



COMPANIES: Dooney & Bourke

COUNTRY: China

ASSESSMENT DATE: 12/04/17

ASSESSOR: Elevate

PRODUCTS: Apparel

NUMBER OF WORKERS: 600

## FLA Comments

This report was submitted to the FLA and the FLA affiliated company by the assessor. Despite deadline reminders and extensions for submission of a corrective action plan, the FLA has not received a plan to address the risks and noncompliances raised in the report. Therefore, the report is posted in its current state and will be updated once a corrective action plan has been submitted to by the FLA.

## Summary of Code Violations

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.

While it is important to note when violations of the FLA Workplace Code of Conduct occur, the purpose of these assessments is not simply to test compliance against a particular benchmark, but rather to develop an understanding of where and how improvements can be made to achieve sustainable compliance. Code of Conduct violations can be found throughout the course of an assessment of the employment and management functions, and are addressed in companies' action plans.

## Findings and Action Plans

### FINDING NO.1

#### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Review Process (Macro)

##### Finding Explanation

1. Based on management interviews and document review, the factory does not review the policies, procedures and their implementation for any of the employment functions in a consultative manner and amend when warranted, e.g. internal assessment, etc. ER.1.3

2. The factory has not defined the responsible person for any of the Employment Functions. ER.1.2

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.1)

### FINDING NO.2

#### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Training (Macro)

##### Finding Explanation

1. The factory does not provide ongoing training for the following employment functions: Recruitment, Hiring, & Personnel Development; Compensation; Hours of Work; Termination & Retrenchment; Industrial Relations; Workplace Conduct & Discipline; Grievance System; and Environmental Protection. ER.1, ER.15, ER.25

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.1)

### FINDING NO.3

#### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Recruitment, Hiring & Personnel Development

#### Finding Explanation

1. The factory does not have clear criteria for performance reviews and the factory only conducts monthly performance reviews for bonuses related to production amounts. In addition, the factory does not conduct annual performance reviews or performance reviews for workers after their probationary period. ER.1, ER.29
2. The factory has hired one disabled worker, which makes up 0.01% (1 out of 934 workers) of the total workforce. This percentage falls short of the legal requirement of at 1.5% of the total workforce. Also, the factory does not contribute to the Employment Security Fund in lieu of employing disabled workers. ER.1
3. The factory does not maintain official age documents, such as copies of Identity cards, for 51 temporary workers who worked in the factory in from October 2017 to December 2017. ER.4, CL.1
4. The factory has not signed labor contracts with 11 temporary workers who have been working in the factory for more than one month (since October 2017). ER.1, ER.11.6
5. There is no management system in place to monitor subcontractors regarding their compliance with the FLA Code and national laws and regulations. The factory did not provide the contract between the subcontractor and the factory during the assessment. ER.1

#### Local Law or Code Requirement

People's Republic of China, Article 10; FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.4, ER.29; Health, Safety, and Environment Benchmark HSE.1)

#### Recommendations for Immediate Action

1. Maintain copies of employees' identification cards in their personnel files.

## FINDING NO.4

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Compensation

#### Finding Explanation

1. A total of 934 employees were eligible to receive the five types of social insurance (pension insurance, medical insurance, unemployment insurance, child-bearing insurance and occupational injury insurance) in Dec 2017. Through a review of social insurance enrollment and payroll records, all employees are covered by social insurance. However, the contribution base for all workers is lower than their actual earnings. For example, one worker earns a monthly wage of CNY 3627 (USD 549.55), but only CNY 377.78 (USD57.24) was deducted from their paycheck; however, the law states that the worker should have contributed CNY 471.51 (USD 71.44). The factory contribution is also calculated below the workers actual earnings

Remark: The factory has provided commercial personal accident insurance to 1300 workers upon hiring and the valid period is from September 25, 2017 to September 24, 2018. ER.22, C.10

2. The factory does not pay into the legally required Housing Provident Fund for any of the workers. C.10

#### Local Law or Code Requirement

Labor Law of the People's Republic of China, Article 72; Social Insurance Law of PRC, Articles 58 and 60; Regulation on the Housing Provident Fund Management (2002), Article 15; FLA Workplace Code (Employment Relationship Benchmark ER.22; Compensation Benchmark C.10)

## FINDING NO.5

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Hours of Work

#### Finding Explanation

1. Based on the review of time records from November 2016 to December 2017, the monthly overtime working hours of 48 out of 50 workers ranged from 42 to 108 hours in October 2017 (the most current month), ranged from 77 to 128 hours in June 2017 (a random month), and ranged from 64 to 113 hours in December 2016 (a random month). The average was 90 hours. The highest monthly overtime was 128 hours in June 2017. HOW.1.1, HOW.1.3

2. The weekly working hours of 48 out of 50 randomly selected workers ranged from 63 to 79 hours in October 2017 (the most current month). The weekly working hours of 49 out of 50 randomly selected workers ranged from 62 to 72 hours in June 2015 (a random month). The weekly working hours of 48 out of 50 randomly selected workers ranged from 61 to 68 hours in December 2016 (a random month). HOW.1.1, HOW.1.3
3. 48 out of 50 random sampled workers have worked more than six consecutive days without one day off between November 2016 and December 2017. The maximum consecutive working days was 27 days between June 12 and July 8, 2017. HOW.2
4. The factory has not identified pregnant or lactating women. HOW.5.1
5. The factory's monthly production schedule is calculated based on a 59 hour work week (including three hours overtime per day and four hours Saturday work), not the normal 40 hour work week. HOW.7

#### Local Law or Code Requirement

Labor Law of the People's Republic of China, Articles 38 and 41; FLA Workplace Code (Hours of Work Benchmarks HOW.1.1, HOW.1.3, HOW.2, HOW.5.1, and HOW.7)

#### Recommendations for Immediate Action

1. Arrange a reasonable production plan, increase productivity using positive means (such as bonuses), and reduce the overtime hours to ensure that they are within three hours per day and 36 hours per month. Educate employers on the health and safety dangers of excessive overtime.
2. Develop a work schedule that limits overtime and ensure that the weekly working hours are within 60 hours to meet client's requirement.
3. Develop a work schedule that limits overtime and does not encourage employees to work on their rest days. Educate employers on the health and safety dangers of excessive overtime.

## FINDING NO.6

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Industrial Relations

#### Finding Explanation

1. There is no union in the factory, but workers elected eight worker representatives , with meetings held once every two months.
2. 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. FOA.2

#### Local Law or Code Requirement

FLA Workplace Code and Benchmarks (Freedom of Association Benchmark FOA.2)

## FINDING NO.7

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Health & Safety

#### Finding Explanation

1. Baskets of fabric are blocking two work stations in the cutting workshop. HSE.5.1

2. The factory has not marked the designated safe emergency assembly point. During interviews, workers were aware of the location of the emergency assembly point. HSE.5.1
3. The testing lab on the first floor of the dormitory building does not have an emergency light or exit sign. HSE.5.1
4. No visual fire alarm is installed in the cutting workshop, where the noise was around 80DB. HSE.5.1
5. There are sinkholes under the production buildings and dormitory buildings, with gaps between the foundation and soil of up to 0.2 meters. HSE.1
6. The testing lab, which is about 150 square meters and has two workers, is located on the first floor of the dormitory building. HSE.26

#### Local Law or Code Requirement

Fire Safety of Building Design Regulation (GB50016-2014) Articles 3.3.5, 10.3.1 and 10.3.5; Fire Prevention Law of the People's Republic of China, Article 16(4); Code for Design of Automatic Fire Alarm System 10.5.1; FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.1, HSE.5, HSE.5.1, HSE.26)

#### Recommendations for Immediate Action

1. Remove the materials blocking the two work stations and ensure that all passages and work stations are clear and unlocked at all times.
2. Install emergency lights at all emergency exits.
3. Affix exit signs on the emergency exits of all areas.
4. Install a lighting fire alarm in the cutting workshop where the noise level is high.
5. Evaluate the safety condition of all buildings.
6. Separate the employee dormitory from the production areas.

## FINDING NO.8

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Health & Safety

#### Finding Explanation

1. Although the factory provides personal protective equipment, such as earplugs and gloves, to the workers, two workers in the cutting section were not wearing earplugs and three workers in the oil painting section were not wearing gloves during the assessment. HSE.7
2. According to the Workplace Occupational Hazardous Factor Monitoring Report of 2017, 194 workers are in contact with occupational hazardous factors, such as cutting workers in contact with noise, gluing workers in contact with benzene, etc. However, the factory provided occupational health checks to only 113 workers in 2017. In addition, none of the workers were offered pre-job or off-position health checks. HSE.1
3. The factory does not provide adequate ergonomic support to employees, such as standing mats in the cutting workshop or seats with back rests in the other workshops. HSE.17

#### Local Law or Code Requirement

Safety Manufacturing Law of the People's Republic of China, Article 54; Occupational Disease Prevention Law of the People's Republic of China, Article 35; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.7, HSE.12, HSE.17)

#### Recommendations for Immediate Action

1. Ensure that workers wear proper PPE in the cutting and oil painting sections.

## FINDING NO.9

### IMMEDIATE ACTION REQUIRED

## FINDING TYPE: Health & Safety

### Finding Explanation

1. There is no guardrail installed on two loading platforms, each of which are around 1.0m in height, on the first floor of the warehouse building. HSE.14.1
2. There are no safety belt guards installed on four sewing machines in the factory. Also, two safety eye-shields installed on the high-speed sewing machines were not used during operation. HSE.9
3. The factory does not use a lockout-tagout system during machine maintenance. HSE.14.1

### Local Law or Code Requirement

Safety of machinery - Permanent means of access to machines and industrial plants - Part 3: Stairways, stepladders and guard – rails GB17888.3 -2008, Article 7.1.2.; Code of Design of Manufacturing Equipment Safety and Hygiene, Article 6.1.6; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.9, HSE.14.1)

### Recommendations for Immediate Action

1. Install guardrails on the platforms to prevent workers from falling.
2. Install safety belt guards to all sewing machines and ensure that the workers use the safety eye-shields on all high-speed sewing machines.
3. Implement a lockout-tagout system for machines which are under maintenance.

## FINDING NO.10

## IMMEDIATE ACTION REQUIRED

## FINDING TYPE: Health & Safety

### Finding Explanation

1. There is no safety label attached on the 5% of chemicals (e.g. edge oil) used in edge painting workshop on the third floor of the production building. HSE.9.1

### Local Law or Code Requirement

Regulation for Chemical Usage Safety in Workplace, Article 12; FLA Workplace Code (Health, Safety & Environment Benchmark HSE.9.1)

### Recommendations for Immediate Action

1. Properly label all chemical containers in the working area with safety precautions.

## FINDING NO.11

## SUSTAINABLE IMPROVEMENT REQUIRED

## FINDING TYPE: Environmental Protection

### Finding Explanation

1. The factory does not have a statement the management's general support of energy and water efficiency or a commitment to minimize impacts with respect to air emissions, waste, hazardous materials, and other applicable environmental risks. HSE.1
2. The factory has not obtained the completion acceptance report for its environmental construction project as legally required. HSE.1, HSE.4

### Local Law or Code Requirement

Measures for Administration of Environmental Protection Acceptance Check upon Completion of Construction Project of the People's Republic of China, Article 17; FLA Workplace Code (Health, Safety and Environment Benchmark HSE.1)