



FAIR LABOR
ASSOCIATION®

INDEPENDENT EXTERNAL ASSESSMENT REPORT



Verification Assessment

COMPANIES: G-III Apparel Group Ltd.
COUNTRY: China
ASSESSMENT DATE: 12/06/18
ASSESSOR: Openview
PRODUCTS: Apparel
NUMBER OF WORKERS: 95

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.

Previous Report Findings and Verification Results

PREVIOUS FINDING NO.1

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Training (Macro)

Finding Explanation

1. The orientation training provided to new workers is not adequate as it does not cover the following Employment Functions: Industrial Relations and Environmental Protection. Furthermore, workers do not receive a copy of the workplace rules or written documentation that substantiates any of the topics covered during orientation. 2. The factory does not provide specific training to supervisors on national laws, regulations, or FLA Workplace Code in any of the Employment Functions. 3. The factory does not provide the training for the relevant HR personnel and administrative staff on Workplace Conduct & Discipline. 4. The factory does not provide specific training for the general workforce on the Grievance System. 5. The factory does not provide ongoing training to workers on any of the Employment Functions except for Health & Safety. 6. The factory does not provide any ongoing training to regular workers and managerial staff on updated factory policies, procedures, or legal requirements. 7. The factory does not provide any ongoing training to workers to raise or broaden their skills for career advancement.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.2, ER.15, ER.17.1, ER.17.3, ER.26, ER.27, and ER.28)

COMPANY ACTION PLANS

Action Plan no 1.

Description

Root Cause:

- 1) Fty pays attention to workers skill only. Not be specific with new worker about the their right and liability. In addition, factory policy and rule was not made clear to new workers at beginning.
- 2) Fty focus on quality & output and neglect other aspects of supervisor responsibility
- 3) Fty thinks HR is record-keeping and only deal with new hire and severance; therefore fty does not provide adequate training to HR staff.
- 4) Fty does not pay enough attention to worker's right of complaint.
- 5) Fty only focus on health & safety training and neglect other aspects
- 6) Fty does not have the system to update worker and supervisor about the new policy and policy revision.
- 7) Fty only focus on worker's existing skill and does not pay attention to worker's potential and future opportunity.

Immediate Action:

- 1) Fty to immediately hold new worker training session letting worker familiar with fty policy and important aspect of worker's right and liability.
- 2) Fty to immediately hold supervisor training session advising them of the national law and regulation and customer Code of Conducts
- 3) Fty to immediately hold HR training session on law and discipline
- 4) Fty to immediately hold a factory-wide meeting with all employees hearing all voices from workers
- 5) Fty to immediately hold training session on topic as work time and workplace relation
- 6) Fty to immediately hold fty meeting advising all staff about the government new law and any changes to the existing law
- 7) Fty to immediately hold meeting with worker to discuss the possible further study and training so that worker might have better chance of advancement and improve their career outlook

Planned Completion Date

03/14/17

Planned completion date

02/10/17

Company Action Plan Update

04/21/17 : Sustainable Action: 1) Fty set up system so that new hire needs to go through new worker training session before they can start working in factory. Workers are provided with the training material. 2) Fty set up system to train supervisor about the national law and regulation every 3 month 3) Fty set up system to train HR staff every 6 months 4) Fty set up system to timely hear worker's opinion and complain including opinion box system 5) Fty set up system of training such as work time and workplace relationship. 6) Fty set up system to train staff and worker about change of factory policy and law. 7) Fty set up system so that worker can have opportunity to improve their skill

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Finding Status (Partially Remediated)

Explanation:

Based on a review of documents and management interviews, the orientation training provided to new workers is not adequate as it does not cover the following Employment Functions: Recruitment, Hiring & Personnel Development. Furthermore, workers do not receive a copy of the workplace rules or written documentation that substantiates any of the topics covered during orientation. [ER.1.2, ER.15]

Root Causes:

1. Management lacks awareness of this FLA requirement.
2. There is no internal audit procedure to monitor the orientation training.

2. Finding Status (Remediated)

Explanation:

Based on a review of documents and management interviews, the factory has provided specific training to supervisors on national laws, regulations, and the FLA Workplace Code for all Employment Functions.

3. Finding Status (Remediated)

Explanation:

Based on a review of documents and management interview, the factory has provided training for the relevant HR personnel and administrative staff on Workplace Conduct & Discipline.

4. Finding Status (Remediated)

Explanation:

Based on a review of documents and management and workers interviews, the factory has provided specific training for the general workforce on the Grievance System.

5. Finding Status (Partially Remediated)

Explanation:

Based on a review of documents and management and workers interviews, the factory has provided ongoing training to workers, but the training does not include: Recruitment, Hiring & Personnel Development, Workplace Conduct, and Termination & Retrenchment. [ER.1, ER.28, ER.29, ER.30]

Root Causes:

1. Management lacks awareness of this FLA requirement.
2. There is no internal audit procedure monitor ongoing training plan.

6. Finding Status (Partially Remediated)

Explanation:

Based on a review of documents and management and workers interviews, the factory has provided ongoing training to regular workers and managerial staff, but the training does not include updated factory policies, procedures, or legal requirements on Recruitment, Hiring & Personnel Development and Termination & Retrenchment. [ER.1, ER.28, ER.29, ER.30]

Root Causes:

1. Management lacks awareness of this FLA requirement.
2. There is no internal audit procedure monitor ongoing training plan.

7. Finding Status (Not Remediated)

Explanation:

Based on a review of documents and workers and management interviews, the factory does not provide ongoing training to workers to raise or broaden their skills for career advancement. [ER.28]

Root Causes:

1. Management lacks awareness of this FLA requirement.
2. There is no internal audit procedure to monitor career advancement.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.15, ER.28, ER.29, and ER.30)

Action Plan no 2.

Description

1.1_1. The factory has organized a review meeting for personnel officers, and immediately increased recruitment, recruitment and personnel development training for new employees.

1.1_2. The factory has issued additional written documents on recruitment and direction of personnel development to all employees in the workshop to help them understand the rules of the workplace.

1.1_3. In view of such problems, factories should include quarterly internal audits and conduct quarterly self-inspection to ensure the overall effectiveness of new employee training

1.5_1 Factory has made a one-year continuous training program for all plant personnel, including recruitment, personnel development, workplace behavior, termination and layoffs.

1.5_2 Factory will post the training plan in the workshop bulletin board. It is supervised and implemented by administrative manager, production manager, workshop supervisor and staff representative.

1.5_3 factories are included in quarterly internal audits to ensure the timeliness and practicability of continuous training by conducting quarterly self-inspection.

1.6_1 Factory immediately trains management and formal employees, including recruitment, personnel development and termination, layoffs and the latest factory policies, procedures or legal requirements;

1.6_2 Factory incorporates training related to recruitment, personnel development and termination, layoffs and latest factory policies, procedures or legal requirements into the continuing training plan.

1.6_3 factories are included in quarterly internal audits to ensure the comprehensiveness, timeliness and practicability of continuous training by conducting quarterly self-inspection.

1.7_1 Factory immediately docks the external training content for employees' career development, and improves the skills of tailoring, mechanics, ironing and packaging personnel.

1.7_2 Factory trains employees in management and communication skills.

1.7_3 Factory will regularly conduct quarterly training for employees' vocational skills improvement. In view of such problems, it will be included in quarterly internal audit and conduct quarterly self-examination to ensure the timeliness of employee vocational skills training.

Planned completion date
02/10/17

PREVIOUS FINDING NO.2

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Policies & Procedures (Macro)

Finding Explanation

1. The factory has policies and procedures on Recruitment & Hiring, but has no written policies and procedures on Personnel Development. 2. There are no policies or procedures that encourage ongoing training to raise or broaden workers' skills for career advancement. 3. There are no policies or procedures on performance reviews that include steps and processes, demonstrate linkages to job grading, prohibit discrimination, provide written feedback, and comply with legal requirements. 4. The policies and procedures on Environment Protection are incomplete and do not include a commitment to minimize environmental impacts with respect to energy, air emissions, water, waste, hazardous materials. There are no procedures that enable workers to raise environmental concerns or to report environmental emergencies. 5. The factory has no policies or procedures on Retrenchment and Termination.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.1, ER.28.1, ER.29.1, ER.31.2.4, ER.31.2.5, ER.31.3, and ER.32.1; Health, Safety & Environment Benchmark HSE.1)

COMPANY ACTION PLANS

Action Plan no 1.

Description

Root Cause:

Fty thinks recruitment and termination is simple procedure as long as worker's salary are paid full. Fty does not provide career advancement potential opportunity. In addition, fty does not provide written HR procedure and development outlook and does not engage in worker's performance review:

Immediate Action:

Fty advised all worker about the following

- 1) There will be written policy on Personnel Development.
- 2) There will be on-going training to encourage raising or broadening workers' skill
- 3) The factory will ensure there is annual performance review based on daily performance for all personnel as per on the policies posted on the site.
- 4) There will be a channel for workers to raise environmental concerns
- 5) he factory will establish and post a detail retrenchment procedure for all personnel.

Planned Completion Date

03/14/17

Planned completion date

02/10/17

Company Action Plan Update

04/21/17 : Sustainable Action: Fty will establish a detailed hiring & recruiting policy at HR department. In addition HR department will also provide procedure so that worker will know the opportunity to further training so as to improve their career performance. Fty will also establish policy about fty environment including how to deal with air emission, waste and hazardous material. Fty will review worker's performance annually

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Finding Status (Not Remediated)

Explanation:

Based on a review of documents and management interview, the factory has policies and procedures on Recruitment & Hiring but has no written policies and procedures on Personnel Development. [ER.1.1, ER.29.1]

Root Causes:

Factory lacks awareness of FLA Workplace Code and Benchmarks on Personnel Development.

2. Finding Status (Remediated)

Explanation:

Based on a review of documents and workers interview, there are policies and procedures that encourage ongoing training to raise or broaden workers' skills for career advancement.

3. Finding Status (Not Remediated)

Explanation:

Based on a review of documents and workers and management interviews, there are no policies or procedures on performance reviews that include steps and processes, demonstrate linkages to job grading, prohibit discrimination, provide written feedback, and comply with legal requirements. [ER.28, ER.29, ER.30]

Root Causes:

Factory lacks awareness of FLA Workplace Code and Benchmarks on Performance Review.

4. Finding Status (Remediated)

Explanation:

Based on a review of documents and management interview, there are policies and procedures on Environment Protection that include a commitment to minimize environmental impacts with respect to energy, air emissions, water, waste, hazardous materials. There are procedures that enable workers to raise environmental concerns or to report environmental emergencies.

5. Finding Status (Remediated)

Explanation:

Based on a review of documents and management interview, the factory has established policies and procedures on Termination and Retrenchment.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.28, ER.29, and ER.30)

Action Plan no 2.

Description

2.1_1 Workshop management and staff representatives hold seminars on personnel development.

2.1_2 Factory has formulated procedures for personnel development;

2.1_3 Factory trains all employees on personnel development process documents.

2.3_1 Factory management and staff representatives hold meetings to learn workplace norms and benchmarks for performance evaluation.

2.3_2 Factory has formulated workplace specifications and benchmark procedures for performance evaluation.

2.3_3 Factory trains all employees in accordance with workplace specifications and performance evaluation basic procedure documents.

Planned completion date
02/10/17

PREVIOUS FINDING NO.3

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

The factory does not conduct performance reviews for any of the workers.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.29)

COMPANY ACTION PLANS

Action Plan no 1.

Description

Root Cause:

Due to high turnover, factory is not able to keep track of all of its work force

Immediate Action:

Factory will immediately conduct performance review for all workers.

Planned completion date

02/10/17

Company Action Plan Update

04/21/17 : Sustainable Action: Factory has set up a system to conduct performance review on all workers on a yearly basis and keep records. The factory has started to use the new system on performance review.

VERIFICATION RESULT

Finding Status

Remediated

Remediation Details

1. Finding Status (Remediated)

Explanation:

Based on a review of documents and workers and management interviews, the factory has conducted performance reviews for all of the workers.

Action Plan no 2.

Description

1 Fty will imm conduct performance review on all worker.

2 Fty will setup system to conduct performance review on all workers on a yearly basis and keep record.

3 Based on a review of documents and workers and management interviews, the factory has conducted performance reviews for all of the workers

Planned completion date
02/10/17

PREVIOUS FINDING NO.4

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Review Process (Macro)

Finding Explanation

The factory has not developed policies and procedures on the review process to ensure that updates are made according to local law and FLA Workplace Code requirements. As a result, the factory has not conducted an internal review of the policies and procedures for the following Employment Functions: Recruitment, Hiring & Personnel Development, Compensation, Hours of Work, Industrial Relations, Workplace Conduct & Discipline, Grievance System, Environmental Protection, and Health & Safety.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.3, ER.29.1.1, ER.30.2, and ER.31.1)

COMPANY ACTION PLANS

Action Plan no 1.

Description

Root Cause:

Factory did not follow closely on the updates to policy and procedure made according to local law and FLA Workplace Code.

Immediate Action:

Factory will assign staff to follow the change and update to local laws and FLA Workplace Code and keep workers informed.

Planned completion date
02/10/17

Company Action Plan Update

04/21/17 : Sustainable Action: 1) Factory will establish a policy on the review procedure. 2) Factory will assign permanent staff to study and follow local law and FLA Workplace Code requirement. Factory will conduct internal review of policy and procedure for all necessary Employment function on a regular basis.

VERIFICATION RESULT

Finding Status

Partially Remediated

Remediation Details

1. Finding Status (Partially Remediated)

Explanation:

Based on a review of documents and workers and management interviews, the factory has developed policies and procedures on the review process to ensure that updates are made according to local law and FLA Workplace Code requirements on Compensation, Hours of Work, Environmental Protection, and Health & Safety. However, the factory has not conducted an internal review of the policies and procedures for the following Employment Functions: Recruitment, Hiring & Personnel Development, Termination & Retrenchment, Industrial Relations, Workplace Conduct & Discipline, and Grievance System. [ER.1.3, ER.29.1.1, ER.30.2]

Root Causes:

Factory lacks awareness of FLA Workplace Code and Benchmarks and pays little attention to this finding.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.29 and ER.30)

Action Plan no 2.

Description

4.1_1 Factory management and staff representatives hold meetings to learn workplace norms and benchmarks for performance evaluation.

4.1_2 Factory internal review has increased recruitment, recruitment and personnel development, remuneration, working hours, labour relations, workplace conduct and discipline, complaint system, environmental protection, and health and safety issues.

Planned completion date

02/10/17

PREVIOUS FINDING NO.5

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Compensation

Finding Explanation

1. The factory does not fully provide workers with the five types of legally mandated social insurance. According to social insurance receipts from September 2016, only 16 out of 51 (31%) workers were provided with all five insurances, these being pension, work-related injury, medical, maternity and unemployment insurance. The factory provides commercial work-related injury insurance to 40 out of 51 workers, this insurance is valid from August 21, 2016 to August 20, 2017. Additionally, the factory does not provide social insurance based on workers' actual wages. All workers' monthly wages range from CNY 1879 (USD 255.23) to CNY 2088 (USD 283.61), however, the social insurance was paid based on the local minimum contribution base of CNY 1820 (USD 247.21), rather than their actual monthly wages. 2. The factory does not contribute to the legally required Housing Provident Fund. 3. The factory calculates paid annual leave on the number of years workers have been employed by the factory rather than by their cumulative years of working experience prior to and including the factory, as required by law. The factory currently gives workers five days of annual leave; however, approximately 20% of workers are eligible for more than the five days of factory-provided annual leave based on their cumulative working experience, while around 10% of workers are eligible for 10 days of annual leave.

Local Law or Code Requirement

The PRC Labor Law, Articles 72 and 73; The Housing Fund Management Regulation, Articles 15 and 17; The Worker Paid Annual Leave Regulation, Article 2; FLA Workplace Code (Employment Relationship Benchmark ER.22; Hours of Work Benchmarks HOW.11, and HOW.14; Compensation Benchmarks C.1 and C.6)

Recommendations for Immediate Action

1. Provide legally mandated social insurance to all workers based on their actual monthly wage. 2. Provide annual leave to all workers based on their cumulative working experience, as stated by local law.

COMPANY ACTION PLANS

Action Plan no 1.

Description

Provide All 5 Types of Legally Mandatory Social Insurance to All Workers

Details

Factory will provide all 5 types of legally mandatory social insurance to all workers.

The 1st phase of coverage will start Apr/30 and cover 30% of workforce.

The 2nd phase of coverage will start June/30 and cover another 30% of workforce.

The final phase of coverage will start Aug/30 and cover remaining balance 40% of workforce.

The contribution base will be adjusted in line with the actual salary (as opposed to minimum wage).

Planned Completion Date

08/30/17

Planned completion date

02/10/17

Company Action Plan Update

04/25/17 : 1) Factory will provide the Housing Provident Fund to workers on a monthly basis. The amount will be equal to actual wage multiplied by 8% (the local rate for housing provident fund in Kunshan) 2) Factory has revised the Annual Leave policy in line with the local law. The annual leave will be based on the cumulative years of working experience prior to the employment at the factory plus working years at the factory.

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Finding Status (Not Remediated)

Explanation:

The factory does not fully provide workers with the five types of legally mandated social insurance. There are total 46 employees with 8 retired but re-recruited workers in the factory. According to social insurance receipts for October 2018, only 13 out of 38 (34%) workers were provided with all five insurances, these being pension, work-related injury, medical, maternity and unemployment insurance. The factory provides commercial work-related injury insurance to all 46 workers, this insurance is valid from November 1, 2018 to October 31, 2019. Additionally, the factory does not provide social insurance based on workers' actual wages. All workers' monthly wages range from CNY 3,000 (USD 436.05) to CNY 5,000 (USD 725.74), however, the social insurance was paid based on the local minimum contribution base of CNY 2,387 (USD 346.95), rather than their actual monthly wages. [ER.22, C.1, C.10]

Root Causes:

1. Some workers are unwilling to participate in the social insurance program.
2. The social insurance system was under development and local governments have not been monitoring compliance strictly.

2. Finding Status (Not Remediated)

Explanation:

The factory does not contribute to the legally required Housing Provident Fund. [ER.22, C.1, C.10]

Root Causes:

Most workers are unwilling to participate in the Housing Provident Fund Program because they think they cannot afford a house and will not use the housing provident fund.

3. Finding Status (Remediated)

Explanation:

Based on a review of documents and workers and management interviews, the factory rules indicate that they calculate paid annual leave by workers' cumulative years of working experience prior to and including the factory. However, no workers provide related proof of cumulative years of working experience. All workers know the factory rules well through interviewing with them.

Local Law or Code Requirement

Labor Law of the People's Republic of China, Articles 72 and 73; Social Insurance Law of the People's Republic of China, Articles 12 and 58; Regulations on Management of Housing Provident Fund, Articles 3 and 15; FLA Workplace Code (Employment Relationship Benchmark ER.22; Compensation Benchmarks C.1 and C.10)

Recommendations for Immediate Action

1. Provide all workers with all required social insurances.

Action Plan no 2.

Description

5.1 factories publicize the benefits of social insurance to employees quarterly, and then encourage employees to participate in social insurance. It is expected that the coverage of social insurance will reach 50% in October 2019, 70% in October 2020, 90% in October 2021 and 100% in October 2022.

5.2_1 Factory publicizes the benefits of housing provident fund to employees quarterly, and then encourages employees to pay the provident fund. It is estimated that in October 2019, the coverage rate of provident fund will reach 30%; in October 2020, the coverage rate of social insurance will reach 40%; in October 2021, the coverage rate of provident fund will reach 50%; in October 2022, the coverage rate of provident fund will reach 60%; in October 2022, the coverage rate of provident fund will reach 70%; in October 2023, the coverage rate of provident fund will reach 80%; in October 2024, the coverage

5.2_2 Factory subsidies for employees housing provident fund;

Planned completion date

02/10/17

PREVIOUS FINDING NO.6

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Hours of Work

Finding Explanation

1. The monthly overtime hours exceed the legally required limit of 36 hours per month. The monthly overtime hours for all general workforce (workers in all departments) exceeded the legal limit of 36 hours per month, ranging from 42 to 82 hours in the past year from September 2015 to August 2016. 2. The factory's production target requires workers to work 57 hours per week (40 regular hours plus 17 overtime hours) on a regular basis.

Local Law or Code Requirement

The PRC Labor Law Articles 41; FLA Workplace Code (Employment Relationship Benchmark ER.24; Hours of Work Benchmarks HOW.1.1 and HOW.8.1)

Recommendations for Immediate Action

1. Ensure that workers do not work more than the legal limit of 36 hours of overtime per month. 2. Do not include overtime in production planning. 3. FLA affiliate Company's Sourcing and Social Compliance teams should implement FLA Principles of Fair Labor and Responsible Sourcing and, to help the factory address its excessive hours issue, coordinate accordingly on the following topics: how to provide better order forecasts to the factories; possible workshops/consultancy for the factory on how to improve productivity/quality; clear guidelines on how to extend shipment deadlines in case of contingencies; steps that factory management must follow if overtime is inevitable; clear guidelines on the calculation and setting of reasonable production targets that will not demand work beyond regular working hours or during breaks; and clear guidelines on how and when the factory can use subcontractors and/or temporary workers to avoid excessive overtime.

COMPANY ACTION PLANS

Action Plan no 1.

Description

The factory will ensure the monthly overtime hours do not exceed the legal limit of 36 hours per month.

Starting 3/30/2017, the factory will implement a new system to measure overtime hours, where the total amount of overtime hours will not exceed 36.

The factory will hire more workers to reduce the overtime in accordance with the legal monthly/weekly limits.

Planned Completion Date

03/30/17

Planned completion date

02/10/17

Company Action Plan Update

04/25/17 : Immediate action: * Factory will hire more workers to reduce consecutive work; * Factory will provide skills training to workers to increase individual productivity. * The production manager will analyze the order carefully, reasonable arrangement of the worker rest. * The factory will follow the material delivery closely to ensure the normal production capacity. * The factory will communication with buyers when the orders would meet the maximum produce capacity of factory. Sustainable action: Factory will ensure the maximum monthly OT does not exceed 36 hours by July 2017 according to the following timeline: * Will control the maximum monthly OT between 50-65 hours from 2017.5.1-2017.5.31; * Will control the maximum monthly OT between 36-50 hours from 2017.6.1-2017.6.30; * Will control the maximum monthly OT below 36 hours from 2017.7 Factory will ensure the production planning is not based on more than 40 weekly working hours according to the following timeline: * Will keep production planning to 50-57 weekly working hours from 2017.5.1-2017.5.31; * Will keep production planning to 42-49 weekly working hours from 2017.6.1-2017.6.30; * Will keep production planning to 40 weekly hours or less from 2017.7

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Finding Status (Not Remediated)

Explanation:

Based on a review of the time records from November 2017 to November 2018 and workers and management interviews, the monthly overtime hours exceed the legally required limit of 36 hours per month. The monthly overtime hours for all general workforce (workers in all departments) exceeded the legal limit of 36 hours per month in the reviewed period except February 2018, ranging from 42 to 83 hours each month. [HOW.1.1]

Root Causes:

1. Not enough buyer oversight to identify and address possible reasons behind excessive overtime, such as tighter shipping schedules, short lead times, etc.
2. Workers are willing to work excessive overtime hours as they rely on overtime work to make higher income.

2. Finding Status (Not Remediated)

Explanation:

The factory's production target requires workers to work 52 hours per week (40 regular hours plus 12 overtime hours) on a regular basis. [HOW.1.2]

Root Causes:

1. Although Chinese labor law has strict working hour limits, they are not enforced effectively.
2. Workers rely on extra overtime to earn more wages.
3. Order delivery times are often tight so the factory includes this in their production planning.

Local Law or Code Requirement

Labor Law of the People's Republic of China, Article 41; FLA Workplace Code (Hours of Work Benchmark HOW.1)

Recommendations for Immediate Action

1. Control workers' overtime hours not exceed 36 hours a month.

Action Plan no 2.

Description

6.1_1 Factory will recruit more employees to control overtime.

6.1_2 Factory establishes emergency business procedures to ensure that emergency orders do not overwork employees.

6.2 Factory arranges production plan reasonably to ensure that working hours are not more than 52 hours per week.

Planned completion date

02/10/17

PREVIOUS FINDING NO.7

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Communication & Worker Involvement (Macro)

Finding Explanation

1. The factory does not effectively or comprehensively communicate its policies and procedures and possible updates to the general workforce and management staff for any of the Employment Functions except for Hours of Work and Health & Safety. The methods that the factory uses to communicate include an insufficient introduction to factory rules to workers during orientation training and an incomplete posting of relevant policies and procedures on site. The factory only posted the following policies and procedures on site: Compensation, Hours of Work, Workplace Code & Discipline, and Health & Safety. 2. All interviewed supervisors and general workers roughly understand some policies and procedure, however, they are not fully aware of all policies and procedures, such as the hiring policy, compensation package and legal benefits, payment of termination, grievance system, appeal procedures and environmental protection policies and procedures. Furthermore, the factory has not developed a plan to communicate future updates or legal revisions to the general workforce and management staff. 3. The worker integration component is missing for all Employment Functions. The factory has not established procedures to receive worker input or feedback on the creation, implementation, and revision of its policies and procedures. Workers are neither systematically integrated nor consulted in the decision-making processes. The factory never arranges consultation meetings with workers or union representative before management reaches their final decisions on layoffs.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.2, ER.1.3, ER.16.1, ER.25.1, ER.25.2, ER.27.3, ER.29, ER.30.2, and ER.32; Compensation Benchmark C.17)

COMPANY ACTION PLANS

Action Plan no 1.

Description

Root Cause:

- 1) Fty mistakenly think worker are only to know the basic info about work time and pay and discipline, etc. and other part of policy is not important.
- 2) Fty think it is ok that worker know general info of policy and not all specifics of law are to be known and understood. In addition, fty failed to set up a system so that new changes in law and regulation can be communicated to all workers.
- 3) Fty failed to listen to workers' opinion and advice are not part of decision-making.

Immediate Action:

Fty to immediately have meeting to advise workers of all details of fty policy and procedure. In addition, the changes to such policy are to be discussed with fty workers. Fty manager and supervisors are to hold meetings with workers to hear workers' feedback and complaints and let workers be part of fty's decision making

Planned Completion Date

Planned completion date

02/10/17

Company Action Plan Update

04/21/17 : Sustainable Action: 1) Fty will set up procedure to organize its worker to learn and study all the details of local law and fty policy on a regular basis. Workers are to fully understand these regulations and let worker participate in the creation and revision of fty regulation and issues concerning workers' welfare. 2) Fty's detailed policy and regulation will be accessible to all workers so that workers have access to info to refer to whenever they have a question. 3) Fty will establish a system to ensure proposals are screened and voted by all involved personnel for a balanced decision-making process 4) Fty will post the law and regulation and procedure on site.

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Finding Status (Partially Remediated)

Explanation:

Based on a review of documents and management and workers interviews, the factory has communicated its policies and procedures and possible updates to the general workforce and management staff for most of the Employment Functions, except for Recruitment, Hiring & Personnel Development and Termination & Retrenchment. The methods that the factory uses are formal training to communicate factory rules to workers during orientation training and a complete posting of relevant policies and procedures on site. The factory posted the following policies and procedures on site: Compensation, Hours of Work, Workplace Conduct & Discipline, Health & Safety, Recruitment, Hiring & Personnel Development, Termination & Retrenchment, and FLA Workplace Code and Benchmarks. [ER.1.3, ER.15.2, ER.17, ER.27.2, ER.30.2]

Root Causes:

The factory management do not clearly understand the FLA Employment Relationship related Benchmarks.

2. Finding Status (Partially Remediated)

Explanation:

Based on a review of documents and workers and management interviews, all interviewed supervisors and general workers understand most of the Employment Functions, except for Recruitment, Hiring & Personnel Development and Termination & Retrenchment. Furthermore, the factory has developed a plan to communicate future updates or legal revisions to the general workforce and management staff. [ER.1.3, ER.15.2, ER.17, ER.27.2, ER.30.2]

Root Causes:

The factory management do not clearly understand the FLA Employment Relationship related Benchmarks.

3. Finding Status (Not Remediated)

Explanation:

In general, the worker integration component is missing for all Employment Functions, although the worker representative confirmed all policies and procedures. The factory has not established procedures to receive worker input or feedback on the creation, implementation, and revision of its policies and procedures. Workers are neither systematically integrated nor consulted in the decision-making processes. The factory never arranges consultation meetings with workers or union representative before management reaches their final decisions on layoffs. [ER.1, ER.25]

Root Causes:

Management lacks complete awareness of this FLA requirement.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.15, ER.17, ER.25, ER.27, and ER.30)

Action Plan no 2.

Description

7.1_1 Workshop management and staff representatives hold seminars on recruitment, recruitment and personnel development, termination and redundancy.

7.1_2 trained all employees in recruitment, recruitment and personnel development, termination and layoffs.

7.2_1 Workshop management and staff representatives hold seminars on recruitment, recruitment and personnel development, termination and redundancy.

7.2_2 trained management in recruitment, recruitment and personnel development, termination and layoffs.

7.3_1 Opinions or Feedback Procedures for Institutional Implementation and Revision of Plant Development System;

7.3_2 Factory should collect opinions from all employees before making or updating procedures.

7.3_3 Before the implementation of the procedural system, there should be meetings between management and staff representatives.

Planned completion date

02/10/17

PREVIOUS FINDING NO.8

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Industrial Relations

Finding Explanation

1. The factory has a worker representative committee which is made up of two worker representatives and two management representatives. Instead of being elected, the worker representatives are assigned by factory management. The interviewed workers are not aware of the worker representatives; additionally, there are neither records nor procedures to indicate election of worker representatives. 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.

Local Law or Code Requirement

FLA Workplace Code (Freedom of Association Benchmarks FOA.2, FOA.10, and FOA.11)

COMPANY ACTION PLANS

Action Plan no 1.

Description

Root Cause:

Due to high turnover of the workforce, there is no union in the factory. Also, worker representative is appointed by factory and no relevant documents are kept.

Immediate Action:

Factory will hold factory-wide election and ensure everybody has the right to be elected as worker representative.

Sustainable Action:

Factory will allow workers to independently set up procedure for election of worker representatives and ensure that election is held on an annual basis and all relevant document and election record are documented.

Planned Completion Date

03/14/17

Planned completion date

02/10/17

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Finding Status (Remediated)

Explanation:

Based on a review of documents and workers and management interviews, the factory has a worker representative committee which is made up of two worker representatives. The two worker representatives are elected by all of the workers. The interviewed workers and management are fully aware of the worker representatives; additionally, there are records and procedures to indicate election of worker representatives.

2. Finding Status (Not Remediated)

Explanation:

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

Action Plan no 2.

Description

Factory will fund the workers' union according the Chinese law.

Planned completion date

02/10/17

PREVIOUS FINDING NO.9

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Workplace Conduct & Discipline

Finding Explanation

The disciplinary system does not include a third party witness during the imposition of disciplinary action and the appeal process.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.27.4)

COMPANY ACTION PLANS

Action Plan no 1.

Description

Root Cause:

Factory thinks it is sufficient if parties involved agreed to the imposition of disciplinary action.

Immediate Action:

All future imposition of disciplinary action will have a witness.

Planned completion date

02/10/17

Company Action Plan Update

04/21/17 : Sustainable Action: Factory will let workers representatives to participate as 3rd party witness when carrying out discipline action. Factory will add the appeal process to its disciplinary procedures.

VERIFICATION RESULT

Finding Status

Remediated

Remediation Details

1. Finding Status (Remediated)

Explanation:

Based on a review of documents and workers and management interviews, the disciplinary system includes a third-party witness during the imposition of disciplinary action and the appeal process.

Action Plan no 2.

Description

1 All future imposition of disciplinary action will have a witness.

2 The factory will add the appeal process to make the imposition of disciplinary action and the appeal process more complete.

Planned completion date
02/10/17

PREVIOUS FINDING NO.10

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The factory did not obtain an occupational disease hazard assessment report before beginning operations in 1992. It has never conducted an assessment of the current condition of occupational disease hazards, as legally required. 2. The factory has not provided seated workers with chairs that are adjustable and have backrests, in order to minimize workers' injuries. The factory also does not provide standing workers with anti-fatigue mats. 3. The factory does not train loading workers on lifting techniques or provide loading workers with lifting belts.

Local Law or Code Requirement

The PRC Law of Prevention and Control of Occupational Diseases, Articles 17, 20 and 36; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.4, HSE.17.1, and HSE.17.2)

Recommendations for Immediate Action

1. Arrange for a licensed service provider to conduct an assessment of the current condition of occupational disease hazards. Review and respond immediately to any imminent hazards. 2. Provide lifting belts to all loading workers and train workers on their proper use.

COMPANY ACTION PLANS

Action Plan no 1.

Description

Root Cause:

Factory thinks the worker's health is covered by social welfare and insurance policy and working conditions such as chair and loading staff safety are not as important.

Immediate Action:

- 1) Factory will immediately conduct assessment of occupational disease hazard.
- 2) Change existing chairs with adjustable chairs with backrests.
- 3) Provide lifting belt to the loading workers.

Planned Completion Date

03/14/17

Planned completion date

02/10/17

Company Action Plan Update

04/21/17 : Sustainable Action: 1) Factory will hire a licensed provider to make an assessment of its occupational disease hazard on a regular basis. The factory will conduct the assessment of current conditions of occupational disease hazards once every 3 years. 2) In addition, after changing workers' chair and providing lifting belts to loading workers, factory will document these procedure and monitor the use of chairs and belts every 3 months.

VERIFICATION RESULT

Finding Status

Partially Remediated

Remediation Details

1. Finding Status (Partially Remediated)

Explanation:

Based on a document review and management interview, the factory has not conducted an assessment of the current condition of occupational disease hazards as legally required. However, the factory conducted a non-legally binding test of occupational disease hazard factors on April 24, 2018. [HSE.1, HSE.4]

Root Causes:

1. The factory could not obtain occupational disease hazard assessment report since construction of building has finished.
2. The factory management does not know the differences between assessment of the current condition of occupational disease hazards and test of occupational disease hazard factors, so they conducted test of occupational disease hazard factors on April 24, 2018.

2. Finding Status (Remediated)

Explanation:

Based on onsite observation, the factory has provided seated workers with chairs that are adjustable and have backrests to minimize workers' injuries and provided all standing workers with anti-fatigue mats.

3. Finding Status (Remediated)

Explanation:

Based on onsite observation, workers interview and training records review, the factory has trained loading workers on lifting techniques and provided loading workers with lifting belts.

Local Law or Code Requirement

Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, Articles 17 and 18; Provisions on the Supervision and Administration of Occupational Health at Work Sites, Article 20; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1 and HSE.4)

Action Plan no 2.

Description

1 Factory had already connected with the qualified consult to conduct the current condition of occupational disease hazards and could obtain the report at the end May 2019.

Planned completion date

02/10/17

PREVIOUS FINDING NO.11

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. Four out of eight electricity boxes are partially blocked by the production materials in the factory.
2. Two out of three evacuation passages were partially blocked by the production materials in the sewing workshop.

Local Law or Code Requirement

The General Guide for Safety of Electric User (GB/T13869-2008) Article 6.5; the PRC Fire Prevention Law Article 16 (4); FLA Workplace Code (Health, Safety and Environment Benchmark HSE.1, HSE.5.1, and HSE.13)

Recommendations for Immediate Action

1. Keep all electricity boxes free from obstruction.
2. Keep all evacuation passages free from obstruction.

COMPANY ACTION PLANS

Action Plan no 1.

Description

Factory to set up policy so that access to the boxes are free of blockage at all times. Factory to set up a system to monitor compliance every day and appoint specific persons to monitor compliance.

Planned completion date

02/10/17

Company Action Plan Update

04/21/17 : Factory has set up policy so that access to the boxes are free of blockage at all times. Factory has designated personnel to monitor compliance.

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Finding Status (Not Remediated)

Explanation:

Based on factory tour, assessors note that three out of eight electricity boxes are partially blocked by wooden desks and cartons. [HSE.1, HSE.13]

Root Causes:

1. Production workshop is very small.
2. The workers lack safety awareness and place cartons as they would like.

2. Finding Status (Remediated)

Explanation:

Based on factory tour, assessors note that all evacuation passages are clear in the sewing workshop.

Local Law or Code Requirement

Electricity Safety Guidelines, Article 5.1.1; FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.1, and HSE.13)

Recommendations for Immediate Action

1. Keep the electricity boxes free of obstruction.

Action Plan no 2.

Description

11.1_1 Workshop staff safety policy training;11.1_2 blocked electric box has been cleared;11.1_3 Factory set up group daily supervision

Planned completion date

02/10/17

New Findings and Action Plans

NEW FINDING NO.1

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Hours of Work

Finding Explanation

1. Workers are required to request time off in advance with written application if they do not intend to work overtime on weekends. All interviewed workers said that they could freely to choose not to work overtime on weekends. [HOW.8.2]

Local Law or Code Requirement

FLA Workplace Code (Hours of Work Benchmark HOW.8)

NEW FINDING NO.2

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Workplace Conduct & Discipline

Finding Explanation

1. The records of disciplinary actions are maintained in a centralized file but are not in workers' personnel files. [ER.27.3.4]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.27)

NEW FINDING NO.3

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The factory does not post safety instructions like Standard Operating Procedures (SOPs) near cutting machines. [HSE.14.3]
2. The factory does not keep food sample for at least 48 hours, as legally required. [HSE.1, HSE.22.1]
3. The office and canteen building in the factory is shared with a logistics company Kuayue Express Company with a different owner. However, the factory management does not coordinate the fire safety risks with this company. [HSE.5.1]
4. There is no list of equipment and machines that require lockout-tagout. Additionally, the factory has not implemented a lockout-tagout program by locking out equipment when needed. [HSE.14]
5. The factory does not provide safety information to contractors. [ER.31.1]
6. Traffic lanes and walking paths are not marked on the factory premises. The factory has neither assessed nor adopted any visual management aids to ensure that workers use safe driving practices on factory premises, such as indicators, convex mirrors on blunt ends, reflectors, etc. [HSE.5.1]
7. The factory does not track and conduct statistical analysis of workers' illnesses. [HSE.3.2]

Local Law or Code Requirement

The Food Safety Operation Specifications for Catering Service, Article 7.9.2; FLA Workplace Code (Employment Relationship Benchmark ER.31; Health, Safety and Environment Benchmarks HSE.1, HSE.3, HSE.5, HSE.14 and HSE.22)

Recommendations for Immediate Action

1. <!--[endif]-->Post safety instructions like Standard Operating Procedures (SOPs) near cutting machines.
2. <!--[endif]-->Keep food sample per legal requirement of at least 48 hours.

NEW FINDING NO.4

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Environmental Protection

Finding Explanation

1. Used fluorescent tubes (hazardous waste type 29) are not disposed of by a licensed waste handler. [ER.2, HSE.1, HSE.4, HSE.9.1]

Local Law or Code Requirement

Law of the People's Republic of China on Prevention and Treatment of Environmental Pollution by Solid Wastes, Article 57; FLA Workplace Code (Employment Relationship Benchmark ER.2; Health, Safety and Environment Benchmarks HSE.1, HSE.4, and HSE.9)

Recommendations for Immediate Action

1. <!--[endif]-->Arrange for a licensed waste handler to dispose of hazardous waste in accordance with legal requirements and maintain the disposal records onsite.