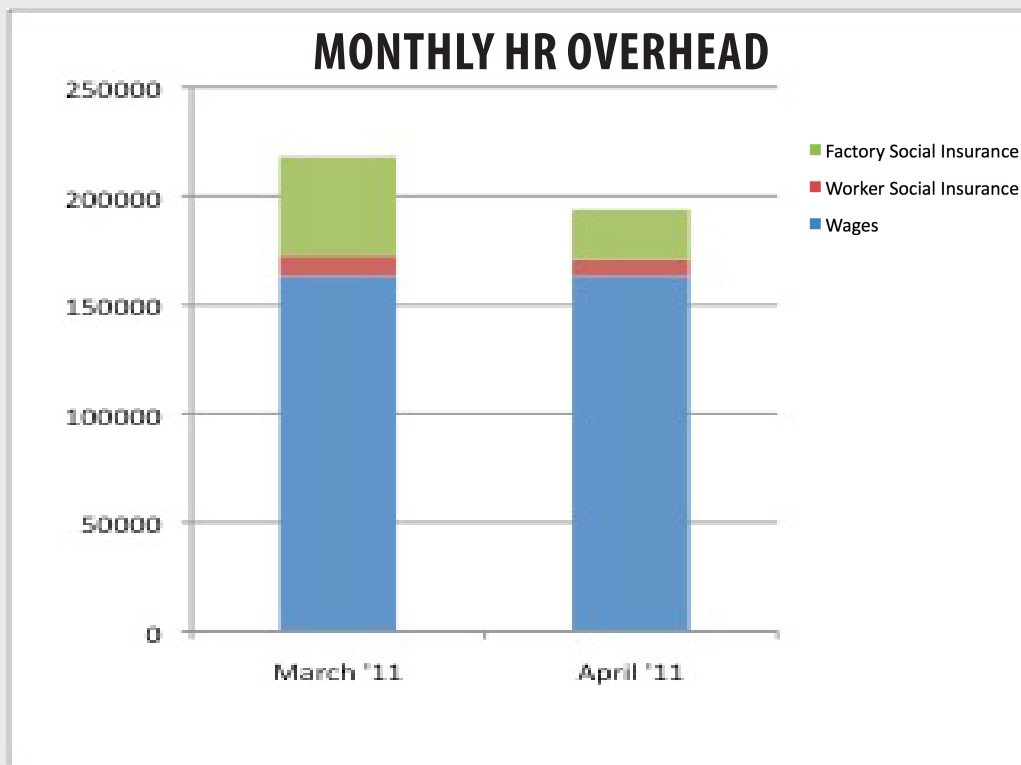


HUMAN RESOURCE-RELATED COST REDUCTION

CASE STUDY

Fusion's factory clients almost always reduce costs during our consulting programs. In one case, Fusion was able to use its expertise in Chinese labor contract law to reduce human resource-related costs significantly for a factory client. Fusion's consulting led to increased profitability and led to better compliance with labor laws and brands' codes of conduct. Please see the graph below for specifics about cost reductions.



Upon performing an initial baseline evaluation at "ABC" factory, Fusion noticed that the factory was failing to pay its workers legally and meet labor standards. Chinese labor law requires that employers buy social insurance for all their regular workers, women under the age of 50 and men under the age of 55. Workers who exceed those age limits and have officially retired are exempt from having insurance. However, the factory, unaware of this law, signed labor contracts that included the payment of social insurance with its 70 retired workers. Fusion's consultants informed the factory of the labor law and suggested the management sign new labor contracts with the retired workers, eliminating the payment of social insurance. Since the factory is required to pay 517 RMB monthly per worker for social insurance, it saved 36,190 RMB monthly by signing the new labor contracts. In total, the factory reduced its social insurance payment by 45%.

MONTHLY SOCIAL INSURANCE COST SAVED: 36,190 RMB
REDUCTION IN SOCIAL INSURANCE COSTS: 45%

Fusion's consultants also introduced a new roster system to the factory that enabled it to automatically see the ages of the employees to help track retired workers. This made the management of employees more efficient. After 3 months of consulting, Fusion helped the factory reduce the cost of social insurance that the factory was required to pay, leading to an overall decline in operations costs. ●