

Fair Labor Association: Independent External Factory Assessment

Assessment Date :

25 Oct 2021



Factory Information

FLA Affiliates	G-III Apparel Group Ltd.
Country	China
Number of Workers	77

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)	3
Freedom Of Association And Collective Bargaining (FOA)	1
Health, Safety And Environment (HSE)	4
Hours Of Work (HOW)	4

Assessment Information

Assessor	Openview- China Shenzhen
Assessment Date	25 Oct 2021

Assessment Purpose	Factory Assessment (In-Person)
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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 five types of social insurances is not in line with legal requirement. The factory contributes to pension, medical, work-related injury, unemployment and maternity insurances based on CNY 3,800 (USD 595.08) per month, which is not in line with legal requirement of contribution based on worker's average monthly wage of previous year. Almost all workers' average monthly wages of previous year were higher than current contribution base, ranging from CNY 4,000 (USD 626.4) to CNY 4,600 (USD 720.36).
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 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, 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 32 workers working in the factory, including 13 retired but re-recruited workers. 19 workers are eligible for social insurance contribution. The factory has provided 10 out of 19 eligible workers (53%) with five types of social insurances, including pension, work-related injury, medical, maternity and unemployment insurances. As a supplement, the factory has provided commercial accidental injury insurance to 24 workers, which is valid from September 27, 2021 to September 26, 2022 and has a maximum benefit amount of CNY 100,000 (USD 15,660) 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 does not contribute to the Housing Provident Fund for any of the 19 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.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 conduct performance reviews for any workers, although the written procedure has been established.
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	
Benchmark ID	ER.3.3
Benchmark Details	Workers should be provided with written documentation that substantiates all the issues covered in orientation briefings.
Finding Details	The factory does not provide new hires with written documentation which substantiates all the issues covered in orientation briefings.
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.19
Benchmark Details	<p>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.</p>
Finding Details	<p>The factory does not provide toilet paper or hand dryers in the toilets.</p>

Recommendation for Immediate Action	Provide toilet paper and hand dryer in the toilets.
Compliance Classifications	Immediate Action Required
Local Law	
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 not conducted a pre-assessment of occupational disease hazards and the assessment of current condition of occupational disease hazards since it moved to the current location in 2019.
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.15
Benchmark Details	Employers shall not use negative incentives like monetary penalty schemes to ensure workers use machinery, equipment and tools safely and properly. Rather, training on risk awareness, proper machine use, as well as positive incentives like bonuses should be used.

Finding Details	The factory imposes negative incentives to ensure workers use machinery and tools safely. For example, workers are subject to written warning if they are not wearing the personal protective equipment (PPE) during working hours, as per factory rule. Multiple written warnings could lead to demotions or dismissals.
Recommendation for Immediate Action	Avoid imposing negative incentives and provide more awareness training to ensure workers use machinery and tools safety.
Compliance Classifications	Immediate Action Required
Local Law	
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 provide adjustable chairs with removable armrest and proper backrests to 60% of workers working in a sitting position.
Recommendation for Immediate Action	Provide adjustable chairs with removable armrests and backrests to all workers working with sitting position.
Compliance Classifications	Immediate Action 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	Overtime hours exceed the legal limit of 36 hours per month. Time records for the period from September 2020 to October 24, 2021 and worker interviews indicate that almost all workers worked more than 36 overtime hours in all reviewed months except February 2021, with a maximum of 110 overtime hours in July 2021.
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 48 to 60 hours per week. Factory management sets production targets and the production system at a level that workers need to work 8 to 20 overtime hours (two overtime hours per workday on up to five workdays and eight to ten overtime hours on Saturday) per week.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement 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 hours per week. Time records for the period from September 2020 to October 24, 2021 and worker interviews indicate that weekly working hours for 80% of workers exceeded 60 in one to two weeks per month in all reviewed months except February 2021, with a maximum of 66 hours in the week from July 12 to 18, 2021.
Recommendation for Immediate Action	Control total working hours to 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 provided with at least one day off in every seven-day work period. Time records for the period from September 2020 to October 24, 2021 and worker interviews indicate that about 80% of workers worked 10 to 13 consecutive days once per month in all reviewed months except February 2021, with a maximum of 13 consecutive days from July 12 to 24, 2021.
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	

