed all around zebra crossings. (SHZBG: VP and CS (Corporate Security): Director, 06/30/'12),

selection) would be useful / 6 months

- Develop and implement an effective internal monitoring procedure to assess first aid kits/eye wash/shower conditions, earplug usage, masks, and safety devices in forklifts for successful monitoring of the implementation of written policy and procedures/ 6 months
- Revise periodic control/maintenance procedures for all vehicles (trucks, forklift trucks, pallet trucks) to ensure that necessary periodic control and maintenance activities are done on a timely basis / 6 months
- HSE committee should check all PPEs in use with respect to results of the workplace environment measurements and revised risk assessment study. Primary concern of HSE committee should be to reduce/isolate possible risks at their source with engineering studies rather than direct suggestion of PPE usage. / 9 months
- HSE committee should work on color coding of pipes to avoid possible accidents/issues in the future / 9 months

o Non-potable water sources will be marked. (SHZBG: VP, 04/15/'12)

o Control maintenance procedures for all vehicles (trucks, forklift trucks, pallet trucks) to ensure that necessary maintenance activities are done on a timely basis (SHZBG: VP, 04/30/'12 and continuously)

o All PPEs in use will be checked with respect to results of the workplace environment measurements and revised risk assessment study. (SHZBG: VP, 09/30/'12)

o Define color coding of pipes to enhance the standardization level according to China National Standard: GB7231-2003 (HSE committee and SHZBG: VP, 04/30/'12)

- Strengthen internal monitoring procedure to assess the effectiveness on the use of gloves for workers working with chemicals and to ensure their proper use. (SHZBG: VP, 04/15/'12)
- Conduct training for applicable workers who use PPE, so that awareness is raised; Promote proper PPE use through team activities and recognition programs. (SHZBG: VP, 09/30/'12)
- Strengthen internal monitoring procedure to assess the effectiveness of the safety measures implementation; such as eye wash/shower, earplug usage, masks, and safety devices in forklifts according to policy and procedures. (SHZBG: VP, 04/15/'12)
- HSE committee to conduct engineering studies to identify the optimal PPE to reduce/isolate possible risk at their sources for the bottom line results on workplace environment measurements, such as non-active-carbon-lines mouse mask for the sole purpose of product protection only. (HSE committee and SHZBG: VP, 12/31/'12)

EMPLOYMENT FUNCTION: HEALTH & SAFETY

FINDING TYPE: Sustainable Improvement Needed

Finding Explanation:

- Fire alarm buttons are not marked in local language.
- Some fire escape masks were damaged and not in a good condition to use.
- Selection of fire extinguishers is not suitable for the potential fire risks in some areas, such as dry chemical powder type fire extinguishers in high voltage areas .
- Missing emergency lighting equipment in some workshops.
- Some Emergency Exit signs and emergency evacuation route signs were damaged/not operational.
- It was observed that a significant amount of raw material is stored in loading/unloading platform areas and there is no sprinkler protection provided for those temporary storage areas.
- There are no signs placed for directing workers to emergency assembly areas .
- Fire hydrant keys and portable hoses were not located in easily accessible areas that are close to fire hydrants .
- Workers, supervisors and floor managers don't know the locations of sprinkler shut-off valves in their departments.
- There is not a system in place for conducting periodical pressure tests of the sprinkler system.
- There is no control panel or MIMIC Diagram for sprinkler system.
- There are no fire extinguishers in forklift trucks.
- There are no fire detectors or sprinkler protection in Boiler Room.
- Fire alarm panel is not active as many fire sensors are on pre-alarm condition.
- There is no system in place to ensure conducting periodic fire drills in dormitories.
- It was observed that annual fire drills for production buildings were not conducted with consideration for each shift's participation, therefore most of the workers have not been able to participate in those fire drills.
- Fire drills were conducted once per year in production area instead of twice per year as required by local law.
- Workers, supervisors and floor managers don't know the emergency shut-down process for their departments
- There is no control over operations of contractors which makes factory vulnerable to possible risks caused by operations undertaken by them –such as hot work (grinding-cutting-welding) of construction contractors or aluminum residue/scrap handlers.

Local Law or Code Requirement:

Code of Design of Manufacturing Equipment Safety and Hygiene Article 6.1.6, Code of Design on Building Fire Protection and Prevention Article 11.4.1, Fire Prevention Regulation for Government Offices, Organizations and Enterprises Article: 40, FLA Code (Health, Safety, and Environment Benchmarks HSE.5, HSE.6, HSE.26; Employment Relationship Benchmarks ER.31)

Root Causes:

- Although the factory has a well developed system as far as written policy and procedures are concerned, the implementation of the system was not effective in many areas, arguably due to the ineffectiveness of the HSE committee and of the methodology and tools used for internal audits and routine HSE inspections along with absence of an effective review process
- Most of the managerial staff interviewed mentioned that these issues have never been raised during external audits
- There is not an active worker representation and participation on HSE committee.
- There is not an active system for encouraging workers to participate in ongoing HSE efforts.
- Management is not aware of possible legal and financial consequences of work accidents and occupational diseases that may happen within the factory, including involving service providers/contractors.

- There is not an effective system for controlling fire safety precautions on a periodic basis.
- Risk Analysis report doesn't cover all hazards and risks in the factory.

Recommendations for Sustainable Improvement:

- Fire detectors should be provided in the boiler room and fire alarm panel will be activated / 1 month
- Fire alarm buttons should be marked in local language / 1 month
- Damaged or unusable fire escape masks should be replaced / 1 month
- Missing/damaged emergency lighting equipment and emergency exit/route signs should be replaced /1 month
- Establish and mark emergency assembly areas and install signage for directing workers to these areas / 1 month
- Fire extinguisher selection within the factory should be re-assessed by HSE committee with respect to potential fire risks in areas where they are located as well as with consideration for environmental concerns (e.g. avoid using halocarbon type fire extinguishers for protecting the ozone layer) / 6 months
- Sprinkler protection should be provided in temporary storage areas or these areas should not be used for raw material storage / 6 months
- A system should be implemented for conducting periodic pressure tests of the sprinkler system / 6 months
- Location of fire hydrant keys and portable hoses should be close to fire hydrants / 1 month
- HSE department should check the possibility of placing a control panel or MIMIC diagram for sprinkler system in the fire control room / 6 months
- Proper signage for directing workers to Emergency Assembly areas should be provided / 3 months
- Fire extinguishers should be placed in forklift trucks for providing a quick response to potential fires in the warehouse or other remote areas where forklifts are operating as well as a potential fire in the forklift / 3 months
- HSE Committee should start working more actively on fire safety issues and should do a study on minimizing the risk of possible fires within the production & dormitory areas. This study should cover at minimum:

Remediation Plan:

- Fire detectors in the boiler room and alarm panels were inspected and if necessary were re-installed properly. (CFIS: VP, Done on 03/20/'12)
- Fire hydrant keys and portable hoses were inspected to ensure they are located close to fire hydrants. (CFIS: VP, Done on 03/20/'12)
- Has inspected pressure monitoring system for sprinkler was inspected to ensure they are properly implemented. (CFIS: VP, Done on 03/25/'12)
- Fire drills planned for two times a year; HSE committee will ensure the implementation of this policy and the participation of all employees. (CFIS: VP, 04/30/'12)
- Equip all forklifts with appropriate fire extinguishers (CFIS: VP, 04/15/'12)
- Fire alarm buttons will be marked in local language. (CFIS: VP, 04/30/'12)
- Damaged or unusable fire escape masks if identified will be replaced immediately . (CFIS: VP, ongoing and continuously)
- Missing/damaged emergency lighting equipment and emergency exit route signs will be replaced. (CFIS:VP, 04/30/'12)
- Establish and mark emergency assembly areas and install signage for directing workers to these areas. With regard to the fire extinguisher (non-halocarbon type) selection, the facilities will be re-assessed by HSE committee and will consider the feasible area to be located. (CFIS: VP, 05/30/'12)
- Indicators of emergency evacuation points will be posted and will be checked periodically. (CFIS: VP, 04/15/'12 and continuously)
- Sprinkler will be installed in all storage areas. (CFIS: VP, 06/30/'12)
- Review to enhance procedures of Control over Operations of Contractors (CFIS-SZ-SP-00004) to minimize the potential risks associated with contractos who work in the factory. (SHZBG: VP, 04/30/'12)
- Outsource to the professional fire maintenance company to perform fire control system maintenance and detection, and issue the test report

- o Training needs assessment for both workers and managerial staff
- o Periodic maintenance and control procedures for fire safety systems & equipment
- o Emergency shut off/shut down procedures (for sprinkler-compressed air-steam-electricity infrastructure)
- o Possible construction improvements to minimize the risk/impact of a potential fire/explosion in these areas
- o Frequent internal audits/engineering controls to minimize risks
- o Improving the level of communication between workers and management in order to minimize the fire risk
- o Control systems for checking the operations undertaken by contractors
- Procedure about conducting periodic fire drills should be revised twice a year (semi-annually) per local law and number of drills should be arranged to ensure the participation of all workforce. / 3 months
- Risk Analysis report should be revised with the mutual effort of below listed participants: / 7 Months
 - o External Consultant and/or Brand Social Compliance Department Representatives
 - o Factory Manager
 - o HR Manager
 - o Social Compliance Responsible
 - o Elected HSE Worker Representatives
 - o Maintenance Department Responsible
 - o Workplace Doctor (from hospital outside of the campus)

- quarterly. (CFIS: VP, 09/30/'12)
- HSE Committee will start working more actively on fire safety issues and will do a study on minimizing the risk of possible fires within the production & dormitory areas. This study should cover: (CFIS: VP, 09/30/'12)
 - o Training needs assessment for both workers and managerial staff
 - o Periodic maintenance and control procedures for fire safety systems & equipment
 - o Emergency shut off/shut down procedures (for sprinkler-compressed air-steam-electricity infrastructure)
 - o Possible construction improvements to minimize the risk/impact of a potential fire/explosion in these areas
 - o Frequent internal audits/engineering controls are for minimizing the risk
 - o Improving the level of communication between workers and management in order to minimize the fire risk
 - o Control systems for checking the operations undertaken by contractors
 - Risk analysis report will be implemented and related persons/parties will review and revise: (CFIS: VP, 10/30/'12)
 - o External Consultant
 - o Brand Social Compliance Department Representatives
 - o Plant Manager
 - o HR Manager
 - o SER Specialist
 - o Worker Representatives
 - o Maintenance Department Representative
 - o Clinic Doctor (from Health Center in the campus)
 - o Industrial ergonomist

FINDING NO: 16

EMPLOYMENT FUNCTION: HEALTH & SAFETY

FINDING TYPE: Sustainable Improvement Needed

Finding Explanation:

- Despite the fact that chairs and stools are provided and most of the workers use them, following instances of ergonomic issues were observed:
 - o Chairs are not adjustable (both height and backrest)
 - o Chairs do not have proper backrest to support the lower back

- o No removable armrests on chairs
- o No back support provided on stools
- o Both chairs and stools made of uncomfortable material (non-breathable/non-slippery material)
- o Problems with workstation design (height/width/area)
- o Workers are hunching or leaning during production process
- o Uncomfortable body postures
- o No efforts on job simplification
- o Wide use of pneumatic tools/equipment/machinery which result in noise/vibration issues
- o Some workers had to arrange their own workstations by themselves by using empty boxes/ cardboard/packing materials
 - o Some of the hand tools used by workers are not suitable for the tasks they are performing and also pose a risk to them such as sharpened metal sticks wrapped with tape for carving/cleaning aluminum cases
- In many areas of assembly lines, workers are positioned very close to each other, which reduces their ergonomic comfort as there is not enough space provided for separating their usual and occasional work areas
- Illumination levels are inconsistent, not sufficient in some areas, while other areas are over-illuminated.
- Some workers use hand pallet trucks for moving heavy loads over long distances.
- Since rest areas are located inside of the production areas in many production floors, workers had to come back to the production area after having lunch and rest inside of the production areas while some others sit in the hallways/corridors/outside of the buildings during their break.
- No ergonomics training provided to workers to increase their awareness and knowledge on ergonomic risks in the workplace.

Local Law or Code Requirement:

Health Standard for Design of Industrial Enterprises Articles: 6.4.4.1 & 6.4.4.2, FLA Workplace Code (Health, Safety, and Environment Benchmarks HSE.1, HSE.17, HSE.20)

Root Causes:

- Although the factory has a well developed system as far as written policy and procedures are concerned, the implementation of the system was not effective in many areas, arguably due to the ineffectiveness of the HSE committee and of the methodology and tools used for internal audits and routine HSE inspections along with absence of an effective review process
- Most of the managerial staff interviewed mentioned that these issues have never been raised during external audits
- No active worker representation and participation on HSE committee.
- No active system for encouraging workers to participate in ongoing HSE efforts.
- Management's lack of knowledge about possible benefits of ergonomic improvements, such as increasing productivity and attendance levels, while reducing risk of work accidents and MSDs.
- Risk Analysis report does not cover all hazards and risks in the factory; limited information about possible ergonomic risks.
- Lack of recreational areas for break hours around factory buildings.

Recommendations for Sustainable Improvement:

- HSE committee to check illumination levels in production areas to determine needed improvements on over/under illuminated areas /3 months
- HSE worker representatives to be elected and management to encourage workers to participate in

Remediation Plan:

- Strengthen HSE committee roles and functions by making improvements on the ergonomic comfort of workers: (HSE committee and SHZBG: VP, 06/30/'12)
 - o Over/under illumination levels in production areas

ongoing HSE efforts, such as implementing a system for collecting problems/observations/feedbacks from workers or letting workers participate in Risk Assessment studies. / 3 months

- Workers to be trained on Ergonomic Risk factors in workplace. / 4 months

- Prepare annual training plan for HSE staff and HSE worker representatives to improve their knowledge and skills on detecting & managing the potential HSE risks. / 6 months

- Risk Analysis report that includes all Ergonomic Risks within the workplace should be revised through the joint effort of the below-listed participants: / 7 Months

- o External Consultant and/or Brand Social Compliance Department Representatives
- o Factory Manager
- o HR Manager
- o Person responsible for Social Compliance
- o Elected HSE Worker Representatives
- o Maintenance Department Representative
- o Workplace Doctor (from hospital outside of the campus)

- Develop and implement an effective internal monitoring procedure to ensure consistent illumination, improved ergonomic program, and a successful implementation of written policy and procedures / 8 months

- HSE Committee and factory management to work together on how to increase recreation areas for workers during their break hours, including possibility of total separation of rest areas from production areas. / 9 months

- After completion of Risk Analysis study, HSE Committee to immediately start working on defined Ergonomic risks to minimize or avoid those risks. / 9 months

- o Ergonomic risk and protection

- Define action items and monitor the effectiveness of execution of ergonomic risk prevention actions

- Enhance training programs for workers and worker representatives: (SHZBG: VP, 06/30/'12)

- o Ergonomic Risk factors in workplace

- o Knowledge and skills in detecting/managing potential HSE risks

- Risk Analysis report that includes all Ergonomic Risks within the workplace to be revised through joint efforts by the following participants: (SHZBG: VP, 06/31/'12)

- o External Consultant

- o Brand Social Compliance Department Representatives

- o Plant Manager

- o HR Manager

- o SER Specialist

- o Worker Representatives

- o Maintenance Department Representative

- o Clinic Doctor (from Health Center in the campus)

- o Industrial Ergonomist

- An easy-grip and ergonomically designed handle for hand tools will be designed and provided to minimize the potential risk (SHZBG: VP, 07/30/'12)

- Strengthen effective internal monitoring procedures to ensure consistent illumination, sufficient toilets, improved ergonomic program, and successful implementation of written policy and procedures. (HSE committee and SHZBG: VP, 11/30/'12)

- Review the effectiveness of ergonomic improvement actions by collecting feedback from workers in general. (HSE committee and SHZBG: VP, 12/31/'12)

- Rest areas will be designed and provided in the Chengdu campus for workers to enjoy their leisure time (CHR: GM, 12/31/'12)

- Establish an ergonomic laboratory to research and develop ergonomic programs and anthropometric database for the continuous improvement of ergonomic health and comfort of workers.

- (Ergonomic laboratory: Director, Done on 03/01/'12 and continuously)

EMPLOYMENT FUNCTION: HEALTH & SAFETY

FINDING TYPE: Immediate Action Required

Finding Explanation:

- Some workers were observed not to follow SOP by using air guns for pushing control buttons in CNC factory.
- During the day of assessment, some fire detectors were not operational in many areas.
- There is no system in place for conducting periodic thermal imaging for detecting hot spots.
- Despite the fact that Foxconn has a system for conducting planned maintenance activities on a periodic basis, condition-based maintenance activities were missing which are a crucial component of preventive maintenance system. Several issues were observed in the walkthrough, e.g. air leakages, high noises from some machines (potential bearing failures).
- Section managers/supervisors/workers do not know emergency shut-off procedures.
- Some polishing stations in the dry polishing section were missing proper grounding against static electric shocks that may cause sparks. Some electrical cables were not properly encased/isolated, such as the electrical cables at the CNC workshops.
- Covers of many polishing machines that prevent workers from entering the robot operation were loose or had been removed.

Local Law or Code Requirement:

Health Standard for Design of Industrial Enterprises, Article: 5.1.1; General Guide for Safety of Electric User, Article 6.7; Code of Design of Manufacturing Equipment Safety and Hygiene, Article 6.4.1; FLA Workplace Code (Health, Safety, and Environment Benchmarks HSE.1)

Immediate Actions:

- Fire detectors should be maintained and fire alarm panel should be activated
- Periodic thermal imaging should be conducted to detect hot spots within the high risk areas
- Preventive maintenance system should be implemented to include condition-based maintenance activities
- Section managers/supervisors/workers should be trained on emergency shut-off procedures
- All workstations/machinery/equipment in risk areas should be properly grounded against possible static electricity risks
- All electrical cables and wires should be properly encased/isolated
- Covers of polishing machines should be replaced if missing and should be kept closed

Remediation Plan:

- Fire detectors and alarm panels were inspected and few of them were re-installed properly where needed. (CFIS: VP, Done on 03/20/'12)
- Inspect and fix electrical cables to make them properly encased and/or isolated. (CFIS: VP, Done on 03/20/'12)
- All electrostatic groundings were inspected and were re-installed with electrostatic ring where needed. (CFIS: VP, Done on 03/20/'12)
- Missing covers of polishing machines were replaced and kept closed. (CFIS: VP, Done on 03/20/'12)
- Immediately corrected violations of SOP prohibiting using air guns for pushing control buttons in CNC factory and conducted SOP retraining to avoid reoccurrences of misbehavior. (CFIS: VP, Done on 03/20/'12)
- Thermal imaging will be conducted periodically to detect hot spots within the high risk areas. (CFIS: VP, ongoing and continuously)
- Total productive maintenance (TPM) will be implemented to improve the existing maintenance system. (CFIS: VP, 06/02/'12)
 - o The factory has emergency shut-off procedures in place, such as OHS-SP—025 (Great calamity

emergency preparation and response management procedure) and CFS-SZ-00007 (Fire accident emergence response and rescue program). (CFIS: Done on 02/28/'12)

- o Strengthen training to all employees and take the examinations. (CFIS: VP, 06/30/'12)

FINDING NO: 18

EMPLOYMENT FUNCTION: HEALTH AND SAFETY

FINDING TYPE: Immediate Action Required

Finding Explanation:

- It was observed that some compressed air hoses/pipes were connected with adhesive tape.
- Ends of some active air hoses in production floors were tied or taped instead of being properly closed with a hose ending – a compressed air hose went off and a worker was nearly injured during the factory walkthrough.
- Lubricants leaking from some CNC machines or processed aluminum parts make production floor in CNC section slippery.

Local Law or Code Requirement:

Safety Monitoring Regulation of Special Equipment, Article 373, FLA Workplace Code (Health, Safety, and Environment Benchmarks, HSE.14)

Root Causes:

- Floor managers, supervisors and health and safety personnel are not aware of potential dangers and possible injuries that could be caused by improper joining/ending of compressed air hoses.
- Problems regarding maintenance of the CNC machines
- Compressed air is used for cleaning of machinery and of the processed parts, causing lubricants to drizzle onto the production floor.

Immediate Actions:

- Immediately change the improper joining of compressed air hoses by engaging specialized personnel to do so. In addition, provide training on safety to all floor management and health & safety personnel.
- End the use of compressed air for cleaning the machines.

Recommendations for Sustainable Improvement:

- Enhance the maintenance program of the CNC machines and conduct regular inspection in the workshop in order to prevent possible lubricant leakage issues.
- Conduct an internal assessment of the condition of all compressed air hoses.

Remediation Plan:

- Adhesive tape on a few hoses removed and connected with clamping ring. (CFIS: VP; completed on 03/20/'12).
- Air hoses tied or taped were closed with speedy junctions (CFIS: VP; completed on 03/20/'12).
- HSE committee and CFIS conducted an internal assessment to evaluate the condition of all compressed air hoses. (CFIS: VP; completed on 03/20/'12)
- (a)Put the product into a case when blowing with the air gun in case of lubricant dripping, and reduce the pressure simultaneously, (b) Introduce closed automatic proportion device, (c) Use manual pump for lubricant liquid dosing, (d) Introduce an automatic recycle system for the aluminum scraps to avoid leakage. (CFIS: VP, completed on 03/20/'12 and continuously)
- End the use of compressed air for cleaning CNC

machines. (CFIS: VP, completed on 03/20/'12)
• Refresh training on safety to all floor management and health and safety personnel will be provided. (CFIS: VP, 06/30/'12)

FINDING NO: 19

EMPLOYMENT FUNCTION: HEALTH AND SAFETY

FINDING TYPE: Sustainable Improvement Needed

Finding Explanation:

- Many workers are not aware of the potential occupational risks caused by chemicals in use or physical risk factors in working environment.
- The occupational health checks of some workers were not carried out on a timely basis; for instance, pre-employment occupational health checks were missing or periodic health examination reports were outdated.
- Some chemical containers were not properly labeled and the Material Safety Data Sheets of some chemicals were not properly posted.

Local Law or Code Requirement:

Work Place, Articles 14&27; Prevention and Treatment of Occupational Diseases Law, Article 32; FLA Workplace Code (Health, Safety, and Environment Benchmarks HSE.1, HSE.9)

Root Causes:

- Although the factory has well-developed written policy and procedures, the implementation of the system was not effective in many areas, arguably due to the ineffectiveness of the HSE committee and of the methodology and tools used for internal audits and routine HSE inspections, along with absence of an effective review process.
- The medical facilities nearby have limited capacity in arranging the occupational health examinations.
- High turnover rate and tight production schedule hindered the scheduling and conducting of occupational health examinations.
- The potential hazards and the risks of the workplace were not clearly explained to the workers during trainings – both induction trainings and ongoing trainings.
- No needs assessment carried out to determine the training needs of the workers.

Recommendations for Sustainable Improvement:

- HSE Committee should check the content of current orientation and ongoing trainings to understand if these trainings explain the risks in the workplace or not. A training needs assessment should be done by the Committee as well. / 3 months
- Training evaluations (including visual observations) should be done after all trainings to assess their effectiveness. / 6 months
- A system should be implemented to make sure that all pre-employment and periodical health examinations of the workers are conducted on a timely basis. / 6 months
- Develop and implement an effective internal monitoring procedure to ensure all components of chemical management system include MSDS posting

Remediation Plan:

- Enhance procedures of HSE committee to become aware of the potential occupational risks caused by chemicals in use and ergonomic risks in working environment. (CPH: Director, SHZBG: VP, 06/30/'12)
- Formulate and implement training program for HSE committee members. (CPH: Director, SHZBG: VP, 09/30/'12)
- The Corporate Public Health Department has formulated an occupational health examination standard to ensure that staff get the pre-occupational health examination in 1 month before they come onboard; there is also an annual occupational health examination work plan (according to types of work) in accordance with

and labeling is in place. / 8 months

“PRC Occupational Disease Prevention Law”. (CPH: Director, 09/30/’12)

- Work on occupational health enhancement programs with full participation by HSE committee and worker representatives. (CPH: Director, SHZBG: VP, 10/30/’12)
- Periodically review and revise as needed to ensure all components of chemical management system include MSDS posting and labeling in place. (SHZBG: VP, 11/30/’12)

FINDING NO: 20

EMPLOYMENT FUNCTION: ENVIRONMENTAL PROTECTION

FINDING TYPE: Sustainable Improvement Needed

Finding Explanation:

- The factory has no procedures for regular inspection of the chemical containers and tanks.
- No secondary containment provided for the chemicals in production area.
- Although there are procedures for storage and some instructions for emergency situations such as leakage or spill, it was observed that there are no regular inspections for prevention of emergency situations.
- The factory has no procedures for managing environmental impact outside the factory.
- There is no active waste management system in the factory for the waste generated in dormitories and cafeterias; all waste goes to municipal landfill without any attempt to separate hazardous and recyclable waste (e.g., batteries, cooking oil, etc.).
- No separation of solid waste at the source; all solid waste goes to the waste collection area in a mixed form.

Local Law or Code Requirement:

FLA Workplace Code (Health, Safety, and Environment Benchmark HSE.1; Employment Relationship Benchmark ER.31)

Root Causes:

- Factory management has focused on regular operations and emergency operation writing the procedures for the chemical storage, but seems to neglect the proactive actions and measures to prevent emergency situations.
- The HSE Committee is not active; HSE staff is trying to deal with all environmental issues rather than doing so in a collaborative effort with the HSE committee
- The factory management focuses on their environmental performance and actions within the boundaries of the factory. The impact of the factory to its surroundings and environment is either not well taken care of or considered a secondary priority.
- No active worker representation and participation on HSE committee.
- No active system for encouraging workers to participate in ongoing HSE efforts.

Recommendations for Sustainable Improvement:

- The management should revise procedures including regular control and observations in the chemical warehouse. /6 months
- Responsible personnel should be assigned and their job descriptions should include these routine controls. / 6 months
- The measurements and observations should

Remediation Plan:

- Re-check secondary containment of chemicals in production area. (CFIS: VP, 04/30/’12)
- Review and revise the procedures to include regular control and observations in the chemical warehouse. (CFIS: VP, 04/30/’12)
- Assign someone responsible to routinely assess and control the risks in chemical warehouse and related

be logged. Emergency instructions should also be improved and should be written as clear procedures. / 6 months

- Secondary containment should be provided for chemicals in the production area. / 1 month
- HSE committee should start working more actively on environmental issues combining efforts of different departments and providing elected worker representation / 7 months
- Prepare and implement an effective internal monitoring procedure to prevent possible lack of emission and usage of landfill permits to ensure successful implementation of written policy and procedures / 8 months

area. (CFIS: VP, 10/30/'12)

- Revise the SOP of measurements and observation logged, and improve the emergency instructions. (CFIS: VP, 10/30/'12)
- Enhance procedures of HSE committee to encourage the participation of worker representatives and implement regular meetings on monthly basis. (CFIS: VP, 10/30/'12)
- Prepare and implement an effective internal monitoring procedure to prevent possible lack of emission and usage of landfill permits to ensure successful implementation of written policy and procedures. Work on receiving permit for the usage of landfill space run by the local government. (CFIS: VP, 11/30/'12)