



Fair Labor Association: Independent External Factory Assessment

Assessment Date :

21 Jul 2021



Factory Information

FLA Affiliates	YETI Coolers LLC
Country	China
Number of Workers	1600

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

FLA Code Element	Number of Violations
Compensation (C)	4
Employment Relationship (ER)	3
Freedom Of Association And Collective Bargaining (FOA)	1
Health, Safety And Environment (HSE)	7
Hours Of Work (HOW)	4

Assessment Information

Assessor	Openview- China Shenzhen
Assessment Date	21 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 four types of social insurances is not in line with the legal requirement. The factory contributes to pension and unemployment insurance based on the local minimum requirement of CNY 3,330 (USD 512) per month, to maternity and medical insurance based on CNY 3,580 (USD 551) per month, which is not in line with the legal requirement of contribution based on worker's average monthly wages of the previous year. 100% of workers' average monthly wages of previous year were higher than the local minimum contribution base, ranging from CNY 3,600 (USD 554) to CNY 10,000 (USD 1,538).
Recommendation for Immediate Action	Contribute to social insurance based on worker's average monthly wages 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.8
Benchmark Details	All workers shall be credited with all-time worked for an employer for purposes of calculating length of service and determine the benefits to which workers are entitled.
Finding Details	The factory does not take workers' external seniority (previous job experience prior to factory employment) into account when calculating annual leave, as required by law.

Recommendation for Immediate Action	Calculate annual leave based on worker's cumulative working experience (working age).
Compliance Classifications	Immediate Action Required
Local Law	Implementation Measures of workers' Paid Annual Leave (2008), Article 4
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 2,230 workers working in the factory, including 102 retired but re-recruited workers and 90 new hires. 2,038 workers are eligible for social insurance contribution. The factory has provided 618 out of 2,038 eligible workers (30.3%) with five types of social insurance, including pension, work-related injury, medical, maternity and unemployment insurances. As a supplement, the factory has provided commercial accidental injury insurance to 95 workers, which was valid from August 1, 2020 to July 31, 2021 and has a maximum benefit amount of CNY 100,000 (USD 15,385) 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.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 has contributed to Housing Provident Fund for 13 out of 2,038 eligible workers (0.6%) by the latest payment month of June 2021.
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 for managing Retrenchment.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	Nil
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	Although the written procedure has been established, the factory does not conduct the performance review for any workers,
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.18.3.2
Benchmark Details	Workers have the right to participate and be heard in any disciplinary procedure against them.
Finding Details	The current disciplinary system does not regulate that workers have the right to participate in or to be heard in any disciplinary procedures against them.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Freedom Of Association And Collective Bargaining (FOA)	
Benchmark ID	FOA.10

Benchmark Details	Employers shall refrain from any acts of interference with the formation or operation of workers' organizations, including acts which are designed to establish or promote the domination, financing or control of workers' organizations by employers.
Finding Details	<p>FLA Comment: 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.</p>
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Health, Safety And Environment (HSE)	
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 building#1 and #3, building#1 and #3 in Phase II project are not centralized in each building and without backup battery power.
Recommendation for Immediate Action	Install a centralized fire alarm system with backup battery in the production buildings.
Compliance Classifications	Immediate Action Required
Local Law	The Code of Design on Building Fire Protection and Prevention, Article 10.1.6
Benchmark ID	HSE.19
Benchmark Details	All facilities including workplace buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with all applicable laws, including relevant sanitation, medical, and safety and health regulations.
Finding Details	The factory does not provide soap or hand drying facilities in the toilets in the production area.
Recommendation for Immediate Action	Provide soap and hand drying facilities in all toilets in the production area.
Compliance Classifications	Immediate Action Required
Local Law	
Benchmark ID	HSE.6.1
Benchmark Details	All safety and medical equipment (e.g. fire fighting equipment, first aid kits) shall be available in sufficient numbers throughout the workplace, maintained and stocked as prescribed, and easily accessible to workers.

Finding Details	1. The factory does not conduct the comprehensive inspection for the firefighting equipment annually. The last inspection was conducted in December 2019. 2. The eyewash station in the paint mixing room has insufficient water flow due to low water pressure.
Recommendation for Immediate Action	1. Conduct the comprehensive inspection for firefighting equipment on an annual basis. 2. Increase water pressure for the eyewash station in the paint mixing room.
Compliance Classifications	Immediate Action Required
Local Law	China Fire Prevention Law, Article 16 (3); China Law of Prevention and Control of Occupational Diseases, Article 25
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 factory does not provide the on-job occupational health examination to all eligible workers. Occupational Hazards Test Report indicates that a total of 442 workers have hazardous exposure to chemicals, dust, noise and ultraviolet ray. However, the factory only arranged the on-job occupational health examination for 220 workers in July 2020. 2. The occupational hazards test in March 2021 indicates that the noise level at a total of seven test points in metal-processing, extruding and polishing workshops exceeds the legal limit of 85 dB and up to 89.2 dB.
Recommendation for Immediate Action	1. Provide the on-job occupational health examination to all eligible workers with exposure to hazardous chemicals, dust, noise and ultraviolet ray. 2. Reduce noise level to achieve full compliance with the legal limit of below 85 dB.
Compliance Classifications	Immediate Action Required
Local Law	China Law of Prevention and Control of Occupational Diseases, Article 26 and Article 35
Benchmark ID	HSE.23.1

Benchmark Details	Safe and clean drinking water shall be freely available at all times, within reasonable distance of the workplace. Drinking water shall be of a reasonable temperature. The means to drink water (e.g. cups) must be safe and sanitary and available in an appropriate number.
Finding Details	The factory locates drinking water facilities close to the paint spraying section, where hazardous chemical is present.
Recommendation for Immediate Action	Locate the drinking water facilities in a clean and safe area.
Compliance Classifications	Immediate Action Required
Local Law	Hygienic standards for the Design of Industrial Enterprises, Article 7.3.2
Benchmark ID	HSE.8
Benchmark Details	Workers shall be provided with training on the use and maintenance of personal protective equipment. Training shall be upon hire with periodic refresher training offered to all workers. Management will ensure use of PPE as necessary.
Finding Details	All four paint-spraying workers are not wearing appropriate gloves when working with the exposure to hazardous chemicals.
Recommendation for Immediate Action	Train and monitor workers to wear appropriate gloves when working with the exposure to hazardous chemicals.
Compliance Classifications	Immediate Action Required
Local Law	Law of the China on Work Safety, 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 steps to reduce repetitive-motion stress or injuries. The factory does not provide chairs with armrests and backrests to workers working with sitting position or anti-fatigue mats to workers working with a standing position.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	Nil

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	Overtime hours exceed the legal limit of three hours per day and thirty-six hours per month. Time records for the period from July 2020 to July 20, 2021 and worker interviews indicate that about 80% of workers worked four overtime hours per day in July and August 2020 during the reviewed period. About 80% of workers worked more than 36 overtime hours in all reviewed months, with a maximum of 110 overtime hours in August 2020.
Recommendation for Immediate Action	Control overtime hours to achieve full compliance with legal requirement.
Compliance Classifications	Immediate Action Required
Local Law	The China Labor Law, 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 production plan is based on 58 hours per week. Factory management sets production targets and the production system at a level that workers need to work 18 overtime hours (two hours per workday and eight hours on Saturday) 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	Total working hours exceed 60 per week. Time records for the period from July 2020 to July 20, 2021 and worker interviews indicate that weekly working hours for 80% of workers exceeded 60 in one to three weeks per month in July, August, September, December 2020 and January 2021, with a maximum of 69 hours in the week of July 13 to 19, 2020.
Recommendation for Immediate Action	Control total working hours do not exceed 60 in a week.
Compliance Classifications	Immediate Action Required
Local Law	
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	Workers are not always provided with one day off for every seven-day work period. Time records for the period from July 2020 to July 20, 2021 and worker interviews indicate that about 80% of workers worked eight consecutive days for once from July 4 to July 11, 2020.
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	

