



Fair Labor Association: Independent External Factory Assessment

Assessment Date :

07 Jul 2021



Factory Information

FLA Affiliates	The Bradford Exchange
Country	China
Number of Workers	

Understanding this Report

Companies that join the FLA agree to uphold the FLA Workplace Code of Conduct throughout their entire supply chain. The Code of Conduct is based on International Labour Organization (ILO) standards, and defines labor standards that aim to achieve decent and humane working conditions.

FLA Code Element

Number of Violations

Compensation (C)	5
Employment Relationship (ER)	4
Health, Safety And Environment (HSE)	6
Hours Of Work (HOW)	5

Assessment Information

Assessor	Openview- China Shenzhen
Assessment Date	07 Jul 2021
Assessment Purpose	Factory Assessment (In-Person)

ASSESSMENT RESULTS

Compensation (C)

Benchmark ID	C.12.1
Benchmark Details	All legally mandated deductions for taxes, social insurance, or other purposes shall be deposited each pay period in the legally defined account or transmitted to the legally defined agency. This includes any lawful garnishments for back taxes, etc.
Finding Details	The contribution base of the three types of social insurance is not in line with the legal requirement. The factory contributes to pension, maternity, and unemployment insurances based on the local minimum requirement of CNY 2,906 (USD 447) per month, which is not in line with the legal requirement of contribution based on worker's average monthly wage of the previous year. 70% of workers' average monthly wages of the previous year were higher than the local minimum contribution base, ranging from CNY 3,000 (USD 461.5) to CNY 3,600 (USD 538.5).
Recommendation for Immediate Action	Contribute to social insurance based on worker's average monthly wage of the previous year.
Compliance Classifications	Immediate Action Required
Local Law	Social Insurance Law of the PRC, Article 12 and Article 60
Benchmark ID	C.9.3
Benchmark Details	Employees shall be compensated for overtime hours at such premium rate as is legally required in the producing country
Finding Details	Overtime payment cannot be fully verified because the factory does not document any working hours. All workers are paid by hourly rate. The factory calculates wages based on default shift time of two overtime hours per day on five workdays and ten overtime hours on Saturday.

Recommendation for Immediate Action	Establish a comprehensive working hour recording system and pay workers based on the accurate working hours. Fully compensated for all overtime hours as per legal requirement.
Compliance Classifications	Immediate Action Required
Local Law	The China Labor Law, Article 44
Benchmark ID	C.1.1
Benchmark Details	Employers shall comply with all national laws, regulations and procedures concerning the payment of compensation to workers.
Finding Details	The factory does not provide social insurance to all eligible workers. There is a total of 31 workers working in the factory, including 4 retired but re-recruited workers. 27 workers are eligible for the social insurance contribution. The factory has provided 8 out of 27 eligible workers (29.6%) with pension, maternity, and unemployment insurances, 15 out of 27 eligible workers (55.5%) with work-related injury insurance, and 14 out of 27 eligible workers (51.8%) with medical insurance. As a supplement, the factory has provided commercial accidental injury insurance to 18 workers, which is valid from July 25, 2021, to July 24, 2022, and has a maximum benefit amount of CNY 50,000 (USD 7,692) per worker.
Recommendation for Immediate Action	Provide social insurance to all eligible workers.
Compliance Classifications	Immediate Action Required
Local Law	The China Labor Law, Article 72
Benchmark ID	C.2
Benchmark Details	Employers shall pay workers at least the legal minimum wage or the prevailing industry wage, whichever is higher, for regular working hours (not including overtime). Workers should also be informed about the legal minimum wage.

Finding Details	Minimum wage cannot be fully verified because the factory does not document any working hours. All workers are paid by hourly rate. The factory calculates wages based on default shift time of two overtime hours per day on five workdays and ten overtime hours on Saturday.
Recommendation for Immediate Action	Establish a comprehensive working hour recording system and pay workers based on the accurate working hours. Ensure workers are paid at or above legal minimum wage as per legal requirement.
Compliance Classifications	Immediate Action Required
Local Law	The China Labor Law, Article 48
Benchmark ID	C.21.1
Benchmark Details	Employers shall provide all legally mandated benefits, including holidays, leave, bonuses, severance payments and 13th month payments to all eligible workers within legally defined time periods.
Finding Details	The factory does not contribute to the Housing Provident Fund for any of the 27 eligible workers.
Recommendation for Immediate Action	Provide all eligible workers with the legally required Housing Provident Fund.
Compliance Classifications	Immediate Action Required
Local Law	Regulations on Management of Housing Provident Fund, Article 15
Employment Relationship (ER)	
Benchmark ID	ER.1.1

Benchmark Details	Employers shall have in place written policies and practices and maintain proper and accurate records governing all aspects of employment from recruitment, hiring and probation, including written terms and conditions of employment, job descriptions, administration of compensation, and working hours for all positions, through to retrenchment and termination processes.
Finding Details	The factory does not have policies or procedures on managing retrenchment. The termination procedure does not include the method used to calculate the final payout.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.6.1
Benchmark Details	Employers shall have written policies and procedures and implement practices that encourage ongoing training of all categories of workers with the goal of raising or broadening skills in order to advance in their careers within the factory or beyond.
Finding Details	The factory does not have written procedures that encourage ongoing training for all categories of workers with the goal of raising or broadening skills in order to advance in their careers within the factory and beyond.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.7.1

Benchmark Details	Employers shall have written policies and procedures with regard to performance reviews that outline the review steps and process, demonstrate linkages to job grading, prohibit discrimination, are provided in writing and seek feedback and agreement/disagreement from employees in writing, and that follow all local legal requirements.
Finding Details	1. The factory does not have written procedures that outline the process for performance review for management staff and production workers. 2. The factory does not conduct performance reviews for any workers.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.1.3
Benchmark Details	Employers should implement an annual, review process with input from workers of all policies, procedures and their implementation to ensure they meet legal requirements and the FLA Workplace Code.
Finding Details	The worker integration component is missing across all Employment Functions. This indicates that the factory has not established procedures to request and receive workers' input and feedback regarding the creation, implementation, and updating of its policies and procedures. Workers are neither systematically integrated nor consulted in decision-making processes.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	

Health, Safety And Environment (HSE)

Benchmark ID	HSE.5.1
Benchmark Details	All applicable, legally required or recommended elements of safe evacuation shall be complied with, including all of the following elements: posting evacuation plans; the installation and maintenance of fire alarms; the installation and maintenance of emergency lighting; ensuring aisles/exits are not blocked and that workers are not blocked within their workstations; employee education and training; and evacuation procedures and fire drills.
Finding Details	The factory has not installed emergency lights in about 50% of the evacuation passages in the production workshops.
Recommendation for Immediate Action	Install emergency lights in all evacuation passages.
Compliance Classifications	Immediate Action Required
Local Law	The Code of Design on Building Fire Protection and Prevention (GB50016-2014), Article 10.3.1
Benchmark ID	HSE.5.1.6
Benchmark Details	All applicable, legally required or recommended elements of safe evacuation shall be complied with, including all the following elements: evacuation procedures and fire drills
Finding Details	The factory occupies the second floor of the production building and there are six factories sharing the same building. However, the factory has never conducted a joint risk assessment or joint fire drill with the other factories.
Recommendation for Immediate Action	Conduct joint risk assessment and fire drills with the other factories sharing the same production building.
Compliance Classifications	Immediate Action Required
Local Law	The Fire Prevention Regulation for Government offices, Organizations and Enterprises, Article 40

Benchmark ID	HSE.5.1.2
Benchmark Details	All applicable, legally required or recommended elements of safe evacuation shall be complied with, including all the following elements: installation and maintenance of fire alarms;
Finding Details	The fire alarms in the production building are not centralized and are without backup battery power. In addition, the factory has not installed a visual fire alarm system in the polishing and injection section, where a high level of noise is present.
Recommendation for Immediate Action	Install a centralized fire alarm system with a backup battery in the production building and a visual fire alarm system in areas where a high level of noise is present.
Compliance Classifications	Immediate Action Required
Local Law	The Code of Design on Building Fire Protection and Prevention, Article 10.1.6; Article 6
Benchmark ID	HSE.4.1
Benchmark Details	Employers shall at all times be in possession of all legally required and valid permits and certificates related to health, safety, and environmental issues, such as: Purchase and storage of chemicals; Fire safety inspections; Machinery inspections; Waste disposal; Environmental licenses/permits; Sanitation permits, including those required for canteens; and Vehicle inspection and driver permits for all employer provided transportation.
Finding Details	<ol style="list-style-type: none"> 1. The factory has never conducted any kind of assessment on occupational disease hazards since it was founded on May 24, 2011. 2. The pressure vessel, i.e., compressed air container, does not have a rating label or relevant document. As a result, it cannot be verified if a safety inspection is required for the pressure vessel. 3. The factory was founded on May 24, 2011. However, the factory has not obtained the environmental impact assessment and approval as required by local law.

Recommendation for Immediate Action	1. Conduct an assessment of the current condition of occupational disease hazards and obtain valid reports. 2. Conduct a safety inspection of the pressure vessel. 3. Obtain the environmental impact assessment and approval.
Compliance Classifications	Immediate Action Required
Local Law	The Measures for Supervision and Administration of the “Three Simultaneities” for Occupational Disease Protection facilities at Construction Projects, Article 4; The Special Appliance Quality Safety Monitoring Regulation, Article 28; The Regulations on Environmental Protection of Construction projects Article 7
Benchmark ID	HSE.1
Benchmark Details	Employers shall comply with all national laws, regulations and procedures concerning health, safety, and the environment.
Finding Details	1. The hazardous waste is transferred by an unlicensed waste carrier. 2. The factory has not installed explosion-proof electrical switches or power motors in the polyester mixing room, where the risk of explosion is present. 3. The factory has not provided on-job occupational health examinations to 9 out of 15 workers with hazardous exposure to chemicals, dust, and noise in the past 12 months. 4. The factory has never completed a written analysis report on safety production conditions since it was founded on May 24, 2011. 5. The occupational hazards test in 2021 is incomplete and does not include tests for levels of noise or dust. 6. The main person in charge of safety production has never received the mandatory training. 7. Some leakage of dust is found around the dust treatment facility on the roof of the production building.
Recommendation for Immediate Action	1. Contract a licensed waste carrier to dispose of the hazardous waste. 2. Install explosion-proof electrical devices in the polyester mixing room. 3. Provide on-job occupational health examinations to all eligible workers. 4. Prepare written analysis report on safety production conditions as per legal requirements. 5. Conduct a complete occupational hazards test covering noise and dust. 6. Ensure the main person in charge of safety production receives mandatory training. 7. Conduct maintenance for the dust treatment facility to prevent leakage.

Compliance Classifications	Immediate Action Required
Local Law	China Law of Prevention and Treatment of Environmental Pollution by Solid Wastes, Article 57; The Regulation for Safety of Dangerous Chemical, Article 20; The PRC Law of Prevention and Control of Occupational Diseases, Article 35; Three Simultaneities” for Safety facilities at Construction Projects, Article 9; The Provisions on the Supervision and Administration of Occupational Health at Work Sites, Article 20; The Provisions on the Safety Training of Production and Operation Entities, Article 4; Environmental Protection Law of the People’s Republic of China, Article 42
Benchmark ID	HSE.17.1
Benchmark Details	Workstations, including seating and standing arrangements and reach required to obtain tools, shall be designed and set-up in such a manner as to minimize bodily strains.
Finding Details	The factory does not take proactive steps to reduce repetitive motion stress or injuries, e.g., providing adjustable workstations or chairs.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	

Hours Of Work (HOW)

Benchmark ID	HOW.1.1
Benchmark Details	Employers shall comply with all national laws, regulations and procedures concerning hours of work, public holidays and leave.

Finding Details	Based on the default shift time and payroll records, all workers' monthly overtime exceeded 36 hours from June 2020 to June 2021 except February 2021, reaching a maximum of 92 hours in August 2020.
Recommendation for Immediate Action	Monitor and control overtime hours to achieve full compliance with the legal requirement.
Compliance Classifications	Immediate Action Required
Local Law	Labor Law of PRC, Article 41
Benchmark ID	HOW.20
Benchmark Details	Employers shall have in place practices that conduct regular analysis of hours of work in their workplaces and procedures that demonstrate a commitment to progressively reducing excessive hours of work.
Finding Details	The factory sets a production plan based on 60 hours per week (two overtime hours per day on five workdays and ten overtime hours on Saturday). Factory management sets production targets and the production system at a level that workers need to work 20 overtime hours per week.
Recommendation for Immediate Action	Set production plan based on regular working hours. Adjust production targets so that workers do not need to work overtime to meet them.
Compliance Classifications	Immediate Action Required
Local Law	
Benchmark ID	HOW.21
Benchmark Details	Other than in exceptional circumstances, the total weekly work hours (regular work hours plus overtime including any alternative shifts such as 4x4 or 3x3) shall not exceed 60 hours per week.

Finding Details	Weekly working hours cannot be verified because the factory does not document any working hours.
Recommendation for Immediate Action	Ensure that total working hours do not exceed 60 hours per week.
Compliance Classifications	Immediate Action Required
Local Law	
Benchmark ID	HOW.22.3
Benchmark Details	Time worked by all workers, regardless of wage system, shall be fully documented by time cards or other mechanical or electronic recording systems.
Finding Details	The factory does not document working hours with timecards, other mechanical or electronic recording systems. All workers are paid by hourly rate. The factory calculates wages based on default shift time of two overtime hours per day on five workdays and ten overtime hours on Saturday.
Recommendation for Immediate Action	Fully document time worked by all workers with timecards, other mechanical or electronic recording systems.
Compliance Classifications	Immediate Action Required
Local Law	Nil
Benchmark ID	HOW.2
Benchmark Details	Workers shall be entitled to at least 24 consecutive hours of rest in every seven- day period. If workers must work on a rest day, an alternative consecutive 24 hours must be provided within that same seven-day period or immediately following.
Finding Details	Consecutive working days cannot be verified because the factory does not document any working hours.

Recommendation for Immediate Action	Provide workers with at least one day off (24-consecutive hours of rest) for every seven-day work period.
Compliance Classifications	Immediate Action Required
Local Law	Nil

