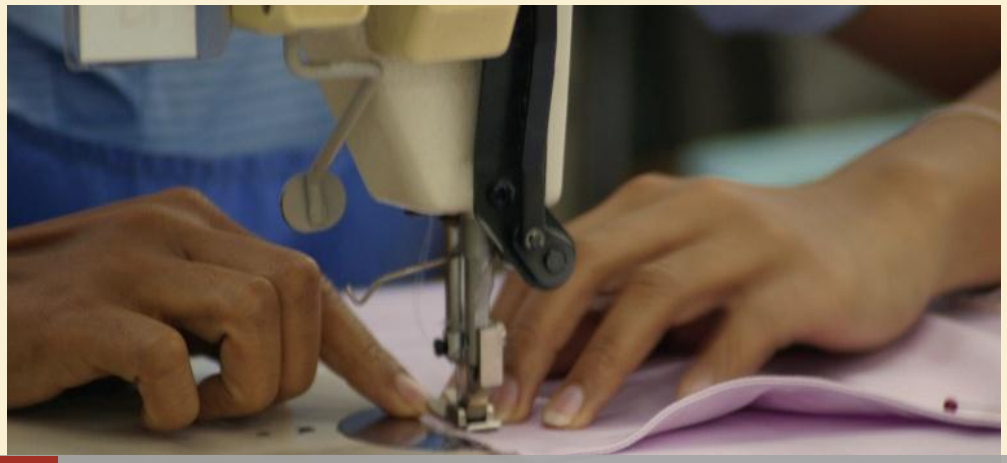

2011

Fair Labor Association
Independent External Monitoring Report

COMPANY: G-III Apparel Group Ltd.
COUNTRY: India
FACTORY CODE: 6000151296J
MONITOR: International Resources for Fairer Trade
AUDIT DATE: August 4 – 5, 2011
PRODUCTS: Apparel
PROCESSES: Cutting, Printing, Stitching, Checking, Ironing, Packing
NUMBER OF WORKERS: 85 – 95

FLA Comment: This report was submitted to the FLA and the FLA-affiliated company by the accredited independent external monitor. Despite deadline reminders and extensions for submission of a corrective action plan, the FLA has not received a plan to address the 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 and reviewed by the FLA.

For an explanation on how to read this report, please visit the FLA website here.

FAIR LABOR ASSOCIATION

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FAIR LABOR ASSOCIATION

Wages, Benefits and Overtime Compensation: Calculation Basis for Overtime Payments

WBOT.8 Employers shall compensate workers for all hours worked. For workers on a piece rate payment scheme or any other incentive scheme, payments for overtime hours worked shall be calculated by applying the premium rate required by law or this Code on the same payment scheme as is used for calculating wages for normal working hours, unless the payment scheme used leads to higher wages for workers. (S)

Noncompliance

Explanation:	Overtime hours of piece rate workers are not compensated at premium rate, which is 2 times the regular hour rates according to law (as per The Factories Act, 1948, Section 59). There were no records maintained on piece rate workers' work hours and payments to verify any overtime compensation rates.
Plan Of Action:	While audited factory was not in use at this time, nor would be used going forward, company has been working with vendor for initial clarification and corrective action plan to address each issue in order to ensure a responsible exit from this factory.
Deadline Date:	
Supplier CAP:	The audit happened in August, the month the factory got relocated. Due to dyeing problems, most factories in [District name] were closed temporarily; [Factory name] had very little work to do during that time. During relocation, most laborers left the job; factory was on fresh recruitment. The results of improvement can be documented only when production happens in full swing, which we expect by the end of January 2012. Will post developments then.
Supplier CAP Date:	
Action Taken:	
Plan Complete:	No
Plan Complete Date:	

FAIR LABOR ASSOCIATION

Wages, Benefits and Overtime Compensation: Overtime Compensation Awareness

WBOT.11 Workers shall be informed, orally and in writing, about overtime compensation rates prior to undertaking overtime. (P)

Noncompliance

Explanation:	Interviews with management and workers revealed that overtime compensation is not communicated to workers either orally or in writing.
Plan Of Action:	While audited factory was not in use at this time, nor would be used going forward, company has been working with vendor for initial clarification and corrective action plan to address each issue in order to ensure a responsible exit from this factory.
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Supplier CAP Date:	
Action Taken:	
Plan Complete:	No
Plan Complete Date:	

FAIR LABOR ASSOCIATION

Wages, Benefits and Overtime Compensation: Accurate Calculation and Recording of Wage Compensation

WBOT.17 All payments to workers, including hourly wages, piecework, benefits, bonuses, and other incentives shall be calculated and recorded accurately. (S)

Uncorroborated Evidence of Noncompliance

Explanation:	Factory does not maintain records pertaining to in and out times of workers. Records maintained by factory indicate the presence of workers, not their actual working hours. Also, no registers maintained with the payment calculation for piece rate workers and bonuses paid to all production workers. Wage calculation review for piece rate workers revealed that there were minor calculation mistakes in the range of INR 1 to INR 20 when weekly payment was done for workers.
Plan Of Action:	While audited factory was not in use at this time, nor would be used going forward, company has been working with vendor for initial clarification and corrective action plan to address each issue in order to ensure a responsible exit from this factory.
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Action Taken:	
Plan Complete:	No
Plan Complete Date:	

FAIR LABOR ASSOCIATION

Wages, Benefits and Overtime Compensation: Record Maintenance

WBOT.21 Employers shall ensure that all legally required payroll documents, journals and reports are available, complete, accurate and up-to-date. (P)

Noncompliance

Explanation:	Factory does not maintain a payroll system, i.e., no wage registers or payment documents have been maintained. Production supervisors' registers are used to keep a track of workers' presence each day and of payments made.
Plan Of Action:	While audited factory was not in use at this time, nor would be used going forward, company has been working with vendor for initial clarification and corrective action plan to address each issue in order to ensure a responsible exit from this factory.
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Supplier CAP Date:	
Action Taken:	
Plan Complete:	No
Plan Complete Date:	

FAIR LABOR ASSOCIATION

Wages, Benefits and Overtime Compensation: Pay Statement

WBOT.26 Employers shall provide workers a pay statement each pay period, which shall show earned wages, wage calculations, regular and overtime pay, bonuses, all deductions and final total wage. (P)

Noncompliance

Explanation:	Workers are not provided with any pay slips showing the amount of wages, number of hours worked, deductions, etc.
Plan Of Action:	While audited factory was not in use at this time, nor would be used going forward, company has been working with vendor for initial clarification and corrective action plan to address each issue in order to ensure a responsible exit from this factory.
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Supplier CAP Date:	
Action Taken:	
Plan Complete:	No
Plan Complete Date:	

FAIR LABOR ASSOCIATION

Forced Labor: Employment Records

F.9 Employers shall maintain sufficient hiring and employment records to demonstrate and verify compliance with this Code provision. (P)

Noncompliance

Explanation:	There are no hiring or employment records maintained in factory.
Plan Of Action:	While audited factory was not in use at this time, nor would be used going forward, company has been working with vendor for initial clarification and corrective action plan to address each issue in order to ensure a responsible exit from this factory.
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Action Taken:	
Plan Complete:	No
Plan Complete Date:	

FAIR LABOR ASSOCIATION

Freedom of Association: Grievance Procedure

FOA.26 Employer shall have in place written grievance procedures that allow first an attempt to settle grievances directly between the worker and the immediate supervisor but that, where this is inappropriate or has failed, it is possible for the worker to have the grievance considered at one or more steps, depending on the nature of the grievance and the structure and size of the enterprise. Employers shall ensure that the grievance procedures and applicable rules are known to workers. (P)

Noncompliance

Explanation:	Employer does not have a written grievance procedure in place. Currently, informal methods are used, including communicating grievance to supervisors, production manager or factory owner.
Plan Of Action:	While audited factory was not in use at this time, nor would be used going forward, company has been working with vendor for initial clarification and corrective action plan to address each issue in order to ensure a responsible exit from this factory.
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Action Taken:	
Plan Complete:	No
Plan Complete Date:	

FAIR LABOR ASSOCIATION

Harassment or Abuse: Discipline/Written Disciplinary System

H&A.5 Employers shall maintain a system of written disciplinary rules, procedures and practices. Disciplinary rules, procedures and practices shall be clearly communicated to all workers. (P)

Noncompliance

Explanation:	Factory does not maintain a system of written disciplinary rules, procedures and practices. Current practices on disciplinary rules are not communicated to management, supervisors, or workers.
Plan Of Action:	While audited factory was not in use at this time, nor would be used going forward, company has been working with vendor for initial clarification and corrective action plan to address each issue in order to ensure a responsible exit from this factory.
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Action Taken:	
Plan Complete:	No
Plan Complete Date:	

FAIR LABOR ASSOCIATION

Child Labor: Proof of Age Documentation

CL.3 Employers shall collect and maintain all documentation necessary to confirm and verify date of birth of all workers, such as birth certificates. In addition, the employers shall take reasonable measures to ensure such documentation is complete and accurate. (P)

Noncompliance

Explanation:	Age verification system is not robust. Age verification documents for workers are not maintained. Factory management demands an age proof document, like copy of marksheet, school leaving certificate, and ration card for young-looking workers.
Plan Of Action:	While audited factory was not in use at this time, nor would be used going forward, company has been working with vendor for initial clarification and corrective action plan to address each issue in order to ensure a responsible exit from this factory.
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Supplier CAP:	The audit happened in August, the month the factory got relocated. Due to dyeing problems, most factories in [District name] were closed temporarily; [Factory name] had very little work to do during that time. During relocation, most laborers left the job; factory was on fresh recruitment. The results of improvement can be documented only when production happens in full swing, which we expect by the end of January 2012. Will post developments then.
Supplier CAP Date:	
Action Taken:	
Plan Complete:	No
Plan Complete Date:	

FAIR LABOR ASSOCIATION

Code Awareness:

GEN.1 Establish and articulate clear, written workplace standards. Formally convey those standards to Company factories as well as to licensees, contractors and suppliers.

Noncompliance

Explanation:	According to management interviews, company has not formulated any workplace standards, as they have not been communicated to the factory.
Plan Of Action:	While audited factory was not in use at this time, nor would be used going forward, company has been working with vendor for initial clarification and corrective action plan to address each issue in order to ensure a responsible exit from this factory.
Deadline Date:	
Supplier CAP:	The audit happened in August, the month the factory got relocated. Due to dyeing problems, most factories in [District name] were closed temporarily; [Factory name] had very little work to do during that time. During relocation, most laborers left the job; factory was on fresh recruitment. The results of improvement can be documented only when production happens in full swing, which we expect by the end of January 2012. Will post developments then.
Supplier CAP Date:	
Action Taken:	
Plan Complete:	No
Plan Complete Date:	

FAIR LABOR ASSOCIATION

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:	Management is unaware about FLA workplace Code of Conduct (COC) and has not received any communication about COC from the company. Hence, workers were not aware of the components of the workplace COC, either. Company COC is not posted anywhere on factory premises.
Plan Of Action:	While audited factory was not in use at this time, nor would be used going forward, company has been working with vendor for initial clarification and corrective action plan to address each issue in order to ensure a responsible exit from this factory.
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Supplier CAP:	The audit happened in August, the month the factory got relocated. Due to dyeing problems, most factories in [District name] were closed temporarily; [Factory name] had very little work to do during that time. During relocation, most laborers left the job; factory was on fresh recruitment. The results of improvement can be documented only when production happens in full swing, which we expect by the end of January 2012. Will post developments then.
Supplier CAP Date:	
Action Taken:	
Plan Complete:	No
Plan Complete Date:	

FAIR LABOR ASSOCIATION

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:	Company has not developed a communication channel to enable factory employees to report directly to company on any noncompliance with workplace standards.
Plan Of Action:	While audited factory was not in use at this time, nor would be used going forward, company has been working with vendor for initial clarification and corrective action plan to address each issue in order to ensure a responsible exit from this factory.
Deadline Date:	
Supplier CAP:	The audit happened in August, the month the factory got relocated. Due to dyeing problems, most factories in [District name] were closed temporarily; [Factory name] had very little work to do during that time. During relocation, most laborers left the job; factory was on fresh recruitment. The results of improvement can be documented only when production happens in full swing, which we expect by the end of January 2012. Will post developments then.
Supplier CAP Date:	
Action Taken:	
Plan Complete:	No
Plan Complete Date:	

FAIR LABOR ASSOCIATION

Health and Safety: Written Health and Safety Policy

H&S.3 Employers are required to develop, maintain and regularly review a written health and safety policy. The policy must, at the very least, be aimed at complying with legal minimum safety and health standards, regulations and procedures. (P)

Noncompliance

Explanation:	Factory does not have a health and safety policy. Also. it does not have a Health and Safety Committee.
Plan Of Action:	While audited factory was not in use at this time, nor would be used going forward, company has been working with vendor for initial clarification and corrective action plan to address each issue in order to ensure a responsible exit from this factory.
Deadline Date:	
Supplier CAP:	The audit happened in August, the month the factory got relocated. Due to dyeing problems, most factories in [District name] were closed temporarily; [Factory name] had very little work to do during that time. During relocation, most laborers left the job; factory was on fresh recruitment. The results of improvement can be documented only when production happens in full swing, which we expect by the end of January 2012. Will post developments then.
Supplier CAP Date:	
Action Taken:	
Plan Complete:	No
Plan Complete Date:	

FAIR LABOR ASSOCIATION

Health and Safety: Notification and Record Maintenance

H&S.7 Employers shall notify the relevant authorities of all illnesses and accidents as required by applicable laws. All illness, safety and accident reports shall be maintained on site for at least one year, or longer if required by law. (P)

Noncompliance

Explanation:	Factory does not maintain any accident/injury or first aid records.
Plan Of Action:	While audited factory was not in use at this time, nor would be used going forward, company has been working with vendor for initial clarification and corrective action plan to address each issue in order to ensure a responsible exit from this factory.
Deadline Date:	
Supplier CAP:	The audit happened in August, the month the factory got relocated. Due to dyeing problems, most factories in [District name] were closed temporarily; [Factory name] had very little work to do during that time. During relocation, most laborers left the job; factory was on fresh recruitment. The results of improvement can be documented only when production happens in full swing, which we expect by the end of January 2012. Will post developments then.
Supplier CAP Date:	
Action Taken:	
Plan Complete:	No
Plan Complete Date:	

FAIR LABOR ASSOCIATION

Health and Safety: Permits and Certificates

H&S.8 The employer shall at all times be in possession of all legally required and valid permits and certificates related to health and safety issues, such as those related to the purchase and storage of chemicals, fire safety inspections, inspection of machinery, and (chemical) waste disposal. (P)

Noncompliance

Explanation:	Factory does not have a "No Objection Certificate" (NOC) for fire safety from local fire department. Also, factory does not have an approved building plan by local legal authorities as required by law.
Plan Of Action:	While audited factory was not in use at this time, nor would be used going forward, company has been working with vendor for initial clarification and corrective action plan to address each issue in order to ensure a responsible exit from this factory.
Deadline Date:	
Supplier CAP:	The audit happened in August, the month the factory got relocated. Due to dyeing problems, most factories in [District name] were closed temporarily; [Factory name] had very little work to do during that time. During relocation, most laborers left the job; factory was on fresh recruitment. The results of improvement can be documented only when production happens in full swing, which we expect by the end of January 2012. Will post developments then.
Supplier CAP Date:	
Action Taken:	
Plan Complete:	No
Plan Complete Date:	

FAIR LABOR ASSOCIATION

Health and Safety: Evacuation Requirements and Procedure

H&S.9 All applicable legally required or recommended elements of safe evacuation (such as posting of evacuation plans, the installation and maintenance of an employee alarm and emergency lighting systems, ensuring aisles/exits are not blocked and that workers are not blocked within their workstations, employee education, evacuation procedures, etc.) shall be complied with. Workers shall be trained in evacuation procedures. Alarm systems shall be regularly tested and evacuation drills shall be undertaken at least annually. (S)

Noncompliance

Explanation:	According to visual inspection, no evacuation plan displayed in factory. Aisles are clearly marked, but blocked in cutting and stitching sections. Exits are clearly marked but, emergency exit for cutting section is blocked with a recently shifted screen printing machine. Also, no evacuation drills have been conducted in the factory's current location since October 2010.
Plan Of Action:	While audited factory was not in use at this time, nor would be used going forward, company has been working with vendor for initial clarification and corrective action plan to address each issue in order to ensure a responsible exit from this factory.
Deadline Date:	
Supplier CAP:	The audit happened in August, the month the factory got relocated. Due to dyeing problems, most factories in [District name] were closed temporarily; [Factory name] had very little work to do during that time. During relocation, most laborers left the job; factory was on fresh recruitment. The results of improvement can be documented only when production happens in full swing, which we expect by the end of January 2012. Will post developments then.
Supplier CAP Date:	
Action Taken:	
Plan Complete:	No
Plan Complete Date:	

Health and Safety: Safety Equipment and First Aid Training

H&S.10 All safety and medical equipment (such as fire fighting equipment, first aid kits, etc.) shall be available in sufficient numbers throughout the factory, maintained and stocked as prescribed and easily accessible to workers. A sufficient number of workers shall be trained in first aid and fire fighting techniques. (S)

Noncompliance

Explanation:	Emergency lights are not installed and the number of fire extinguishers is not appropriate for factory. Also, first aid boxes are not well equipped, as one of them had only cotton stored in it. No records for first aid or fire fighting training were available on date of audit. Factory Rules, Rule 66, specifies that the number of first aid fire fighting appliances need to meet requirements of relevant IS code. IS 2190 specifies type and number of fire extinguishers based on hazards and mediums used in the extinguisher. E.g., water-type extinguishers, 2 per 100 square meters.
Plan Of Action:	While audited factory was not in use at this time, nor would be used going forward, company has been working with vendor for initial clarification and corrective action plan to address each issue in order to ensure a responsible exit from this factory.
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Supplier CAP Date:	
Action Taken:	
Plan Complete:	No

Plan Complete Date:

Health and Safety: Personal Protective Equipment

H&S.11 Workers shall be provided with effective and all necessary personal protective equipment (such as gloves, eye protection, hearing protection, respiratory protection, etc.) to prevent unsafe exposure (such as inhalation or contact with solvent vapors, noise, dust, etc.) to health and safety hazards, including medical waste. (S)

Uncorroborated Evidence of Noncompliance

Explanation: Management interview revealed that workers used personal protective equipments (PPE), but worker discussions revealed they were unaware of PPE. This could not be corroborated further as no workers were found working in cutting or stitching sections.

Plan Of Action: While audited factory was not in use at this time, nor would be used going forward, company has been working with vendor for initial clarification and corrective action plan to address each issue in order to ensure a responsible exit from this factory.

Deadline Date:

Supplier CAP: The audit happened in August, the month the factory got relocated. Due to dyeing problems, most factories in [District name] were closed temporarily; [Factory name] had very little work to do during that time. During relocation, most laborers left the job; factory was on fresh recruitment. The results of improvement can be documented only when production happens in full swing, which we expect by the end of January 2012. Will post developments then.

Supplier CAP Date:

Action Taken:

Plan Complete: No

Plan Complete Date:

Health and Safety: Machinery Maintenance and Worker Training

H&S.18 All production machinery, equipment and tools shall be regularly maintained and properly guarded. Workers shall receive training in the proper use and safe operation of machinery, equipment and tools they use. Employers shall ensure safety instructions are either displayed/posted near all machinery or are readily accessible to the workers. (S)

Uncorroborated Evidence of Noncompliance

Explanation: Machine maintenance records were not available on day of IEM; hence, no evidence of the last date of machine maintenance or its frequency.

Plan Of Action: While audited factory was not in use at this time, nor would be used going forward, company has been working with vendor for initial clarification and corrective action plan to address each issue in order to ensure a responsible exit from this factory.

Deadline Date:

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Supplier CAP Date:

Action Taken:

Plan Complete: No

Plan Complete Date:

Health and Safety: Drinking Water

H&S.26 Safe and clean drinking water shall be freely available at all times, within reasonable distance of the workplace. Drinking water shall be of a reasonable temperature and the means to drink water (cups, etc.) must be safe and sanitary and available in an appropriate number. (S)

Noncompliance

Explanation: Drinking water available on first floor has lot of dirt and dust accumulated around it. The other source is in an open area on the ground floor, where water is stored in a plastic drum. Water did not seem to be safe for drinking. Please refer to picture labeled "drinking water source."

Plan Of Action: While audited factory was not in use at this time, nor would be used going forward, company has been working with vendor for initial clarification and corrective action plan to address each issue in order to ensure a responsible exit from this factory.

Deadline Date:

Supplier CAP: The audit happened in August, the month the factory got relocated. Due to dyeing problems, most factories in [District name] were closed temporarily; [Factory name] had very little work to do during that time. During relocation, most laborers left the job; factory was on fresh recruitment. The results of improvement can be documented only when production happens in full swing, which we expect by the end of January 2012. Will post developments then.

Supplier CAP Date:

Action Taken:

Plan Complete: No

Plan Complete Date:

Hours of Work: Time Recording System

HOW.6 Time worked by all workers, regardless of compensation system, shall be fully documented by time cards or other accurate and reliable recording systems such as electronic swipe cards. Employers are prohibited from maintaining multiple time-keeping systems and/or false records for any fraudulent reason, such as to falsely demonstrate working hours. Time records maintained shall be authentic and accurate. (P)

Noncompliance

Explanation: There are no accurate or reliable time recording systems in factory. Records maintained by factory indicate the presence of workers, not their actual work hours. Present records maintained in terms of shifts, where the symbol "x" is used to indicate regular hours worked in a day; "x1" is used to indicate 1 and a half day worked, i.e., 2 to 2.5 hours of overtime.

Plan Of Action: While audited factory was not in use at this time, nor would be used going forward, company has been working with vendor for initial clarification and corrective action plan to address each issue in order to ensure a responsible exit from this factory.

Deadline Date:

Supplier CAP: The audit happened in August, the month the factory got relocated. Due to dyeing problems, most factories in [District name] were closed temporarily; [Factory name] had very little work to do during that time. During relocation, most laborers left the job; factory was on fresh recruitment. The results of improvement can be documented only when production happens in full swing, which we expect by the end of January 2012. Will post developments then.

Supplier CAP Date:

Action Taken:

Plan Complete: No

Plan Complete Date:

Hours of Work: Annual Leave/Restrictions

HOW.16 Any factory restrictions or procedures applicable to taking annual leave, such as requiring a minimum period of service before being allowed to use annual leave, written requests to be submitted a certain time before the annual leave would be taken, etc., must be in line with local laws, regulations and procedures and must be communicated in full to all workers. (S)

Uncorroborated Evidence of Noncompliance

Explanation: Appointment letters or employment contracts used for such communication are not provided to workers.

Plan Of Action: While audited factory was not in use at this time, nor would be used going forward, company has been working with vendor for initial clarification and corrective action plan to address each issue in order to ensure a responsible exit from this factory.

Deadline Date:

Supplier CAP: The audit happened in August, the month the factory got relocated. Due to dyeing problems, most factories in [District name] were closed temporarily; [Factory name] had very little work to do during that time. During relocation, most laborers left the job; factory was on fresh recruitment. The results of improvement can be documented only when production happens in full swing, which we expect by the end of January 2012. Will post developments then.

Supplier CAP Date:

Action Taken:

Plan Complete: No

Plan Complete Date:

Hours of Work: Suspension of Work

HOW.22 Employers can only suspend work in accordance with local laws, regulations and procedures. Workers shall be paid in full during periods of suspension, unless local laws stipulate otherwise, workers and their representative organizations (temporarily) agree otherwise, and the relevant national authorities authorize the alternative arrangement. (S)

Noncompliance

Explanation: Workers not found to be working in factory on day of audit. Employer had suspended work for an approximate period of 1 month. No notice was given to workers regarding this time off; this was a leave without pay.

Plan Of Action: While audited factory was not in use at this time, nor would be used going forward, company has been working with vendor for initial clarification and corrective action plan to address each issue in order to ensure a responsible exit from this factory.

Deadline Date:

Supplier CAP: The audit happened in August, the month the factory got relocated. Due to dyeing problems, most factories in [District name] were closed temporarily; [Factory name] had very little work to do during that time. During relocation, most laborers left the job; factory was on fresh recruitment. The results of improvement can be documented only when production happens in full swing, which we expect by the end of January 2012. Will post developments then.

Supplier CAP Date:

Action Taken:

Plan Complete: No

Plan Complete Date: