



2008

## FAIR LABOR ASSOCIATION INDEPENDENT EXTERNAL MONITORING REPORT

**COMPANY:** R. G. Barry  
**COUNTRY:** China  
**FACTORY CODE:** 800015806G  
**MONITOR:** Levelworks  
**AUDIT DATE:** October 28 – 29, 2008  
**PRODUCTS:** Footwear  
**PROCESSES:** Cutting, Sewing, Inspection,  
Packing  
**NUMBER OF WORKERS:** 311

**FLA Comment:** *This report was submitted to the FLA and the FLA-affiliated company by the accredited independent external monitor. Since the date of the monitoring visit, the FLA-affiliated company, formerly participating as a Category B collegiate licensee, has ceased university licensing business and therefore FLA affiliation. The FLA encouraged the company to submit a corrective action plan and continue remediation of the noncompliances raised in the report. The FLA has not received a response from the company; therefore the FLA is posting the IEM report in its current form.*



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**Wages, Benefits and Overtime Compensation: Holidays, Leave, Legal Benefits and Bonuses**

WBOT.5 Employers shall provide all legally mandated holidays, leave, benefits and bonuses, such as official holidays, annual leave, sick leave, severance payments and 13th month payments, to all eligible workers within legally defined time periods. In addition, all leave and bonuses shall be calculated correctly. (S)

**Noncompliance**

**Explanation:** Not all workers in factory are entitled to 5 types of social insurance schemes. Factory does not make any contributions to maternity insurance scheme for workers. All employees participate in disability caused by work-related injury or occupational disease insurance, medical insurance, unemployment insurance and retirement insurance. An official approval from the local social security bureau to seek exemption from certain kind of social insurance schemes was also available.

Note: As per factory management, it was noted that local workers could have participated in all 5 types of social insurance. However, migrant workers from other provinces could not participate in childbearing insurance.

Root causes: Official approval from local social security bureau to seek exemption from certain kind of social insurance schemes was provided by factory; however, FLA did not accept any social insurance waiver and required all workers participating in all 5 types of social insurance. Otherwise, partial workers were unwilling to participate in social insurances as workers had to undertake partial insurance fee and it is difficult for them to take back the money from local bureau once they left factory. Moreover, maternity insurance still not developed in [City name] according to local social security bureau.

**Plan Of  
Action:**

**Deadline  
Date:**

**Action Taken:**

**Plan  
Complete:**

**Plan  
Complete  
Date:**

## Freedom of Association: Right to Freely Associate

FOA.2 Workers, without distinction whatsoever, shall have the right to establish and, subject only to the rules of the organization concerned, to join organizations of their own choosing without previous authorization. The right to freedom of association begins at the time that a worker seeks employment, and continues through the course of employment, including eventual termination of employment, and is applicable as well to unemployed and retired workers. (S)

### Noncompliance

**Explanation:** **China-Specific FLA Comment:** The Chinese constitution guarantees Freedom of Association (FOA); 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 ILO, many provisions of the Trade Union Act are contrary to the fundamental principles of FOA, 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. However, the government has introduced new regulations that could improve the functioning of the labor relations mechanisms. The Amended Trade Union Act of Oct. 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. Trade unions also have an enhanced role in dispute resolution. In Dec. 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.

**Plan Of  
Action:**

**Deadline  
Date:**

**Action  
Taken:**

**Plan  
Complete:**

**Plan  
Complete  
Date:**



**Freedom of Association: Other - Freedom of Association and Collective Bargaining**

Other

**Noncompliance**

**Explanation:** The factory did not have a written policy recognizing and respecting freedom of association and collective bargaining.

**Plan Of  
Action:**

**Deadline  
Date:**

**Action  
Taken:**

**Plan  
Complete:**

**Plan  
Complete  
Date:**

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**Code Awareness:**

GEN.2 Ensure that all Company factories as well as contractors and suppliers inform their employees about the workplace standards orally and through the posting of standards in a prominent place (in the local languages spoken by employees and managers) and undertake other efforts to educate employees about the standards on a regular basis.

**Noncompliance**

**Explanation:** No R. G. Barry Corporation Code of Conduct, labor law, health and safety law was posted in the factory.

**Plan Of  
Action:**

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**Plan  
Complete:**

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**Code Awareness:**

GEN.3 Develop a secure communications channel, in a manner appropriate to the culture and situation, to enable Company employees and employees of contractors and suppliers to report to the Company on noncompliance with the workplace standards, with security that they shall not be punished or prejudiced for doing so.

**Noncompliance**

**Explanation:** [There was no noncompliance reporting mechanism which allows factory workers to contact R. G. Barry Corporation.](#)

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**Hours of Work: Rest Day**

HOW.2 Workers shall be entitled to at least one day off in every seven-day period. If workers must work on a rest day, an alternative day off must be provided within that same seven-day period or immediately following the seven-day period. (P)

**Noncompliance**

**Explanation:** Around 80% of workers in the factory (for all sections and in September 2008 only) worked for more than 6 continuous days; the most continuous days without rest were 7 days, the week of September 22, 2008.

Root causes:

1. The shipping dates of orders.
2. Shifting rest day due to the coming National Holiday Arrangement (workers were arranged to work Saturday and Sunday, September 27 and 28, 2008, and would rest Monday and Tuesday, September 29 and 30, 2008).

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### Hours of Work: Overtime/Calculation Over Period Longer Than One Week

HOW.10. Employers are allowed to calculate normal hours of work as an average over a period of longer than one week where local laws, regulations and procedures provide for such a possibility but only when all formal and procedural requirements attached to such calculation (for instance, obtaining official permission from the relevant authorities or limits to the period during which such calculations can be made) are met. The basis for such calculation shall, however, remain at all times the lesser of 48 hours per week or legal limits on hours of work in the country of manufacture or, where such legal limits do not exist, the regular work week in such country. (S)

#### Noncompliance

**Explanation:** Around 80% of workers in factory (for all sections and in September 2008 only) worked for more than 60 hours per week; the highest working hours per week were 66 hours the week of September 22, 2008.

Root causes:

1. The shipping dates of orders.
2. Shifting rest day due to the coming National Holiday Arrangement (workers were arranged to work Saturday and Sunday, September 27 and 28, 2008, and would rest Monday and Tuesday, September 29 and 30, 2008).

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