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INTRODUCTION

FLA-accredited Participating Suppliers have demonstrated that they have the systems and procedures in place to successfully uphold fair labor standards. When joining the FLA, Participating Suppliers commit to implementing the FLA Workplace Code of Conduct, which ensures “respectful and ethical treatment of workers” and “promotes sustainable conditions through which workers earn fair wages in safe and healthy workplaces.”

While the FLA does not certify suppliers, it does evaluate them at the headquarter level – in addition to standard factory-level due diligence activities that are conducted annually – to determine whether they have social compliance systems in place to proactively identify and address risks or instances of noncompliance. Accreditation is the highest level of recognition for FLA-affiliated companies.

The FLA Board of Directors voted to approve the accreditation of Chenfeng Group’s compliance program on June 8, 2016 based on proven adherence to FLA’s Workplace Code of Conduct and the Principles of Fair Labor and Responsible Sourcing. Details on FLA’s accreditation methodology can be found at www.fairlabor.org/accreditation.
### SUMMARY OF CHENFENG’S LABOR COMPLIANCE PROGRAM

#### ACCREDITATION

<table>
<thead>
<tr>
<th>Name of Company</th>
<th>Chenfeng Group Co., Ltd. (Chenfeng)</th>
<th>Category</th>
<th>Participating Supplier</th>
</tr>
</thead>
<tbody>
<tr>
<td>Location</td>
<td>Jintan, Jiangsu Province, China</td>
<td>Product/s</td>
<td>Apparel – Specializes in shirts</td>
</tr>
<tr>
<td>FLA Affiliation Month/Year</td>
<td>February 2006</td>
<td>Current Number of Applicable Facilities</td>
<td>6 facilities located in China</td>
</tr>
<tr>
<td>Accreditation Month/Year</td>
<td>June 2016</td>
<td>Union</td>
<td>All China Federation of Trade Unions (ACFTU)</td>
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<tr>
<td>FLA Accreditation Lead/Support</td>
<td>Lead: Joe Shen, East Asia Regional Manager</td>
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<tr>
<td></td>
<td>Support: Jingwen Peng, Eastern Hemisphere Accreditation Associate; Lisa Ferguson, Accreditation Associate</td>
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<tr>
<td>Unique Company Characteristics</td>
<td>1) Chenfeng was the first Participating Supplier to affiliate with the FLA;</td>
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<td></td>
<td>2) Addresses disability quota, social insurance, and hours of work findings with long-term sustainable remediation plans, as outlined within this Accreditation Report; and</td>
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<tr>
<td></td>
<td>3) Supplier to four FLA Participating Companies.</td>
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<tr>
<td>Key Strengths Summary</td>
<td>1) Clear and strong commitment and support from the CEO to adhere to workplace standards and integrate standards into business operations;</td>
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<td></td>
<td>2) A CEO-led CSR Management Committee in charge of managing corporate social compliance;</td>
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<td>3) Multiple functioning grievance channels available for workers to use at their own comfort and discretion;</td>
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<td>4) Development and implementation of an internal compliance monitoring program;</td>
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<td>5) Collection, management, root-cause analysis, and trend analysis of non-compliance data; and</td>
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<td></td>
<td>6) Commitment to continue reduction of overtime working hours to meet local law and workplace standards with a time-bound plan, clear goals, and formulated solutions.</td>
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<tr>
<td>Key Suggestions for Strengthening Summary</td>
<td>1) Continued implementation of the revised Social Responsibility Policy;</td>
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<td></td>
<td>2) More effective training for workforce on the workplace standards;</td>
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<td></td>
<td>3) Engagement with the union at all levels in the remediation process;</td>
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<td></td>
<td>4) Internal collaboration in the development and review of the Procedure of Production Plan Management, and full implementation this procedure; and</td>
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<tr>
<td></td>
<td>5) Continued strengthening and implementation of Chenfeng’s CSO Strategy Plan, specifically in the engagement of CSOs specializing in local labor and human rights issues and implementation of workplace standards compliance programs.</td>
<td></td>
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</tr>
<tr>
<td>Relevant Violations or Campaigns</td>
<td>Students &amp; Scholars Against Corporate Misbehavior (SACOM) published a labor rights violations report on two key suppliers of Uniqlo, including a Chenfeng facility, in November 2015. Chenfeng provided a response with corrective actions to SACOM. Further details on violations and Chenfeng’s response are included in the Accreditation Report.</td>
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SECTION 1: CHENFENG’S LABOR COMPLIANCE PROGRAM

The Chenfeng Group Co., Ltd. is a private apparel manufacturing company with over 14,399 employees headquartered in Jintan, Jiangsu Province, China. Chenfeng’s first facility was established in 1967 by the Jintan government and had been owned by the town until 1993, and primarily produced silk garments. In 1993, Chenfeng became a private company, owned by Mr. Yin and his partners. In 2003, the factories were bought by Mr. Yin and became the Chenfeng Group, which presently specializes in manufacturing high quality cotton shirts, trousers, sportswear, high fashion women’s wear, coats, and children’s garments. Additionally, Chenfeng has established three private labels (COMME MOI, blinkgallery, and blooming) and has vertically integrated textile development and production. Chenfeng’s products are mainly exported to Japan, U.S.A., England, France, Germany, and Italy, making Chenfeng one of the top 100 garment export enterprises in China. Chenfeng has also opened retail stores in China and offers its private label products online.

Chenfeng affiliated with the FLA as a Participating Supplier (PS) in 2006 as the first FLA PS. The company hosted one FLA Board Meeting and relevant events at the company’s Kunshan facility in 2008. Chenfeng’s Chief Executive Officer (CEO) oversees a corporate social responsibility (CSR) committee constituted by more than 20 staff members at headquarter and factory-levels. The CSR Committee Manager leads the daily work and directly reports to the Head of the General Affairs Department and the CEO of Chenfeng. The CSR Committee Manager is supported by the leaders of the Labor and Health & Safety Divisions and a CSR specialist who supports the communication with external stakeholders abroad.

In 2003, Chenfeng adopted its own Social Responsibility Policy to define its workplace standards, in spite of being subject to many buyers’ codes of conduct. The policy has been revised several times and in September 2015, the code was revised to meet the FLA Workplace Code of Conduct. Chenfeng has had an internal monitoring program in place since 2008; and the company’s internal assessors have attended numerous trainings organized by its buyers and the FLA. All facilities are unionized under the All China Federation of Trade Unions (ACFTU).

In addition, Chenfeng has implemented a variety of social and charity programs which benefit its workforce and the community. These programs and benefits include: human resource staff capacity building through engagement with the Jintan Human Resource Alliance; Chenfeng’s own foundations (Chenfeng Charity Fund for Disadvantage Workers and Chenfeng Suqian & Sihong Lover Charity Fund) that financially support its workers, families, children and elderly people with poor family conditions in the local community; the Aiyou Foundation that provides for children in need of medical care; and a self initiated environmental protection project geared toward pollution control for the local QianZiDang river.

Chenfeng is a supplier to four FLA Participating Companies (PC) and a non-FLA affiliate licensee of an FLA PC. Chenfeng now has six owned applicable facilities within the scope of the company’s affiliation with the FLA, in addition to two fabric mills and a garment factory under construction. In 2015, Chenfeng had a peak number of nine facilities in place; however, Chenfeng closed three facilities and moved its workers to one new and two existing facilities in 2015. All applicable facilities are subject to Chenfeng’s internal social compliance assessments at least once per year, and five of
the facilities receive regular audits from its buyers. However, an FLA PC has reduced social audits at Chenfeng due to Chenfeng’s implementation of a social compliance program and FLA affiliation as a PS.

The table below describes Chenfeng’s applicable facilities over the period 2006-2016, as reported to the FLA. During this period, Chenfeng’s applicable facilities were subject to a total of 12 Independent External Assessments (IEA): 4 Independent External Monitoring (IEM) assessments, 3 Independent External Verification (IEV) assessments and 5 Sustainable Compliance Initiative (SCI) assessments. Information on the results of these assessments and the remediation undertaken by Chenfeng in response to findings are publicly available on the FLA website (except for the 2016 SCI assessment as the company is in the process of creating remediation plans) and are discussed, as appropriate, in the next section.

**CHENFENG APPLICABLE FACILITIES* & FLA ASSESSMENTS 2006-2016**

<table>
<thead>
<tr>
<th>YEAR</th>
<th>APPLICABLE FACILITIES</th>
<th>FLA ASSESSMENTS</th>
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<tbody>
<tr>
<td>2006</td>
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<td>1</td>
</tr>
<tr>
<td>2016</td>
<td>6</td>
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</tbody>
</table>

*All Chenfeng applicable facilities are located in China.

** FLA affiliates do not receive FLA assessment in the first year of affiliation.
SECTION 2: ANALYSIS OF CHENFENG’S LABOR COMPLIANCE PROGRAM USING THE FLA PRINCIPLES OF FAIR LABOR AND RESPONSIBLE SOURCING

Information used in this assessment originates from annual reports submitted by Chenfeng to the FLA verified through:

1) Assessments at Chenfeng headquarters conducted by FLA staff in China, in April 2013 and December 2015;
2) Shadowing of three Chenfeng audits at its facilities in China, in March and April 2013, and August 2014;
3) Shadowing of Chenfeng training for workers on the grievance system at a facility in China, in August 2014;
4) Information gathered in person, via phone interviews, and through email correspondence with Chenfeng staff;
5) Worker interviews conducted at a facility in China, from a sample selected by FLA staff;
6) Documentation review of supporting evidence submitted by Chenfeng;
7) Results of FLA Independent External Assessments at Chenfeng applicable facilities conducted by FLA assessors;
8) Communication with stakeholders.

1. WORKPLACE STANDARDS: COMPANY AFFILIATE ESTABLISHES AND COMMITS TO CLEAR STANDARDS

1.1 Company Affiliate establishes and articulates clear, written workplace standards that meet or exceed those embodied in the FLA Workplace Code of Conduct.

Actions Taken:

Chenfeng developed its Social Responsibility Policy to define its workplace standards in 2003 and revised it in 2008 and 2013. The final revision occurred in September 2015 to fully align with the FLA Workplace Code of Conduct.

Chenfeng has also adopted its workplace standards benchmarks (entitled “Social Responsibility Management Manual”), as part of its internal workplace standards and the company’s assessment tool is based on these benchmarks.

Verification by FLA:

FLA reviewed Chenfeng’s workplace standards and provided recommendations for code alignment. After rounds of revisions and review, Chenfeng submitted their final version of its Social Responsibility Policy in September of 2015. The current Chenfeng Social Responsibility Policy meets or exceeds the FLA Workplace Code of Conduct. The Chenfeng Social Responsibility Policy can be found in Appendix A of this report in Mandarin and English.

FLA staff verified Chenfeng’s implementation of its workplace standards and compliance benchmarks through observation of Chenfeng’s internal assessment and review of assessment reports.
1.2 Company Affiliate leadership formally commits to uphold workplace standards and to integrate them into company business practices.

Actions Taken:

Chenfeng’s Social Responsibility Policy and senior management’s commitment to uphold and execute workplace standards have been published on the company’s website,¹ in addition to the CSR efforts the company has made.

The company publishes internal newsletters that include the CEO’s commitment to its CSR program, and has included its Social Responsibility Policy and the company’s strategic plan for civil society engagement in different editions. The newsletters are made available to all staff, and are posted at all production sites. The Chenfeng Social Responsibility Management Manual also includes a commitment to uphold the Social Responsibility Policy. Orientation and refresher trainings of the manual and workplace standards were provided to workers, supervisors, managers, and all head office staff.

Verification by FLA:

FLA reviewed Chenfeng senior management’s commitment through Chenfeng’s public website, the newsletters, the Social Responsibility Management Manual, and other documentation related to new hire orientation and employee refresher trainings. From interviews during the headquarter assessment, FLA staff also noted that the CEO’s commitment and active role in implementing the compliance program was a strength for the company.

2. RESPONSIBILITY AND HEAD OFFICE/REGIONAL TRAINING: COMPANY AFFILIATE IDENTIFIES AND TRAINS SPECIFIC STAFF RESPONSIBLE FOR IMPLEMENTING WORKPLACE STANDARDS AND PROVIDES TRAINING TO ALL HEAD OFFICE STAFF

2.1 Company Affiliate identifies the person(s) responsible for implementing its workplace standards compliance program.

Actions Taken:

Chenfeng has appointed a CSR Committee that is responsible for implementing its CSR Program. The CSR Committee is made up of the CEO, CSR Committee manager, leaders of the Labor and Health, Safety, and Environment (HSE) departments, CSR specialists at headquarters, and Labor and HSE specialists at each owned facility.

Chenfeng has a CSR Committee organizational chart which shows that Chenfeng’s CEO & Chairman oversees the CSR functions, with the General Affairs Department and CSR Committee Manager reporting directly to the CEO, and includes all responsible staff for labor & human resources (HR) and HSE at the headquarters and at all owned facilities. The company also has an overall organizational chart that shows all the departments and their respective functions; the CSR Committee resides in General Affairs Department. The Social Responsibility Management Manual outlines the roles of Chairman & CEO, CSR Committee, HR Department, General Affairs, factory managers, and employee representatives in implementing the program.

In addition, all members of the CSR Committee have job descriptions that elaborate on their specific CSR responsibilities. The CSR Committee Manager’s job description articulates responsibilities to implement workplace standards, including supervising all the general affairs of the CSR Committee. The leaders of the Labor and Health &

¹ http://chenfeng.cn/main_en.html
Safety Divisions both report to the CSR Committee Manager; their job objectives include “responsible for CSR, labor, social security, health & safety and other relevant work.” Two CSR Specialists also report the CSR Committee Manager at headquarters and have job objectives such as “responsible for the specific operation of CSR in the company.” Additionally, Labor, HR, and HSE Specialists at all owned facilities are in charge of implementation of workplace standards at the factory level.

**Verification by FLA:**

FLA staff verified the structure and responsibilities of the CSR Committee through document review and interviews during the 2015 headquarter assessment, field observation of Chenfeng’s internal assessments, and FLA SCI assessments. The CSR Committee Manager leads the implementation of workplace standards, with the support of the CSR specialist who supports the communication with external stakeholders abroad – they are the primary contacts for Chenfeng’s FLA affiliation.

The leaders of the Labor and HSE Divisions are responsible for: ensuring compliance with national and international labor and health & safety laws; developing internal relevant policies and procedures; implementing buyers’ Codes of Conduct; addressing and responding to workers’ grievances; conducting periodic internal social compliance assessments at owned facilities; and working with factory managers to develop remediation plans; and verifying the remediation. CSR specialists at headquarters support the daily work of the CSR program, and are also a part of the internal assessment team. The Labor & HR and HSE specialists at each owned facility are responsible for implementation of workplace standards at their respective facility.

FLA identified some inaccuracies in the overall organizational chart through interviews with Chenfeng production staff, and provided recommendations to revise the organizational chart to show accurate lines of reporting.

### 2.2 Company Affiliate trains the person(s)/team(s) responsible for administering and implementing its workplace standards compliance program.

**Actions Taken:**

The CSR Committee and HR Department provide internal trainings and invite external consultants to provide trainings for all the CSR Committee members. The training content includes Employee Relations Outlook and Solutions (Labor Relations), Chinese Trade Union regulations, and Sustainable Business (CSR, Strategic HR Management, Communication Skills). The CSR Committee members at headquarters also participate in the trainings on their buyers’ social compliance programs.

Each factory has one or two staff responsible for Labor & HR, and another one or two staff members who are in charge of Health, Safety and Environment. Both groups are CSR Committee members. All existing CSR Committee members are trained on implementing the social compliance program on an annual basis. All new Labor & HR and HSE staff at owned facilities are required to attend orientation training on the company CSR program. The training includes a history of social compliance, workplace standards, grievance mechanisms, engagement with the trade union, and local laws. The CSR Committee members at headquarters visit each owned facility on a regular basis to provide on-site training for the Labor & HR and HSE specialists. This training includes modules on maintaining working hours and wage records, ensuring legal minimum and overtime wages are paid, conducting fire drills, etc.

The company administers training surveys and tests to CSR Committee members after the trainings to ensure training effectiveness. The company will conduct performance reviews for each CSR Committee member starting in 2016 to ensure committee members are implementing their CSR responsibilities.
**Verification by FLA:**

FLA staff reviewed training materials and records to verify the trainings completed. All of the Social Responsibility Policy elements were confirmed to be covered in the trainings. The committee members demonstrated their knowledge of Chenfeng’s workplace standards, union regulations, employee relations, health and safety standards, HR policies and practices, and Chenfeng’s CSR program through ongoing interactions with FLA staff.

During the field observation for Chenfeng’s internal assessment in 2014, FLA staff observed that some of Chenfeng’s new CSR Committee members were not sufficiently trained in how to conduct worker interviews, such as how to ensure privacy and ask open-ended questions. Chenfeng had not provided training documents which indicated that appropriate training on worker interview skills were provided to those new CSR Committee members.

In addition, while reviewing the training survey and quiz document in the December 2015 headquarter assessment, FLA staff noticed that training quiz for the CSR Committee members did not cover the following code elements: Forced Labor, Non-discrimination, Harassment and Abuse.

**Recommendations:**

Recommend that the training quiz for CSR Committee covers all code elements, and provide appropriate trainings for less experienced auditors on worker interview skills.

**2.3 Company Affiliate ensures that training is provided to all head office and regional staff on the company’s commitment to workplace standards and the integration of standards into business practices. Training occurs at onboarding and refresher training is conducted annually.**

**Actions Taken:**

The CSR Committee and HR Department provided trainings on workplace standards, CSR knowledge, and the integration of standards into business practices for all staff in different divisions at the head office starting in 2015. Previously, workplace standards were communicated to all head office staff without formal training.

**Verification by FLA:**

Through interviews during the 2015 headquarter assessment and document review, FLA staff verified that the training on Chenfeng’s compliance program had been conducted in 2015. Staff from the Business and Production Department and the Material Purchasing Department were able to explain some code elements like working hours and child labor. In April 2016, FLA staff reviewed Chenfeng’s submitted logs of refresher training for all headquarter staff, as well as training quizzes, feedback, and evaluation.

**Recommendations:**

Recommend that Chenfeng continue to conduct refresher training for all head office staff on a regular basis and to continue to operationalize its training quizzes, feedback, and evaluation system to ensure training effectiveness for head office staff on the CSR program.
3. **PRODUCTION STAFF TRAINING**: COMPANY AFFILIATE TRAINS ALL MANAGEMENT STAFF AND EMPLOYEES AT OWNED PRODUCTION SITES ON WORKPLACE STANDARDS AND TRACKS EFFECTIVENESS OF TRAINING

3.1 **Company Affiliate** ensures that workplace standards are accessible to workers, managers, and supervisors in written form and relevant languages.

*Actions Taken:*

The company’s workplace standards are accessible to workers, supervisors, and managers in the local language (Mandarin) by being posted at all production sites.

*Verification by FLA:*

During the December 2015 headquarter assessment, FLA staff observed the revised Social Responsibility Policy posted in the production buildings. FLA staff also interviewed workers, who demonstrated that they were aware of the posted Social Responsibility Policy and confirmed having access to the policy. However, workers were not aware that the Social Responsibility Policy had been revised.

3.2 **Company Affiliate (a)** ensures that workers, managers, and supervisors are trained on workplace standards at regular intervals to take account of labor turnover, and (b) informs managers of the potential of FLA assessments and the Company’s expectation to remediate.

*Actions Taken:*

Chenfeng’s HR Department conducts orientation trainings for all new employees in every factory, including on the company’s Social Responsibility Policy, HR Regulations, Grievance Policy, HSE practices and other company rules.

Chenfeng’s HR Department and CSR Committee provide refresher training on the CSR program twice per year for all workers, supervisors, and managers in the factories. Factory managers participate in the opening and closing meeting of FLA SCI assessments, so they are aware of the FLA assessment results. During the remediation phase, the CSR Committee members at company headquarters work with factory managers to develop remediation plans, and the factory managers are required to implement the remediation plans. Factory managers are also informed of other buyers’ audits, the expectations for remediation, and regularly attend the opening and closing meetings of audits.

*Verification by FLA:*

During the 2015 headquarter assessment, FLA staff reviewed orientation and refresher training records and confirmed that all workers at each owned facility were provided training on Chenfeng’s workplace standards. FLA staff confirmed through worker interviews that workers had been informed about the workplace standards during trainings and regular production meetings which usually discuss the topics on quality, production, factory rules, and company’s requirements. Workers also recalled the Social Responsibility Policy was posted in the break room. Additionally, through the 2015 FLA SCI assessment, FLA staff verified that refresher trainings on the Social Responsibility Policy were provided to all workers twice per year.
3.3 Company Affiliate measures the effectiveness of training for workers, managers, and supervisors.

**Actions Taken:**
The CSR and HR teams at headquarters regularly visit all owned facilities to verify workers’ knowledge of workplace standards through face-to-face worker interviews. Chenfeng’s internal assessment tool includes verification of workers’ accessibility to workplace standards and whether the training on workplace standards is provided. In March 2016, Chenfeng developed a quiz to determine whether workers retained knowledge of workplace standards. Questions covered such topics as labor contracts, social insurance, wages, voluntary overtime, child labor, grievance mechanisms, fire drills, etc.

**Verification by FLA:**
During the 2015 headquarter assessment, a sample of production employees from different departments were interviewed. FLA staff noted that many workers were not strong in comprehending content of the Social Responsibility Policy, with the exception of the Working Hours, Child Labor, and Health & Safety standards. FLA staff verified through management interviews and document review that the refresher training usually takes place at the canteen or production floor with hundreds of workers participating at the same time. Due to the large scale of the training, workers hesitate to raise questions in such a public forum, and the approach lacks interaction between the trainer and trainees. The size of the training also poses the risk of the trainer losing the attention of the participants in the crowded environment.

Through previous SCI assessments, FLA staff concluded that there was a lack of sufficient workers’ knowledge on workplace standards. After the 2015 headquarter assessment, FLA staff reviewed the relevant training logs including the training quiz, feedback, and evaluation submitted by Chenfeng. From analyzing the training quizzes, Chenfeng found that the average score of the quiz was 90 percent and identified grievance mechanisms and forced labor as two subjects that required further comprehension. From the participant feedback, it was recommended that there be more interactive activities in the training as well as more case studies and applicable examples on the topics presented.

**Recommendations:**
Recommend that Chenfeng optimize its refresher training approach with more interactive training components and to scale down the participant size of each training so that workers feel more comfortable participating. Recommend that Chenfeng continue to operationalize the training quiz, feedback, and evaluation to measure the effectiveness of training.
4. **FUNCTIONING GRIEVANCE MECHANISMS:** COMPANY AFFILIATE ENSURES WORKERS HAVE ACCESS TO GRIEVANCE MECHANISMS, WHICH INCLUDE MULTIPLE REPORTING CHANNELS OF WHICH AT LEAST ONE IS CONFIDENTIAL

4.1 Company Affiliate ensures there are functioning grievance procedures at owned production sites.

**Actions Taken:**
Chenfeng has established policies and procedures on grievance mechanisms, which include non-retaliation. Workers are able to submit grievances through the open door policy, telephone hotline, email address, suggestion box, the worker representatives and the trade union chairman. The company posts the list of worker representatives at the production floor so that the workers can reach out to the representatives to lodge complaints or grievances. The company’s grievance system also allows workers to directly report to the local labor authority if the grievance cannot be settled within the workplace. Other components of the grievance mechanism such as fairness, lack of bias, confidentiality, and the timeline for resolution are included in the training materials and written policies and procedures. The open door policy allows workers to submit grievances to the immediate supervisor, senior managers, and directly to the CEO.

The All China Federation of Trade Unions (ACFTU) has established trade unions at the factory and group levels at Chenfeng. The chairman of the trade unions, who is the Infrastructure & Construction Department Manager at Chenfeng, is also responsible for facilitating grievances from Chenfeng workers. Grievances related to meals, housing services, in-kind benefits, and health and safety are recommended to be submitted to the trade union. The trade union then holds meetings with the factory and relevant managers to address workers’ needs at a minimum on a quarterly basis.

Additionally, Chenfeng implemented a worker representative committee in April 2016, after piloting a committee in 2015. The worker representatives were elected amongst production workers, and are integrated into the grievance mechanisms. However, further functionality of this committee has yet to be developed.

Management investigates the related parties involved in any grievance after receiving the grievance from employees and makes decisions based on the investigation results. The settlement decision is reported to the petitioner of the original grievance, the department head, and the HR Department in the form of a tangible letter or email. Employees can appeal to a higher management level or department if they are still dissatisfied with the decision. The HR Department maintains an Excel tool to track all grievance submissions and resolutions.

**Verification by FLA:**
During the 2015 headquarter assessment, a sample of workers from different departments was interviewed by FLA staff. In the worker interviews, workers mentioned that they had raised concerns with their immediate supervisor or factory manager, and that issues were successfully resolved. Workers also expressed that they were aware of the trade union chairman who serves as one of the grievance channels and use this channel. Workers expressed that they felt comfortable using these channels and had not experienced any retaliation. FLA staff reviewed grievance policies, procedures, and records. The records showed the number of grievances submitted and their content, date and time submitted, and the resolutions. Separately, the trade union grievances are tracked in a log which includes the grievances related to meals and housing service.
From the FLA SCI assessment findings, most grievances were related to production efficiency changes affecting workers’ performance and living affairs; however, workers were hesitant to raise concerns related to HSE due to the lack of training for workers on the use of grievance channels to report concerns on HSE. Chenfeng has worked to remediate this issue by including HSE into its grievance procedures and updating the training material.

During the 2014 field observation of an internal audit, FLA staff observed that the grievance procedures lacked direct settlement between immediate supervisors and workers. After the headquarter assessment, FLA staff reviewed the updated grievance procedures and supporting evidence, and confirmed the inclusion of direct settlement between an immediate supervisor and workers.

In the worker interviews and document review during the 2015 headquarter visit, FLA staff noted that workers were not clear who were the other worker representatives and what their roles were, and also noted that a list of the worker representatives was not posted. Additionally, through interviews with the CEO during the headquarter assessment, FLA staff noted that a few grievances submitted to the CEO were not consistently documented as per Chenfeng’s procedures.

**Recommendations:**
Recommend that Chenfeng enhance its grievance recording mechanism to ensure all grievances are recorded, including those submitted to the CEO. Recommend that Chenfeng to post the worker representative list on the production floor to further develop the functionality of the representative structure as a grievance channel.

### 4.2 Where local mechanisms are not functioning, Company Affiliate provides alternative channels for workers to contact the brand directly and confidentially.

**Actions Taken:**
Chenfeng has posters at each facility that outlines the grievance channels, including email addresses and the office and cell phone numbers of the leaders of Labor and HSE divisions, CSR Committee manager, trade union chairman, General Manager, and CEO who are based at the head office. Employees can send text messages to all contacts and call them directly and confidentially. Additionally, one of Chenfeng’s buyers, an FLA Participating Company, provides a direct reporting channel for workers at one of the facilities to raise grievances directly to the buyer. Workers are trained on this buyer’s direct reporting channel.

Workers’ grievances or suggestions can be anonymously submitted via suggestion boxes, email, and telephone. When the grievance has been anonymously submitted, the resolution is broadcasted over the speaker system or posted if the grievances reflect common issues. Suggestion boxes are located in break rooms and canteens of each facility. The HR Department opens the suggestion boxes twice per week, and the HR Department and CSR Committee review and work with relevant departments to discuss the grievances and resolutions. Additionally, the trade union chairman is frequently involved in living facilities-related grievances.

**Verification by FLA:**
At the 2015 headquarter assessment, FLA staff reviewed grievance policies, grievance records, and posters in the production workshop. FLA staff found that workers used text messaging and the suggestion boxes to submit grievances, but did not use the email channel. FLA staff also reviewed that the CEO received a number of grievances through text messages, which resulted in fair resolutions. An example of a grievance submitted to the CEO was that a worker wished to have a larger uniform, which was not agreed to by the worker’s supervisor. The worker submitted a text grievance to the CEO, and the factory manager provided the worker with a larger uniform.
During the worker interviews at the headquarter assessment, FLA staff verified that workers were knowledgeable about and felt comfortable using the confidential reporting channels. During the 2015 headquarter assessment, FLA staff noticed that suggestion boxes were only placed in the canteen, which was not a private area for workers to submit grievances discreetly and privately. Chenfeng then added more suggestion boxes in the break rooms to ensure privacy and accessibility.

4.3 **Company Affiliate ensures training and communication is provided to all workers about the grievance mechanisms.**

**Actions Taken:**

Included in the HR Department’s orientation training for new employees is training on Chenfeng’s grievance policies and procedures. The HR Department and CSR Committee also provides refresher training on Chenfeng’s CSR program, which includes the grievance mechanisms, twice per year for all workers, supervisors and managers in the factories. Additionally, reminders on grievance mechanisms are included in production meetings.

**Verification by FLA:**

Through worker interviews and document review in the 2015 headquarter assessment, FLA staff confirmed that Chenfeng provided orientation trainings and refresher trainings to all production workers, supervisors and managers on the company’s grievance policies and procedures.

At the time of the headquarter assessment, Chenfeng had not implemented a documented system to ensure training effectiveness. However, FLA staff confirmed through a sample of worker interviews that workers knew where to find the grievance channel poster and were comfortable raising concerns with their immediate supervisor or factory manager. Workers confirmed that information on grievance mechanisms was included in production meetings, and that supervisors or factory production managers incorporated reminders of the grievance channels within their meetings with workers. Interviewed workers showed knowledge of all the different grievance mechanisms, including contacting the trade union chairman or the CEO through text messages or email.

In April 2016, FLA staff reviewed the training logs submitted by Chenfeng and confirmed that the training quiz and training feedback had been included. The quiz included questions on the grievance channels and collected feedback on the trainer’s capabilities, duration of the training, location, and any other further recommendations.

**Recommendations:**

Recommend that Chenfeng continue to implement training quiz and feedback mechanisms to ensure training efforts are effective.

4.4 **Company Affiliate ensures that grievance mechanisms lack penalty and have at least one confidential reporting channel.**

**Actions Taken:**

Chenfeng has a policy on non-retaliation that includes lack of penalty and ensures confidentiality for workers who use the grievance mechanisms. This policy has been included in the posters of grievance channels in each of the owned facilities. All grievances are considered confidential and can be submitted anonymously through the suggestion box, email, and telephone.
Verification by FLA:
During the 2015 headquarters assessment, FLA staff reviewed the non-retaliation policy and verified that the policy was included in the posters of grievance channels. Training materials also included the confidentiality and non-retaliation standards. No incidents of breaching these policies were reported during the worker interviews and the company policy also states that a breach of confidentiality will be deemed as misconduct and result in employee discipline.

5. **MONITORING**: COMPANY AFFILIATE CONDUCTS WORKPLACE STANDARDS COMPLIANCE MONITORING

5.1 Company Affiliate conducts annual assessments of compliance with workplace standards at every owned production site.

**Actions Taken:**
Chenfeng implemented an assessment program of its owned facilities in 2008 to assess for compliance of the standards included in Chenfeng’s Social Responsibility Policy. The assessment tool was refined in 2012 after the CSR Committee Manager attended FLA's SCI Training in 2011 in Hong Kong, by incorporating some of the FLA Compliance Benchmarks, SCI questions, and root causes analysis. Each owned facility receives an annual assessment. The requirement of the annual assessment at every owned facility is included in Chenfeng’s Internal Assessment Procedures.

The assessment is conducted by an internal team composed of leaders of the Labor and HSE Divisions and two CSR specialists from the headquarters. Typically, there are two assessors responsible for assessing the HSE conditions and two assessors responsible for assessing the labor conditions. The CSR Committee sets an annual assessment plan at the beginning of each year, based on the previous internal assessment results, and evaluates a facility’s compliance performance and ranking to decide the frequency of remediation visits. The CSR Committee also takes into consideration buyers’ audit schedules when making the internal assessment plan.

**Verification by FLA:**
FLA staff conducted three field observations of Chenfeng’s internal assessments (two in 2013 and one in 2014). From the 2013 to 2014 field observations, FLA noted many improvements in the assessment methodology that took into consideration FLA recommendations from the field observation reports. The assessment covered all elements under Chenfeng’s Social Responsibility Policy. FLA staff reviewed the annual assessment reports and the internal assessment procedures, and confirmed that annual social compliance assessments took place at every owned applicable facility. Chenfeng’s commitment and improvement to assessing its owned facilities, while also managing buyers’ audits, was notable throughout its implementation period.

5.2 Company Affiliate ensures that its monitoring program includes, but is not limited to:
- a. Worker interviews,
- b. Consultation with unions or worker representative structures, where applicable,
- c. Management interviews,
- d. Documentation review,
- e. Visual inspection, and
- f. Occupational safety and health review.
**Actions Taken:**
Internal assessments of Chenfeng’s owned facilities included all monitoring program elements, such as worker interviews, management interviews, document reviews, visual inspection and occupational health and safety reviews, with the exception of consultation with unions or worker representatives. In 2014, Chenfeng had started to integrate union representatives in opening and closing meetings and worker interviews. Chenfeng has adopted aspects of the FLA’s SCI assessment methodology, including some of the Compliance Benchmarks. After the revisions of the Social Responsibility Policy in 2015, Chenfeng revised its audit tool to include verification of collective bargaining terms.

**Verification by FLA:**
FLA staff conducted two field observations of internal assessments in 2013 and identified the need for integration of union or worker representatives’ into Chenfeng’s assessments. During the 2014 field observation, FLA staff verified that all elements of monitoring were included in the assessment including consultation with union representatives. From the 2014 field observation, FLA staff concluded there was a lack of quality in the worker interviews and further recommendations were made to Chenfeng on their Internal Assessment Procedures to reflect all revisions to the assessment process.

The revised Internal Assessment Procedures have been reviewed by FLA staff throughout 2015 and 2016 and confirm that recommendations and all appropriate elements have been included. Chenfeng strengthened their procedures by including how to conduct the opening meeting, closing meeting, and worker interviews; an interim meeting to allow for the assessment team to cross check on findings; analysis or conclusion of findings before the closing meeting; root cause analysis prior to developing the remediation plan; engagement with the union on the development of the remediation plans; and identification of responsibilities for all the above steps.

FLA staff identified that the all revisions to the Social Responsibility Policy, such as applying the highest standard when differences arise and the all components of the compensation element, have yet to be integrated into the internal assessment.

**Recommendations:**
Recommend that Chenfeng continue to implement the revised Internal Assessment Procedure and to integrate the revised Social Responsibility Policy into existing standard practices. Additionally recommend that Chenfeng dedicate training resources in order for internal assessors to improve their worker interview skills.

5.3 **Company Affiliate ensures that, where relevant, monitoring is consistent with applicable terms in collective bargaining agreements.**

**Actions Taken:**
The All China Federation of Trade Unions (ACFTU) has organized trade unions at all of Chenfeng’s owned applicable facilities. A collective bargaining agreement has been negotiated at all six of Chenfeng’s owned applicable facilities. Chenfeng’s internal monitoring tool includes the verification of workers’ awareness of the collective bargaining agreement. Chenfeng’s 2016 update of its Internal Assessment Procedures incorporated FLA recommendations on the inclusion of verification of terms of the collective bargaining agreement.
Verification by FLA:
Through review of Chenfeng’s internal monitoring tool and field observations of audits, FLA confirms that Chenfeng will assess workers’ awareness of the collective bargaining agreements in the scope of internal assessments. However, verifying whether the terms of the collective bargaining agreement are consistent with the Social Responsibility Policy and local laws had not been included until Chenfeng revised its Internal Assessment Procedures and monitoring tool, to take into consideration FLA’s recommendations. Through previous FLA SCI assessments, FLA staff confirmed that the terms of collective bargaining agreements in the selected factories are aligned with local law and Chenfeng’s Social Responsibility Policy.

Recommendations:
Recommend that Chenfeng continue to implement the revised Internal Assessment Procedure and the revised monitoring tool that now includes verification of the collective bargaining agreement.

5.4 Company Affiliate conducts pre-production assessment of new owned production sites to review compliance with workplace standards.

Actions Taken:
Chenfeng has opened a number of new production facilities throughout its implementation period. Chenfeng has implemented pre-production assessments of newly opened production sites to review compliance with the Social Responsibility Policy. The pre-production procedures were incorporated into Chenfeng’s internal assessment procedures. Over the period of 2013 to 2015, two new owned production sites were added; the CSR team assessed both facilities prior to the commencement of bulk production.

Chenfeng has also closed some facilities throughout its implementation period and relocated the workers to the new and existing facilities in Jintan City. Chenfeng worked with its workers to relocate them in a responsible manner.

Verification by FLA:
FLA reviewed the revised Internal Assessment Procedure and Chenfeng’s pre-production assessment reports, and confirmed the implementation of pre-production assessments of new production sites.

Through worker interviews during the headquarter assessment, FLA staff verified that workers who had been relocated to the Yanfa (R&D) facility made the move willingly, were satisfied with their new living and working conditions, and received orientation training on Chenfeng’s workplace standards and grievance procedures.

6. COLLECTION AND MANAGEMENT OF COMPLIANCE INFORMATION: COMPANY AFFILIATE COLLECTS, MANAGES, AND ANALYZES WORKPLACE STANDARDS COMPLIANCE INFORMATION

6.1 Company Affiliate maintains a complete and accurate list of contract facilities and collects and manages compliance and workplace information.

Actions Taken:
Chenfeng maintains a complete and accurate list of owned production units. The CSR Committee and HR Department manage the internal and external compliance assessment/audit data including assessment reports, root cause analysis and remediation trackers, grievance records, disciplinary records, collective bargaining agreements, and the
6.2 Company Affiliate analyzes trends in non-compliance findings.

Actions Taken:

The CSR Committee has analyzed noncompliance data from previous internal and external assessments conducted in 2014 and 2015, showing the most common non-compliance findings by code element. As a result, the company identified: insufficient contribution to social benefits and insurance; seven consecutive work days before or after national holidays and general excessive overtime; insufficient number of disabled workers recruited according local law; expiration of worker valid identification and a lack of tracking to renew in a timely manner; a lack of machine guarding; and a weak ergonomic program as common findings. A chart was also developed to show the frequency and categories of the non-compliances.

To address the findings from Chenfeng’s data analysis, Chenfeng has enhanced workers’ training on social benefits, has committed to buy social insurance for workers as long as they are willing to contribute, and has implemented a policy to reduce excessive overtime hours, which will be further discussed in Principle 8. Chenfeng has actively approached relevant local associations to seek more disabled candidates. The HR system has been refined to ensure and track valid identification for its workers. The HSE specialists are required to check for machine guards at more frequent intervals and enhance worker awareness training on machine safety. An ergonomic improvement program has been piloted at two facilities to provide workers with ergonomically designed adjustable chairs with backrests and to provide workers that frequently stand with anti-fatigue floor mats.

Verification by FLA:

During the headquarter assessment, FLA staff reviewed the data analysis and the most frequent findings. FLA staff identified that there was a lack of in-depth analysis of trends to highlight which specific areas of noncompliance were decreasing or increasing in frequency over time, or if there were new non-compliances that required immediate remediation.

After considering the FLA recommendations, Chenfeng conducted greater analysis of their compliance data that included an in-depth analysis of trends in non-compliances. From their internal assessment data, Chenfeng identified an increase of findings in Employment Relationship, Health & Safety and Wages & Benefits in 2015 in part due to the enhanced skills internal assessors developed after receiving additional training on noncompliance identification. Chenfeng also identified a decrease in findings in Hours of Work due to their efforts to decrease the weekly overtime hours for production planning, which will be further discussed in Principle 8.

In analyzing the company’s external assessment data from buyers and based on FLA SCI assessments from 2014-2015, the majority of findings were in the areas of Employment Relationship, Hours of Work, Wages & Benefits, and Freedom of Association. Chenfeng’s analysis showed in 2014 that they received four external assessments, with a
total of 31 findings. In 2015, Chenfeng received 10 external audits, with a total of 59 findings, and 25 of those findings were at a new facility. While the total number of findings increased in 2015, the average number of findings per assessment decreased from 7.75 findings in 2014 to 5.9 findings.

**Recommendations:**
Recommend that Chenfeng continue to analyze trends in non-compliance findings and to refine its analysis to support root cause analysis and sustainable remediation implementation.

### 7. **TIMELY AND PREVENTATIVE REMEDIATION: COMPANY AFFILIATE REMEDIATES IN A TIMELY AND PREVENTATIVE MANNER**

#### 7.1 Company Affiliate provides regular follow-up and oversight to implement corrective action following assessments.

**Actions Taken:**
The CSR Committee is responsible for following up and ensuring implementation of remediation actions. This responsibility includes developing action plans for internal assessments, buyers’ and FLA’s assessments, reviewing the progress of remediation implementation, and submitting the progress and supporting documents to buyers and the FLA. The process for following-up on remediation is included both in Internal Assessment Procedures and the Noncompliance, Correction & Prevention Procedures. The procedures also include the company staff responsible for each process and how the follow-up and completion of remediation should be recorded.

**Verification by FLA:**
Chenfeng presented its remediation trackers of non-compliance findings for FLA review. The remediation trackers include the explanation of findings, root causes, the specific corrective actions to address the finding, and the deadline for the implementation of corrective actions.

FLA staff reviewed and confirmed that Chenfeng’s Internal Assessment Procedure includes steps of the remediation process and requires the status of immediate action and sustainable improvement findings to be updated by assessors at minimum twice per year. FLA identified through the review of the procedures that the factory-level union representatives were only involved during the on-site assessments (opening and closing meeting), and not consulted in the remediation process. Chenfeng revised its Internal Assessment Procedures to include engagement with union and worker representatives in development of the remediation plans.

**Recommendations:**
Recommend that Chenfeng continue to implement the revised Internal Assessment Procedures and to integrate union and worker representatives on the development of the remediation plans.

#### 7.2 Company Affiliate shall conduct root cause analysis and take action to prevent future noncompliance in owned production sites.

**Actions Taken:**
The CSR Committee conducts root cause analysis of the findings in collaboration with the factory manager. The root cause analysis and remediation plans are included with each internal assessment report. The company compiled historic, noncompliance data from 2008-2015, to identify common issues, including findings on social insurance,
disabled worker recruitment, and health and safety. The company then conducted root cause analysis of common findings and developed a tracker to incorporate the remediation plans. For instance, Chenfeng identified worker participation in rural insurance and the workers' not fully understanding the premium benefits of the five types of social insurance as root causes for insufficient social insurance participation. Chenfeng then enriched the training materials to further explain the benefits of five types of social insurance.

Chenfeng holds an annual meeting, most recently in November 2015, involving the CSR Committee, the trade union chairman, the Business & Production Department Manager, and managers from all of the owned facilities to brainstorm the root causes for the common findings from internal and external assessments.

**Verification by FLA:**

The past three SCI assessment reports showed yearly increases in social insurance participation and disabled workers hired. FLA staff reviewed the root cause analysis conducted for findings from internal and buyers’ audits and the minutes of the first annual root cause analysis meeting. In addition, FLA staff corroborated that Chenfeng’s internal assessment procedure includes root cause analysis, which describes the staff responsible as well as how the identified root causes should be recorded. For external assessments, Chenfeng will conduct root cause analysis as required by its buyer and will incorporate root cause analysis of all external audit findings in the annual root cause analysis meeting.

FLA staff considers the root cause analysis conducted by Chenfeng and its first annual meeting to be a strength of the company’s social compliance program.

**7.3 Company Affiliate records and tracks the progress and effectiveness of remediation for internal assessments.**

**Actions Taken:**

The CSR Committee tracks remediation progress through to completion with the use of trackers for each internal assessment. There is a dedicated Excel tool in place to track all the findings, root causes, remediation plans, and progress updates to completion for each assessment. In addition, the company’s remediation progress tracker includes specific persistent findings, such as social insurance participation and disabled worker recruitment, to mark the progress at each owned facility.

There is a documented process to determine effectiveness of remediation plans. At the annual meeting in November 2015 to discuss remediation, the CSR Committee, each factory manager, the Business & Production Department Manager, and the group trade union chairman worked together to analyze the reasons for persistent findings and to identify whether the previous remediation plans were effective.

**Verification by FLA:**

FLA staff reviewed Chenfeng’s Internal Assessment Procedures and Non-compliance, Correction & Prevention Procedures that describe the specific process for tracking the progress and effectiveness of remediation for internal and external assessments through to completion. FLA staff confirmed the procedures in place through review of specific remediation trackers for internal assessments. The trackers showed that in 2013, the baseline percentage of social insurance participation varied from 20 to 52 percent. The range of the increase in participation for each facility from 2013 to 2015 was five to 23 percent. For the disabled workers quota, disabled workers increased from 0.15 percent of total workforce to 0.38 percent over the period 2013-2015.
Through the headquarter assessment and the three past SCI assessments (2014-2016), FLA staff verified the yearly increase of social insurance participation. Continuous improvement has been made on other common findings, such as provision of ergonomically designed chairs and anti-fatigue floor mats for workers at two out of the six facilities, a decrease in weekly working hours, and a yearly increase in disabled workers hired.

8. RESPONSIBLE PRODUCTION PRACTICES: COMPANY AFFILIATE ALIGNS SALES AND PLANNING PRACTICES WITH COMMITMENT TO WORKPLACE STANDARDS

8.1 Company Affiliate has formal written policies and procedures for production planning that:

   1) articulate the many complexities involved in their global supply chains, including different customer (buyer) business models, and
   2) require relevant internal representatives to work with customers (buyers) to reduce negative impacts on working conditions.

   These policies and procedures shall address the alignment of sales with capacity, based on working hours as defined by the FLA Workplace Code of Conduct.

Actions Taken:

Chenfeng’s Procedures of Production Plan Management were first established by the CSR Committee in October 2014, and was then reviewed by the CSR Committee Manager and approved by the CEO. The procedure adopts the FLA Principle 8 language to take into account many complexities and different customer business models. Complexities included are inconsistent orders, diversity of styles, quality requirements, quantity of products, delays in acquiring materials, increasing labor and materials costs, and decreasing product prices.

The annual production plans take into account the Social Responsibility Policy, FLA’s working hours standard, the scale of production and production efficiency, product categories, and customers’ business models. The procedure also references relevant internal departments for implementation of this procedure and states that production planning was based on 58 total work hours (40 regular and 18 overtime) per week in 2015 and was not to exceed this standard. Early alert mechanisms are included in the procedures.

The CEO is responsible for general control of production plans, annual forecasting with major buyers, and working hours. The CEO also defines the detailed responsibilities of other relevant departments such as the Quality and Technical Department, the Material Department, factory managers, and the CSR Committee. The Business & Production Department works with customers to formulate and implement reasonable production plans in accordance with the working hours’ standard. In addition, the Business & Production Department outlines the steps from annual, quarterly, and monthly production planning, as well as the steps for receiving specific purchase orders, material purchasing & preparation, issuing production orders to facilities, daily output reporting, and internal dialogue until orders are completed for shipping. These departments work together to implement the Procedures of Production Plan Management.

Verification by FLA:

FLA staff reviewed the final Procedures of Production Plan Management and verified all relevant content was included. In addition, in order to meet China's legal requirements and workplace standards, the procedures also present a four-year plan (2016-2019) to gradually reduce working hours by two to three weekly hours per year. Table A is Chenfeng’s production plan for weekly regular and overtime hours.
Table A: Chenfeng’s Weekly Production Plan for 2016-2019

<table>
<thead>
<tr>
<th>Year</th>
<th>Weekly Regular Hours</th>
<th>Weekly Overtime Hours</th>
<th>Daily Hours</th>
<th>Weekly Maximum Average of Total Hours</th>
<th>Estimated Monthly Overtime</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>40</td>
<td>15.5</td>
<td>9.5 (8 regular +1.5 overtime) Hours on Week Days 8 Overtime Hours on Saturdays</td>
<td>55.5</td>
<td>62</td>
</tr>
<tr>
<td>2017</td>
<td>40</td>
<td>12</td>
<td>9.5 (8+1.5) Hours on Week Days 4.5 Overtime Hours on Saturdays</td>
<td>52</td>
<td>48</td>
</tr>
<tr>
<td>2018</td>
<td>40</td>
<td>10</td>
<td>9.5 (8+1.5) Hours on Week Days 4.5 Overtime Hours Every Other Saturday</td>
<td>50</td>
<td>40</td>
</tr>
<tr>
<td>2019</td>
<td>40</td>
<td>9</td>
<td>9.5 (8+1.5) Hours on Week Days 3.5 Overtime Hours Every Other Saturday</td>
<td>49</td>
<td>36</td>
</tr>
</tbody>
</table>

Multiple possible solutions\(^2\) have been developed to meet the legal limit of 36 overtime hours per month, on average 49 total hours per week (40 regular working hours and 9 overtime hours) by 2019. FLA considers the Procedures of Production Plan Management to be a clear guideline to support the implementation of responsible production in accordance with workplace standards.

Although the CEO and the CSR Committee were involved in the development and revisions of the procedures, FLA staff confirms there is no full collaboration with other relevant departments to develop the policy. However the policy was communicated to the Production and Business Department, Material Purchasing Department, Quality and Technical Department, and factory managers.

**Recommendations:**
Recommend that Chenfeng engage all relevant departments in Q3 2016 to support the implementation and improvement of the Procedure of Production Plan Management. Recommend that Chenfeng operationalize the four-year plan to decrease overtime working hours.

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\(^2\) a) On average there will be an increase of 2000+ per year, to reach a total of 20,000 employees by 2019; the increase rate of business shall be slower than that of employees; b) Expansion of vertical integration capacity to incorporate fabric production and have more control of material quality and delivery; c) Invest in more advanced machines and promote automation of production process; d) Promote dialogue with customers and internal dialogue; e) Improve working conditions and maintain and increase workers’ wages to accommodate the progressively reduced working hours in order to build worker loyalty.
8.2 All relevant business and compliance staff and any contracted agent/intermediary are trained and knowledgeable of the consequences of their sales and planning practices on working conditions in order to mitigate negative impacts on code compliance.

**Actions Taken:**
All relevant business and CSR Committee staff were trained on the first version of the Procedure of Production Plan Management and on Chenfeng’s CSR program in 2015. The training helped the relevant business and CSR Committee staff comprehend the consequences of production planning practices on working conditions. Business staff were trained on the communication of the responsible production standards for weekly hours to Chenfeng’s buyers. Materials and Production staff were trained on the weekly hour standards, emphasizing efficiency in production processes. Chenfeng implemented refresher training on the revised Procedure of Production Plan Management in April 2016.

**Verification by FLA:**
FLA staff interviewed with the Business and Production Manager, Material Department Manager, Headquarters Factory Manager, and CSR Committee Manager to verify that the relevant staff were knowledgeable of the consequences of the production planning practices have on workplace conditions. All interviewed staff were able to demonstrate their understanding and expertise on how accurate production planning, forecasting, placement of purchase orders for materials, on-time receipt of materials, production line efficiency, daily output tracking, early alerting of production challenges, and communication contributes to ensure on-time delivery and to avoid the occurrence of excessive overtime hours. FLA staff also verified refresher training took place in April 2016 through reviewing trainings logs, feedback, and evaluations.

FLA staff also interviewed the CEO, who is responsible for the annual forecasting with major buyers. The CEO shared his previous experience in accepting orders over factory capacity and how that resulted in excessive overtime. He emphasized that allocating orders to factories that have the complementary capabilities supports mitigating negative impacts at the factory. For example, allocating orders for shirts to Chenfeng’s facility that specializes in shirt manufacturing allows for better production efficiencies, which if not considered can lead to overtime due to delays in production. FLA staff confirmed that the CEO is knowledgeable of the consequences of sales and planning practices on working conditions.

**Recommendations:**
Recommend that Chenfeng implement orientation training for new relevant business and compliance staff, and continue to implement refresher training on the Procedure of Production Plan Management. Also recommend that Chenfeng continue to implement a mechanism to ensure trainings on the procedures are effective.

8.3 Company Affiliate holds relevant staff and any contracted agent/intermediary accountable for the implementation of planning and sales practices that help avoid negative impacts on workers and working conditions.

**Actions Taken:**
Chenfeng’s CEO, Business and Production Manager, Quality and Technical Department, Material Department, factory managers, and CSR Committee are all responsible for implementing the Procedure of Production Plan Management. Chenfeng holds regular production meetings to review work-in-progress updates (i.e. the preparation and delivery of material, the progress of production, and discussion of any surfaced problems). The Production and Business
Department, Technical Department, factory managers, and buyers need to have pre-production meetings for new orders, as stated in the standard operating procedure for order follow-up.

The job description for the Business and Production Manager includes responsibilities for taking into account the working hour policy when planning production to uphold the Social Responsibility Policy. Factory managers’ performance reviews include evaluation criteria on “safety management” and “CSR performance”. Safety management accounts for 15 percent of performance review results and CSR performance accounts for 20 percent of the results, which includes 10 percent from internal and external audit results and 10 percent from daily maintenance.

Factory managers consolidate the Daily Production Report and submit them to the Production and Business Department and senior executives. In the case of any problems, the department may adjust production plans accordingly. If some problems may result in excessive working hours, an early warning mechanism is in place, each factory manager is required to report the situation to the CEO for permission to execute a maximum of 60 weekly working hours. Only the CEO is able to authorize any work over 60 hours a week; factory managers are subject to disciplinary actions if they do not follow this procedure and it will be included in the manager’s performance review. The updated Procedure of Production Plan Management also requires root cause analysis of excessive working hours between the Business and Production Department and CSR Committee, and formulation of preventive measures to avoid similar issues.

Chenfeng analyzes suggestions and ideas to avoid negative impacts on the workplace. The company has reviewed the modes of distributing orders to different factories to optimize the efficiency, quality, and delivery, and strives to provide facilities with more fixed styles. Chenfeng also strives to minimize required rework on orders that can result in further overtime hours. Additionally, the company has been restructuring its customer base, to maintain and foster new relationships with FLA-affiliated companies and enlarge its domestic market through private label products in which Chenfeng has more control over production planning.

Verification by FLA:

FLA staff reviewed the updated Procedure of Production Plan Management, and the job descriptions of the Business and Production Manager and factory managers. With the documentation on performance reviews for factory managers, CSR Committee Manager, and the leader of the HSE division, production outputs, and internal dialogue, FLA confirms that responsibilities are clearly defined to ensure production practices are planned and implemented in a way to ensure workers and working conditions are not negatively impacted. Chenfeng has yet to formally adopt a mechanism to hold all relevant staff accountable, similar to the CSR Committee staff and factory managers’ performance reviews.

Additionally, FLA staff corroborated that Chenfeng has developed categorizations of its facilities for the types of products in which they specialize. For example, one facility specializes in shirts, one facility specializes in children’s apparel, one facility specializes in fast fashion smaller orders, etc. Providing consistency to the types of orders each facility receives allows for each facility to develop mechanisms to ensure production efficiencies that may reduce overtime and allow workers to earn a higher production bonus.

FLA has conducted five SCI assessments from 2012-2016. Table B summarizes Chenfeng’s Hours of Work findings from the past SCI assessments.
Table B: Chenfeng’s Hours of Work Findings from SCI Assessments 2012-2016

<table>
<thead>
<tr>
<th>SCI Assessment Year</th>
<th>Hours of Work Findings Summary</th>
</tr>
</thead>
</table>
| 2012                | • One instance in October of workers not receiving at least 24 consecutive hours of rest for every seven-day work period with no alternative day of rest offered subsequently.  
                        • Exceeded 36 monthly overtime (OT) hours in October; 50 OT hours were worked in October. |
| 2013                | • Two instances of workers not receiving at least 24 consecutive hours of rest for every seven-day period. Workers were provided an alternative day off in the following weeks.  
                        • Exceeded 36 OT hours per month every month from September 2012 to July 2013, with the exception of February 2012. Highest monthly overtime was 74 OT hours. |
| 2014                | • 12+2 Scheme – Workers worked 12 consecutive days and received two days off as general practice.  
                        • Exceeded 60 total hours per week, with a maximum of 70 total hours per week.  
                        • Exceeded 36 OT hours per month from February 2014 to July 2014. Average monthly OT per month was 80 OT hours. |
| 2015                | • Three instances in the past year of workers not receiving at least 24 hours of rest for every seven-day work period.  
                        • The same three instances above resulted in exceeding 60 total hours per week, ranging from 68 to 70 hours per week.  
                        • Exceeded 36 monthly OT hours for the past 12 months. Monthly OT hours ranged from 42 to 92 OT hours per month, with an average of 73 monthly OT hours. |
| 2016                | • Two instances in the past year of workers not receiving at least 24 hours of rest for every seven-day work period.  
                        • One instance of workers working more than 60 total hours per week; workers worked 70 total hours.  
                        • Exceeded 36 OT hours every month in the past year.  
                        • One instance of a pregnant worker working eight hours per day in her seventh month of pregnancy. Pregnant workers are entitled to one hour of rest per day beginning in their 28th week of pregnancy according to local law. |

Throughout Chenfeng’s SCI Assessments, Hours of Work findings were common and the company took action to address its own practices, striving to implement the local labor laws, Chenfeng’s Social Responsibility Policy, and the FLA Compliance Benchmarks. For example, FLA assessors found the practice of working 12 consecutive days and providing two rest days every other week (12 +2 scheme) in 2014. While this scheme violated Chenfeng’s Social Responsibility Policy, the factory had implemented this practice because the majority of the workforce was migrant workers and factory management had understood that their workers would prefer to work overtime and have a two-day weekend to visit friends and family. Worker interviews by the FLA assessors verified that workers had agreed to this arrangement and enjoyed the benefit of having a day of rest followed by a day to be with their friends and family – despite the violation of the FLA Code and Chinese law. However, the implementation of this scheme had led to a drastic increase in the finding of exceeding 60 total hours per week, since every other week workers would have seven consecutive days of work. Exceeding 60 total hours a week as a consistent practice had not been a common finding in Chenfeng’s other SCI Assessments. Once this scheme was identified as an immediate action finding by the
FLA, the factory immediately corrected this issue by implementing the same practice of one rest day per week as other Chenfeng facilities.

FLA acknowledges Chenfeng’s persistent Hours of Work findings and Chenfeng’s long-term plan to reduce Hours of Work findings at all owned facilities. During the 2016 SCI Assessment in April, FLA assessors verified that the hours calculated in production planning were reduced from 58 total hours per week in 2015 to 55.5 total hours in February 2016. Additionally, in all SCI Assessment conducted at Chenfeng facilities, it was verified that overtime premium rates were paid in accordance with legal requirements. FLA verified that corrective action plans for all Hours of Work findings were submitted and updated by Chenfeng and support the long-term implementation of the Chenfeng’s plan to reduce overtime hours. For the 2015 SCI Assessments in China, 95 percent of factories assessed exceeded 36 hours of overtime a month and 55 percent of factories assessed exceeded 60 total hours per week.

Recommendations:
Recommend that Chenfeng develop a formal mechanism and procedure that ensures for the Business & Production staff, similar to the performance reviews the CSR Committee and factory staff are subject to.

8.4 Company Affiliate staff responsible for planning and sales engage with their labor compliance colleagues, any contracted agent/intermediary, and customers in regular and constructive dialogue throughout the production process and when problems arise to support operations at the factory level and to seek to avoid or mitigate negative impacts on workers and/or compliance with code standards.

Actions Taken:
The communication between departments is outlined in the Procedures of Production Plan Management and in other procedures specific to business staff on the workflows for sampling and buyer communication. Chenfeng holds meetings on a regular basis involving the staff from the Business & Production, Material Purchasing, Quality, and CSR departments on production processes and ensures there is timely communication on the status of orders. Additionally, updates on the status of orders are circulated within all the relevant departments via email. The CEO and the Business & Production Manager are in regular communication with buyers regarding the forecasts of orders and facility capacity.

There is constant communication with buyers about sampling, pre-production, quality from material suppliers, ongoing production, and the status of delivery. In cases where there are late deliveries in fabric or quality issues with materials, the buyer is notified and will either accept the errors or authorize Chenfeng to issue a chargeback to the material supplier for airfreight.

Chenfeng provides work-in-progress (WIP) reports for some customers as per specific request. Two FLA affiliated buyers also request Chenfeng to report overtime hour status and circumstances. The HR Department submits daily and weekly working hour status updates to the CEO, copying the CSR Committee Manager, the Head of the General Affairs Department, and Business and Production Manager. Additionally, two FLA affiliated buyers have dedicated offices and staff members based at Chenfeng’s facilities to work with the company to resolve production challenges in a timely manner.

Verification by FLA:
FLA staff verified the Procedures of Production Plan Management include the importance of internal and external communication on the production planning, order status, and arising production challenges. FLA staff interviewed
the relevant staff and reviewed email communication on order status and meeting minutes, and confirmed that
internal and external dialogue is implemented during the production process. FLA staff also interviewed an on-site
FLA-affiliated buyer during the headquarter assessment and confirmed that Chenfeng and the buyer communicate
on a regular basis.

As discussed previously, Chenfeng has outlined a plan in its Procedures of Production Plan Management to reduce
total weekly overtime hours over four years. To verify the company’s commitment to this plan, FLA staff reviewed
email communication to a major FLA affiliated buyer regarding adjustment of the production planning and shipping
dates due to Chenfeng’s efforts to decrease total weekly hours to a maximum of 55.5 hours per week. The email
chain showed that the buyer accepted the adjustment of shipping date to support the implementation of Chenfeng’s
overtime reduction plan.

**Recommendations:**
Recommend that Chenfeng continue ongoing discussions with customers on how regular working hours and
excessive overtime can be reduced through balanced production planning and accurate buyer forecasting.

**8.5 Company Affiliate provides positive incentives for suppliers and/or facilities producing in a
socially responsible and sustainable manner.**

**Actions Taken:**
For owned facilities, the Procedures of Production Plan Management include providing positive incentives and
rewards for facilities with higher rating results of internal social compliance assessments; however, they have yet to
be implemented. After the social compliance assessment is conducted, facilities receive a letter grade ranking which
takes into account only the findings from the assessment, not remediation efforts. Based on this ranking, Chenfeng
will consider providing incentives such as offering more daily benefits to workers at the facility.

Chenfeng sources from locally well-regarded material suppliers, which are also agreed upon by Chenfeng’s buyers.
Though Chenfeng records and tracks the quality and delivery of the material suppliers in an Excel tracker, Chenfeng
had not yet evaluated its material suppliers on their social compliance performance. After the FLA headquarter
assessment, Chenfeng revised the Procedures of Production Plan Management and established a system to evaluate
material suppliers on their social compliance performance, which utilizes the same tool as Chenfeng’s own internal
monitoring. After the social compliance assessment is conducted, Chenfeng hopes to exert business influences on
the material suppliers that commit to continuous improvement of workplace conditions.

**Verification by FLA:**
FLA verified that incentivizing owned facilities is included the Procedures of Production Plan Management, reviewed
facility rankings, and confirmed that incentives for high-ranking facilities have yet to be initiated. FLA confirmed
through document review that Chenfeng records and tracks the quality and delivery performance of material
suppliers. FLA confirmed the updated Procedure of Production Plan Management includes the annual social
compliance assessment of its material suppliers, the ranking system, and the possibility of incentives for material
suppliers and owned facilities based on these rankings; however, this part of the procedure has yet to be
implemented.
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Recommendations:
Recommend that Chenfeng provide positive incentives for owned facilities and suppliers producing in a socially responsible and sustainable manner. Additionally, recommend that Chenfeng continue to develop an incentives program for its material suppliers.

9. CONSULTATION WITH CIVIL SOCIETY: COMPANY AFFILIATE IDENTIFIES, RESEARCHES, AND ENGAGES WITH WITH RELEVANT LABOR NON-GOVERNMENTAL ORGANIZATIONS, TRADE UNIONS, AND OTHER CIVIL SOCIETY INSTITUTIONS

9.1 Company Affiliate develops a civil society organization (CSO) outreach strategy that reflects the geographical distribution of production.

Actions Taken:
Chenfeng developed its CSO Strategic Plan in 2015, which highlights that CSOs are a powerful carrier of enterprise sustainable development, and states that the company will maintain relationships with CSOs focused on issues of employee relationship, health & safety, environmental protection, and human resources. Additionally, Chenfeng completed a preliminary CSO mapping exercise which lists the local organizations it is engaged with, focused on non-profit organizations in the areas of guilds, environmental protection, human resources, charity, and disabled persons.

In 2016, after receiving feedback from FLA staff, the CSR Committee Manager further developed the CSO Strategic Plan to include details of the company’s business challenges, and common and persistent findings, namely working hours, social insurance, and the Housing Provident Fund. The company hopes to address issues in employment relationship, human resource management, education, sustainable remediation, environmental protection, health & safety, and production capabilities. The company acknowledges its lack of experience in engaging with CSOs and the government restrictions on civil society. The strategy ends with a proposal to address the company’s challenges by seeking potential engagement with CSOs indirectly through industry associations.

Verification by FLA:
FLA staff reviewed the NGO mapping, which included organizations Chenfeng has had previous engagement: the China Chamber of Commerce for Import and Export of Textile and Apparel (CCCT) and CNGA as organizations in the area of guilds; Jintan Green Homeland Volunteer Association as organization in the area of environmental protection; Jintan Human Resource Alliance in the area of human resource management; Aiyou Foundation as the organization in the area of philanthropy; and the Jintan Disabled Person Association for hiring more disabled workers to meet the legal quota. While the FLA supports Chenfeng’s engagement, these organizations are not CSOs focused in labor and human rights.

FLA staff also reviewed the CSO Strategic Plan, and provided feedback and guidance specific to labor and human rights CSO engagement. Chenfeng took into consideration FLA’s feedback, and further developed a CSO Strategic Plan. After reviewing Chenfeng’s revised CSO Strategic Plan, FLA staff considers this strategy as a practical plan to support the company’s implementation of CSO engagement in a more extensive manner to address labor issues.
**Recommendations:**
Recommend that Chenfeng identify CSO partners inside and outside of mainland China capable of supporting work on labor and human rights issues directly affecting Chenfeng’s workers, and begin to implement the CSO Engagement Strategy by engaging, consulting, and collaborating with CSOs to address labor issues and improve working conditions. Also recommend that Chenfeng continue to engage with FLA and CSO affiliates to seek opportunities for collaborative engagements in China.

**9.2 Company Affiliate develops and maintains links to relevant civil society organizations (CSOs) to gain understanding of local labor issues.**

**Actions Taken:**
Chenfeng has been engaged with the local Disabled Persons Association (Jintan) in order to hire more disabled workers due to China’s legal requirement that disabled workers should account for 1.5% of the total workforce. FLA SCI assessments found that Chenfeng’s factories have not met this quota. However, Chenfeng has developed a remediation tracker that records the progress on the disabled worker recruitment.

Chenfeng has also been engaged with the Jintan Human Resource Alliance, which is focused on capacity building for the company’s HR staff. Chenfeng has also engaged with the Jintan Green Homeland Volunteer Association to contribute to the promotion of the local community’s awareness on environmental protection. This association focuses on providing guidance to locals on how to better treat the community’s environment.

Chenfeng has also been engaged with other non-profit organizations focused on philanthropic efforts. For example, it partnered with the Aiyou Huaxia Charity Foundation to provide financial support for children in need of medical care. Additionally, Chenfeng established its own charity funds. The Chenfeng Charity Fund for Disadvantage Workers financially supports Chenfeng workers and other families in the local community; the Chenfeng Suqian Lover Charity Fund financially supports local elders; and Chenfeng Sihong Lover Charity Fund provides financial support for local children who lack parental support to continue their education. Chenfeng funded a self-initiated environmental protection project on local QianZiDang river pollution control to support the local government’s efforts to clean up the river.

**Verification by FLA:**
During the headquarter assessment, FLA staff reviewed the list of Chenfeng workers receiving support and the relevant photos of before and after river pollution control was implemented. Through 3 past SCI assessments (2014-2016), FLA staff verified the increase in the number of disabled workers hired, although the legal quota is still not met.

Through the interviews with the CEO, CSR Committee Manager, and HR Manager during the headquarter assessment, the FLA gained understanding of the engagement activities that Chenfeng has implemented. However, most organizations with which the Company is engaged with are focused on community issues, rather than labor issues relating directly to Chenfeng’s workforce.

**Recommendations:**
Recommend that Chenfeng expand CSO engagement beyond community-focused initiatives, to include engagement with CSOs focused on local labor issues.
9.3 Company Affiliate strategizes with CSOs and knowledgeable local sources in the design and implementation of workplace standards compliance programs.

Actions Taken:

Chenfeng has yet to strategize with local CSOs in the design and implementation of workplace standards compliance programs, however, an initial step has been taken by Chenfeng to address a report on labor violations from a Hong Kong civil society organization to help the company improve working conditions.

In November 2015, Students & Scholars Against Corporate Misbehavior (SACOM) published an investigative report to unveil the labor rights violations at two key Uniqlo suppliers in China. Jintan Chenfeng Clothing Co., Ltd. (Huacheng Factory of Chenfeng Group) was one of the reported factories. SACOM’s report was the first time Chenfeng had been engaged by a CSO. SACOM\(^2\) claimed the following key findings:

1. “Long Working Hours and Unpaid Overtime;”
2. “Breaking the Social Insurance Law;”
3. “Unreasonable Management Style;” and
4. “Cheating on Social Audits and Covering Up Sweatshop Practices” with “fake documents” and “protective equipment only provided when auditors come.”

After SACOM’s report was published, Chenfeng CSR Committee Manager contacted FLA regional staff in China for advice on how to respond to SACOM since Chenfeng lacked experience in engaging with labor rights CSOs. Headquarter and regional FLA staff encouraged Chenfeng to take initiative to engage with SACOM. Chenfeng took SACOM’s criticisms and FLA’s advice seriously and responded to SACOM with detailed feedback and an action plan on April 1, 2016. Over the course of preparing the response letter and action plans, Chenfeng kept close communication with FLA staff to share progress.

The response from Chenfeng’s CEO included gratitude to SACOM’s investigation for helping Chenfeng understand the areas of improvement and emphasized Chenfeng’s commitment to continuous improvement workplace conditions and worker protection. The response addressed all allegations of SACOM’s report and acknowledged the typical challenges an apparel company in China faces. In their response, Chenfeng clarified some of the allegations on the pay structure and protective equipment. Chenfeng stated that all payroll documents are authentic and that it provided the legal wages and a production bonus; however, the company acknowledged that their workforce required further training to understand the pay structure. On protective equipment, Chenfeng stated that all applicable workers were provided the relevant protective equipment while acknowledging that workers do not use the equipment consistently. Chenfeng committed to further enhancing worker training and internal inspection, and to conduct performance reviews for its factory managers to ensure that workers use their protective equipment.

For other allegations, such as number of overtime hours and social insurance, Chenfeng discussed its long-term plans that have been implemented to address these allegations – discussed earlier in this accreditation report. For the allegations on management style, Chenfeng ceased its practice on using loud speakers and transitioned to speak to workers individually, and included in management training skills on leadership, patience, and providing instructions and critique in a respectful way towards workers. At the time of this report, SACOM acknowledged receipt of Chenfeng’s response, but had not provided further feedback.

Verification by FLA:
FLA staff encouraged Chenfeng to take initiative to engage with SACOM and provided support for Chenfeng on formulating its response letter and detailed action plan. Chenfeng’s action plan addressed each allegation and included root cause analysis to address the allegations sustainably by including enhancement of training and revision of policies or procedures. Additionally, through the FLA SCI Assessments, FLA assessors did not find noncompliances on payment of minimum wage or overtime premiums. However, FLA assessors have found in a number of assessments that workers do not understand Chenfeng’s wage structure and that further training and communication is necessary.

Although FLA staff confirms that currently there is no strategic engagement with external CSOs in the design and implementation of workplace standards compliance program, through interaction with Chenfeng staff on preparing their response to SACOM, FLA staff considers this engagement as a constructive initial step towards engaging with CSOs to address labor issues.

Recommendations:
Recommend that Chenfeng develop a strategy for addressing criticism or feedback from civil society or activist organizations and take proactive steps to explore external CSO engagement opportunities with organizations that have experience in the design and implementation of workplace standards compliance program.

9.4 Company Affiliate consults with legally constituted unions or worker representative structures at owned production sites.

Actions Taken:
Chenfeng holds regular meetings with the group-level union representatives to discuss the labor, health & safety issues and workers’ needs collected from an annual worker survey organized by the HR Department. Additionally, Chenfeng is engaged with its group trade union in conducting root cause analysis and developing remediation plans in response to annual compliance data analysis at the end of the year, and includes engagement with union representatives in the internal assessment procedures. The factory-level union representatives participate in the opening and closing meetings and are able to learn about the labor issues presented in the closing meeting.

As discussed earlier, Chenfeng’s union chairman is one of the positions responsible for addressing employees’ grievances or suggestions with the company management and is integrated into Chenfeng’s grievance mechanisms. Additionally, the company has been engaged with the union in assisting with renewing living facilities and providing financial donations for workers in poor family conditions.

Verification by FLA:
Although all factories in China fall short of the ILO standards on the workers’ right to organize freely and bargain collectively⁴, FLA staff acknowledges that Chenfeng has made efforts to work with the union on labor issues. Through

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⁴ For FLA due diligence SCI assessments at Chinese facilities, FLA includes the following special language: “The Chinese constitution guarantees Freedom of Association; however, the Trade Union Act prevents the establishment of trade unions independent of the sole official trade union – the All China Federation of Trade Unions (ACFTU). According to the International Labor Organization (ILO), many provisions of the Trade Union Act are contrary to the fundamental principles of freedom of association, including the non-recognition of the right to strike. As a consequence, all factories in China fall short of the ILO standards on the right to organize and bargain collectively. Recently, however, the government has introduced new regulations that could improve the functioning of the labor relations’ mechanisms. The Amended Trade Union Act of October 2001 stipulates that union committees have to be democratically elected at members’ assemblies and trade unions must be accountable to their members. The trade union has the responsibility to consult with management on key issues of importance to their members and to sign collective agreements. It also grants the trade union an enhanced role in dispute resolution. In December 2003, the Collective Contracts Decree introduced the obligation for representative trade unions and employers to negotiate collective agreements, in contrast to the previous system of non-negotiated administrative agreements.”
document review, field observation, and interviews with the CSR Committee Manager and trade union committee members, FLA staff confirms that meetings between the company and the group union are held to discuss the labor, health & safety issues and workers’ needs collected from the worker survey, and the group-level union was consulted in the root cause analysis and remediation for the common findings. While factory-level union representatives participate in the opening and closing meetings, currently the factory-level union representatives are not consulted during the remediation process and meetings are not regularly held between the factory-level union and factory management. FLA verified the integration of the union in Chenfeng’s grievance mechanisms and root cause analysis as discussed earlier in this report. Through documentation review and interviews with workers and trade union committee members, FLA verified Chenfeng’s financial support to workers.

FLA SCI assessments found that Chenfeng has yet to include workers’ understanding and feedback when reviewing and revising company policies and procedures, also known in SCI Assessment as “worker integration.” FLA identifies the opportunity to utilize the newly formed worker representative structure as a mechanism to implement worker integration and that the worker representative structure could support ensuring policies and procedures are more comprehensible for workers.

**Recommendations:**
Recommend that Chenfeng factory management meet regularly with factory-level unions, include engagement with the factory-level unions on development of the remediation plans, and recommend that Chenfeng implement worker integration in reviewing and revising the company’s policies and procedures.

10. **VERIFICATION REQUIREMENTS:** COMPANY AFFILIATE MEETS FLA VERIFICATION AND PROGRAM REQUIREMENTS

10.1 **Company Affiliate maintains standard operating procedures related to FLA affiliation.**

**Actions Taken:**
Chenfeng designated a CSR Specialist whose job description specifies the main responsibilities for FLA affiliation such as tracking FLA assessments and remediation progress, participating in accreditation activities, submitting remediation updates on the FLA platform, and regular email communication with the FLA. Chenfeng also has its External Engagement Procedures in place, which include the main activities related to FLA affiliation. Chenfeng updated these procedures to include detailed operating procedures related to maintaining FLA affiliation, taking into consideration FLA staff’s recommendations raised in the December 2015 headquarter assessment.

**Verification by FLA:**
The job description was reviewed by FLA staff during the 2015 headquarter assessment. After the headquarter assessment, FLA staff reviewed Chenfeng’s revised External Engagement Procedure and confirms it includes all FLA affiliation-related activities.

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5 Under FLA standards, worker integration implies that workers are given the opportunity to provide their input/feedback into the creation, implementation, and revision of policies and procedures, and that they are systematically integrated and consulted in the decision-making of issues concerning working conditions.
10.2 Company Affiliate participates in FLA due diligence activities, including assessments at owned production sites and company headquarters, as applicable.

**Actions Taken:**
Chenfeng has participated and cooperated in all due diligence activities requested by the FLA, which include all IEMs and IEAs, three audit field observations, one training field observations, and two headquarter visits in 2013 and 2015.

Chenfeng submits all IEA remediation plans within the timeframe designated in the IEA procedures. All IEA reports and corrective action plans have been posted on the FLA website and updates to remediation have been provided twice per year.

**Verification by FLA:**
FLA confirms Chenfeng’s participation in all FLA due diligence activities. Chenfeng has worked diligently to ensure that corrective action plans and remediation updates to its IEAs are submitted in a timely manner.

10.3 Company Affiliate completes a standardized annual report on fulfillment of Principles of Fair Labor and Responsible Production.

**Actions Taken:**
Chenfeng has submitted annual reports for all years of affiliation, 2006 to present, within the timeframe designated by FLA.

**Verification by FLA:**
FLA confirms that Chenfeng has submitted annual reports for all years of affiliation in a timely manner and Chenfeng team participated in all calls and meetings requested by FLA staff.

10.4 Company Affiliate maintains a complete and accurate profile and list of owned production sites with the FLA.

**Actions Taken:**
Chenfeng maintains a complete and accurate profile of its owned production sites. In December 2015, Chenfeng submitted exit language for three factory closures. To date, Chenfeng has six applicable owned factories, which is reflected in FLA records.

**Verification by FLA:**
FLA confirms Chenfeng has provided a complete and accurate list of its owned production units. FLA also confirms that Chenfeng provided its exit language for the three factory closures in a timely manner.

10.5 Company Affiliate responds to FLA requests for documentation, contracts, information, and clarification in a timely manner.

**Actions Taken:**
Chenfeng has responded to all FLA requests of information in a timely manner. Chenfeng’s CEO was a member of the Monitoring Committee from 2012 to 2014, has attended six FLA Board Meetings, and has provided presentations at some of the Board Meetings attended. The company also contributed to the FLA by successfully hosting a Board Meeting in 2008. Chenfeng has offered to host other meetings in the past for the FLA. When FLA local trainings have been offered in China, the CSR Committee Manager, leader of Health & Safety Division, and CSR specialists have
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attended. Additionally, Chenfeng has hosted trainings initiated by FLA at its facilities and provided an office space to FLA staff in Shanghai from 2012-2014.

Verification by FLA:
FLA confirms Chenfeng has met all FLA requests for information, contributed to FLA activities, and that the CEO was a member of Monitoring Committee in the past, but did not participate actively to contribute to the Monitoring Committee meetings due to a language barrier.

Recommendations:
Recommend that Chenfeng be an active Business Caucus member by responding to requests for feedback from the Business Caucus representatives of the Monitoring Committee and Board of Directors. Chenfeng may also consider volunteering to be a member of an applicable working group to further engage with FLA stakeholders and to contribute Chenfeng’s valuable perspective as a Participating Supplier.

10.6 Company Affiliate pays annual dues and applicable fees on schedule.

Actions Taken:
Chenfeng has paid its dues and applicable fees throughout its implementation period.

Verification by FLA:
Chenfeng has paid its dues and fees in the middle of year over the past years.

Recommendations:
Recommend that Chenfeng begin to pay dues on the calendar year cycle.
SECTION 3: CONCLUSION

Accreditation is a measure of the capacity of a company’s labor compliance program to ensure respectful and ethical treatment of workers. While there are recommendations in this report designed to advance Chenfeng’s labor compliance, the FLA staff finds that the Chenfeng has built a labor compliance program that, on balance, supports the successful upholding of the “the respectful and ethical treatment of workers” and “sustainable conditions through which workers earn fair wages in safe and healthy workplaces” and recommends to the FLA Board of Directors the accreditation of Chenfeng’s labor compliance program.

The assessment identifies certain areas in which Chenfeng’s labor compliance program have been strong and others with respect to which improvements are possible.

**Strengths of Chenfeng’s labor compliance program include:**

1. Clear and strong commitment and support from the CEO to adhere to workplace standards and integrate standards into business operations;
2. A CSR Management Committee in charge of managing corporate social compliance;
3. Multiple functioning grievance channels available for workers to use at their own comfort and discretion;
4. Development and implementation of an internal compliance monitoring program;
5. Collection, management, root cause analysis, and trend analysis of non-compliance data; and
6. Commitment to continue reduction of overtime working hours to comply with local laws and workplace standards with a time-bound plan, clear goals, and formulated solutions.

**Suggestions for strengthening Chenfeng’s labor compliance program include:**

1. Continued implementation of the revised Social Responsibility Policy;
2. Continued implementation of training quizzes, feedback, and evaluation to measure the effectiveness of training for the workforce on the workplace standards;
3. Engagement with the unions and worker representative structure at all levels of the remediation process;
4. Internal collaboration in the development and review of the Procedure of Production Plan Management, and full implementation of this procedure; and
5. Continued strengthening and implementation of Chenfeng’s CSO Strategy Plan, specifically in the engagement of CSOs specializing in local labor and broader human rights issues, and implementation of workplace standards compliance programs.
APPENDIX A: CHENFENG GROUP’S SOCIAL RESPONSIBILITY POLICY

晨风集团社会责任政策

本公司及全体管理层认识到遵守国际劳工标准和维护劳工权益是一个负责任的公司所具备的基本条件，也是消费者、客户、公众和政府等利益相关者的期望。

晨风集团承诺遵守 FLA 工厂行为守则，遵守适用的法律法规、国际公约以及公司制定的规章制度。当不同标准或不一致出现时，将执行更高的要求。具体做到：

雇佣关系：企业应当采取并贯彻尊重员工的雇佣规则和条件，并依照有关劳动和社会保障的国家和国际性法律法规为员工提供基本的权益保障。

非歧视：不得以性别、种族、宗教、年龄、残疾、性取向、国籍、政治观点、社会群体、或原属种族为借口在雇佣、工资、福利、晋升、纪律、解雇或退休等方面歧视任何员工。

骚扰和虐待：企业必须尊重每一位员工。不允许对员工进行人身、性、心理或言语上的骚扰或虐待。

强迫劳动：不允许使用强迫劳动，包括犯人、契约劳动、抵债劳动或者其他形式的强迫劳动。

童工：不得雇佣 16 周岁以下的员工。

自由结社和集体谈判：企业必须认可和尊重员工的自由结社和集体谈判的权利。

健康、安全和环境：企业必须提供安全健康的工作环境，以避免员工在从事与工作有关的作业中或在使用企业提供的工具时发生有害健康的事故及伤害。企业应当使用尽责措施，以减少工作场所对于环境所带来的负面影响。

工作时间：企业不得要求员工以超过法律规定的正常工作时间和加班小时数上限进行工作，企业不得频繁地要求员工加班，并应当以更高的水平对所有加班工作进行补贴。每周正常工作时间不得超过 48 小时，每 7 天得到 1 天连续的 24 小时休息时间。一周内正常工作与加班时间的总和不得超过 60 小时。所有的加班都必须建立在双方同意的基础上。

工资报酬：每位员工都有权利凭借一周正常的工作得到相应报酬，且这份报酬应当满足其基本需求，并带来一些可支配收入。企业应当以当地最低工资或者适当的现行工资（两者间取数额更高的一个）作为支付标准；遵循所有有关工资的法律要求，并依据法律或合同提供附加福利。当报酬无法满足员工的基本需求和带来可支配收入时，企业应当与 FLA 合作，寻求适当的解决方案以逐步达到合规的报酬标准。
Social Responsibility Policy of Chenfeng Group

The company and all its management realize that compliance with international labor standards and safeguard of labor interests is not only the basic requirement for a responsible company, but also the expectation of consumer, customer, the public and stakeholders.

Chenfeng Group commits to abide by FLA factory codes of conduct, applicable laws and regulations, international conventions and company established rules and regulations. When differences or conflicts in standards arise, the highest standard shall apply.

**Employment Relationship**: the company shall adopt and implement employment rules and conditions that respect its employees and provide basic rights protection for employees in accordance with national and international laws and regulations on labor and social security.

**Non Discrimination**: the company shall not discriminate against any employee in hiring, wage, benefit, promotion, discipline, dismissal or retirement due to gender, race, religion, age, disability, sexual orientation, nationality, political view, social group or ethnic origin.

**Harassment and Maltreatment**: the company must respect each and every employee. Any physical, sexual, psychological or verbal harassment or maltreatment against employee is not allowed.

**Forced Labor**: any forced labor is not allowed, including prisoner, indentured labor, bonded labor and other forms.

**Child Labor**: any person less than 16 years of age shall not be employed.

**Freedom of Association and Collective Bargaining**: the company must approve and respect the right of employees to form an association and to bargain collectively.

**Health, Safety and Environment**: the company must create safe and healthy working environment for employees in order to avoid accident and injury harmful to health when engage in work-related job or use tools provided by the company. The company shall take conscientious measures to minimize the negative impact of workplace on the environment.

**Working Hours**: the company shall not require employees to work more than the maximum hours of regular working and overtime regulated by laws. Overtime shall not be requested on a regular basis and shall compensate all overtime work at a premium rate. The regular work week shall not exceed 48 hours. Employees shall be provided with 24 consecutive hours of rest in every seven-day period. Weekly working time is not more than 60 hours. All overtime work shall be done on the basis of mutual consent.

**Wages and Remuneration**: each employee shall have the right to get corresponding remuneration for a regular work week, and such remuneration shall be sufficient to meet her/his basic need and to provide some discretionary income. The company shall regard the higher of local minimum wages or proper prevailing wages as payment criteria; the company shall follow all legal requirements on wages and provide additional benefit in accordance with law or contract. When the remuneration cannot
meet basic needs of employees and provide some discretionary income, the company shall seek for proper solution to gradually achieve the required remuneration standards through the cooperation with FLA.