

# Fair Labor Association: Independent External Factory Assessment

Assessment Date :

**16 Aug 2021**



## Factory Information

FLA Affiliates	Cutter and Buck
Country	China
Number of Workers	240

## 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)	4
Employment Relationship (ER)	5
Health, Safety And Environment (HSE)	8
Hours Of Work (HOW)	2

## Assessment Information

Assessor	Openview- China Shenzhen
Assessment Date	16 Aug 2021
Assessment Purpose	Factory Assessment (Virtual Compliance Check)



## ASSESSMENT RESULTS

### Compensation (C)

Benchmark ID	C.21.2
Benchmark Details	All benefits shall be calculated correctly
Finding Details	The contribution base of Housing Provident Fund is not in line with legal requirement. The factory contributes to Housing Provident Fund based on CNY 3,665 (USD 564) per month, which is not in line with legal requirement of contribution based on worker's average monthly wage of previous year. 20% of workers' average monthly wages of previous year were higher than current contribution base, ranging from CNY 3,900 (USD 600) to CNY 7,600 (USD 1,169).
Recommendation for Immediate Action	Contribute to Housing Provident Fund based on worker's average monthly wage of previous year.
Compliance Classifications	Immediate Action Required
Local Law	Regulation on the Housing Provident Fund Management, Article 15
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 five types of social insurances is not in line with legal requirement. The factory contributes to five types of social insurance based on CNY 3,822 (USD 588) per month, which is not in line with legal requirement of contribution based on worker's average monthly wage of previous year. 20% of workers' average monthly wages of previous year were higher than current contribution base, ranging from CNY 3,900 (USD 600) to CNY 7,600 (USD 1,169).

Recommendation for Immediate Action	Contribute to social insurance based on worker's average monthly wage of 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 legal requirement.
Recommendation for Immediate Action	Calculate annual leave based on workers' cumulative working experience (working age).
Compliance Classifications	Immediate Action Required
Local Law	Implementation Measure of Workers' Paid Annual Leave, Article 4
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 provide Housing Provident Fund to all eligible workers. There is a total of 126 workers working in the factory, including 39 retired but re-recruited workers. 87 workers are eligible for Housing Provident Fund. The factory contributes to the Housing Provident Fund for 25 of the 87 eligible workers (28.7%).
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
<b>Employment Relationship (ER)</b>	
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 managing retrenchment. In addition, the termination procedure does not include the method to calculate final payout.
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	The factory does not establish the performance review procedure or conduct performance review for any production workers.

Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	Nil
Benchmark ID	ER.4
Benchmark Details	Employers shall inform workers about workplace rules, environmental protection systems, health and safety information, and laws regarding workers' rights with respect to freedom of association, compensation, working hours, and any other legally required information, and the FLA Code through appropriate means, including posted in local language(s) throughout the workplace's common areas.
Finding Details	The factory does not communicate FLA Code to its workers.
Recommendation for Immediate Action	Communicate FLA Code to all workers through training or posting FLA Code at the workplace.
Compliance Classifications	Immediate Action Required
Local Law	Nil
Benchmark ID	ER.19.1
Benchmark Details	Employers shall maintain on file all documentation needed to demonstrate compliance with the FLA Workplace Code and required laws.
Finding Details	The factory does not communicate the FLA-affiliate's Code of Conduct to its workers.
Recommendation for Immediate Action	Communicate the FLA-affiliate's Code of Conduct to all workers through training or posting the Code of Conduct at the workplace.

Compliance Classifications	Immediate Action Required
Local Law	Nil
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	Nil
<b>Health, Safety And Environment (HSE)</b>	
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 has rented one third of the fourth floor (around 950 square meters) of one production building to another company with around five workers. However, the factory has never conducted joint risk assessment or joint fire drill with this company.



Recommendation for Immediate Action	Conduct joint risk assessment and joint fire drills with other companies 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	1. The factory has not installed a visual alarm system in the trimming workshop, where one deaf and hard of hearing worker is working inside. 2. The fire alarms in the West Building in Phase I project are without backup battery power.
Recommendation for Immediate Action	1. Install a visual alarm system in the trimming workshop, where one deaf and hard of hearing worker working inside. 2. Install backup battery power for the fire alarm system in the West Building.
Compliance Classifications	Immediate Action Required
Local Law	The Code of Design on Building Fire Protection and Prevention, Article 10.1.6
Benchmark ID	HSE.14.1
Benchmark Details	All production machinery, equipment and tools shall be properly guarded and regularly maintained.
Finding Details	Both sewing machines in the sewing workshop do not have needle guards.
Recommendation for Immediate Action	Install needle guards on both sewing machines to prevent broken needles from hurting operators.

Compliance Classifications	Immediate Action Required
Local Law	Code of Design of Manufacturing Equipment Safety and Hygiene, Article 6.1.6
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	The factory has never conducted a comprehensive inspection for the firefighting equipment.
Recommendation for Immediate Action	Conduct comprehensive inspection for the firefighting equipment at least once a year.
Compliance Classifications	Immediate Action Required
Local Law	China Fire Prevention Law, Article 16 (3)
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	The factory has never conducted any kind of assessment on occupational disease hazards since it was founded in 2007.
Recommendation for Immediate Action	Conduct assessment of current condition of occupational disease hazards and obtain valid reports.
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
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 has never provided an occupational health examination to one down-filling worker with hazardous exposure to dust. 2. The factory’s production process includes down-filling. However, the risk assessment does not cover down-filling process.
Recommendation for Immediate Action	1. Provide occupational health examination to all eligible workers with hazardous exposure to dust. 2. Conduct risk assessment for down-filling process to ensure work safety.
Compliance Classifications	Immediate Action Required
Local Law	China Law of Prevention and Control of Occupational Diseases, Article 26
Benchmark ID	HSE.14.3
Benchmark Details	Employers shall ensure safety instructions are either displayed or posted near all machinery or are readily accessible to the workers in language(s) spoken by workers.
Finding Details	The factory does not post or display safety operation regulation for cutting machine and down-filling machine.
Recommendation for Immediate Action	Post or display safety operation regulation for cutting machine and down-filling machine.
Compliance Classifications	Immediate Action Required
Local Law	Administration regulation of employer occupational disease hazard notification and warning signs, Article 19

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 standing position.
Recommendation for Immediate Action	Provide chairs with armrests and backrests to workers working with sitting position and anti-fatigue mats to workers working with standing position.
Compliance Classifications	Immediate Action 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 36 hours per month. Time records for the period from August 2020 to July 2021 and worker interviews indicate that about 80% of workers worked more than 36 overtime hours in all reviewed months except February 2021, with a maximum of 66 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 54 hours per week. Factory management sets production targets and the production system at a level that workers need to work 14 overtime hours (one hour per day on five workdays, nine 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	Nil

