

Fair Labor Association: Independent External Factory Assessment

Assessment Date :

26 Aug 2021



Factory Information

FLA Affiliates	Team Beans & Forever Collectib
Country	China
Number of Workers	98

Understanding this Report

Companies that join the FLA agree to uphold the FLA Workplace Code of Conduct throughout their entire supply chain. The Code of Conduct is based on International Labour Organization (ILO) standards, and defines labor standards that aim to achieve decent and humane working conditions.

FLA Code Element

Number of Violations

Compensation (C)	4
Employment Relationship (ER)	3
Freedom Of Association And Collective Bargaining (FOA)	1
Health, Safety And Environment (HSE)	7
Hours Of Work (HOW)	2

Assessment Information

Assessor	Openview- China Shenzhen
Assessment Date	26 Aug 2021

Assessment Purpose

Factory Assessment (In-Person)

ASSESSMENT RESULTS

Compensation (C)

Benchmark ID	C.12.1
Benchmark Details	All legally mandated deductions for taxes, social insurance, or other purposes shall be deposited each pay period in the legally defined account or transmitted to the legally defined agency. This includes any lawful garnishments for back taxes, etc.
Finding Details	The contribution base of the five types of social insurances is not in line with legal requirement. The factory contributes to pension and unemployment insurances based on CNY 2,100 (USD 323) per month, medical and maternity insurances based on CNY 3,488.4 (USD 536.68) per month and work-related injury insurance based on CNY 3,488 (USD 536.61) per month, which is not in line with legal requirement of contribution based on worker's average monthly wage of previous year. 90% of workers' average monthly wages of previous year were higher than current contribution base, ranging from CNY 3,800 (USD 584.61) to CNY 5,000 (USD 769.23).
Recommendation for Immediate Action	Contribute to social insurance based on worker's average monthly wage of previous year.
Compliance Classifications	Immediate Action Required
Local Law	Social Insurance Law of the PRC, Article 12 and Article 60
Benchmark ID	C.8
Benchmark Details	All workers shall be credited with all-time worked for an employer for purposes of calculating length of service and determine the benefits to which workers are entitled.
Finding Details	The factory does not take workers' external seniority (previous job experience prior to factory employment) into account when calculating annual leave, as required by law.

Recommendation for Immediate Action	Calculate annual leave based on worker's cumulative working experience (working age).
Compliance Classifications	Immediate Action Required
Local Law	Implementation Measures of workers' Paid Annual Leave (2008), Article 4
Benchmark ID	C.1.1
Benchmark Details	Employers shall comply with all national laws, regulations and procedures concerning the payment of compensation to workers.
Finding Details	The factory does not provide social insurance to all eligible workers. There is a total of 404 workers working in the factory, including 30 retired but re-recruited workers and 53 new hires. 321 workers are eligible for social insurance contribution. The factory has provided 46 out of 321 eligible workers (14.33%) with pension and unemployment insurances, 35 out of 321 eligible workers (10.9%) with medical and maternity insurances, and 215 out of 321 eligible workers (66.98%) with work-related injury insurance. As a supplement, the factory has provided commercial accidental injury insurance to 211 workers, which is valid from July 15, 2021 to July 14, 2022 and has a maximum benefit amount of CNY 200,000 (USD 30,769) per worker.
Recommendation for Immediate Action	Provide social insurance to all eligible workers.
Compliance Classifications	Immediate Action Required
Local Law	The China Labor Law, Article 72
Benchmark ID	C.21.1
Benchmark Details	Employers shall provide all legally mandated benefits, including holidays, leave, bonuses, severance payments and 13th month payments to all eligible workers within legally defined time periods.

Finding Details	The factory does not contribute to the Housing Provident Fund for any eligible workers.
Recommendation for Immediate Action	Provide all eligible workers with the legally required Housing Provident Fund.
Compliance Classifications	Immediate Action Required
Local Law	Regulations on Management of Housing Provident Fund, Article 15

Employment Relationship (ER)

Benchmark ID	ER.2
Benchmark Details	Employers shall ensure that all legally mandated requirements for the protection or management of special categories of workers, including migrant, juvenile, contract/contingent/temporary, probationary workers, home workers, and pregnant or disabled workers, are implemented. Where local laws and FLA standards differ, the employer is expected to follow the highest applicable standard.
Finding Details	The factory has not hired any disabled workers, which is in violation of legal requirement that states at least 1.5% of the total workforce should be composed of disabled workers. Although the factory contributed to the Employment Security Fund in lieu of employing disabled workers as allowed under the local law, this practice carries the risk of discrimination based on FLA Workplace Code and Benchmarks.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	Nil
Benchmark ID	ER.7.1

Benchmark Details	Employers shall have written policies and procedures with regard to performance reviews that outline the review steps and process, demonstrate linkages to job grading, prohibit discrimination, are provided in writing and seek feedback and agreement/disagreement from employees in writing, and that follow all local legal requirements.
Finding Details	The factory does not establish performance review procedure and does not conduct performance review for any workers.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	Nil
Benchmark ID	ER.1.3
Benchmark Details	Employers should implement an annual, review process with input from workers of all policies, procedures and their implementation to ensure they meet legal requirements and the FLA Workplace Code.
Finding Details	The worker integration component is missing across all Employment Functions. This indicates that the factory has not established procedures to request and receive workers' input and feedback regarding the creation, implementation and updating of its policies and procedures. Workers are neither systematically integrated nor consulted in decision-making processes.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	Nil

Freedom Of Association And Collective Bargaining (FOA)

Benchmark ID	FOA.10
Benchmark Details	Employers shall refrain from any acts of interference with the formation or operation of workers' organizations, including acts which are designed to establish or promote the domination, financing or control of workers' organizations by employers.
Finding Details	<p>FLA Comment: The Chinese constitution guarantees Freedom of Association; however, the Trade Union Act prevents the establishment of trade unions independent of the sole official trade union – the All-China Federation of Trade Unions (ACFTU). According to the International Labor Organization (ILO), many provisions of the Trade Union Act are contrary to the fundamental principles of freedom of association, including the non-recognition of the right to strike. As a consequence, all factories in China fall short of the ILO standards on the right to organize and bargain collectively. Recently, however, the government has introduced new regulations that could improve the functioning of the labor relations' mechanisms. The Amended Trade Union Act of October 2001 stipulates that union committees have to be democratically elected at members' assemblies and trade unions must be accountable to their members. The trade union has the responsibility to consult with management on key issues of importance to their members and to sign collective agreements. It also grants the trade union an enhanced role in dispute resolution. In December 2003, the Collective Contracts Decree introduced the obligation for representative trade unions and employers to negotiate collective agreements, in contrast to the previous system of non-negotiated administrative agreements.</p>
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	Nil

Health, Safety And Environment (HSE)

Benchmark ID	HSE.5.1.4
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Benchmark Details	All applicable, legally required or recommended elements of safe evacuation shall be complied with, including all the following: ensuring aisles/exits are not blocked and that workers are not blocked within their workstations
Finding Details	Plastic bags, which are combustible materials, are stored under the stairwell on the first floor of the production building.
Recommendation for Immediate Action	Remove the combustible materials from the stairwell and ensure all stairwells are unblocked.
Compliance Classifications	Immediate Action Required
Local Law	The Code of Design on Building Fire Protection and Prevention (GB50016-2014), Article 6.4.1
Benchmark ID	HSE.9.1
Benchmark Details	All chemicals and hazardous substances shall be properly labeled and stored in secure and ventilated areas and disposed of in a safe and legal manner, in accordance with applicable laws and international standards.
Finding Details	Drinking water bottles are used as chemical dispensing containers in working areas. However, no safety labels are posted on any of those chemical containers.
Recommendation for Immediate Action	Store chemicals in proper containers and post safety labels on all chemical containers.
Compliance Classifications	Immediate Action Required
Local Law	Regulation of Chemical Safety Usage in Workplace, Article 12 and Article 19
Benchmark ID	HSE.19

Benchmark Details	All facilities including workplace buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with all applicable laws, including relevant sanitation, medical, and safety and health regulations.
Finding Details	The factory does not provide soap or hand dryers in the toilets.
Recommendation for Immediate Action	Provide soap and hand dryers in the toilets.
Compliance Classifications	Immediate Action Required
Local Law	Nil
Benchmark ID	HSE.14.1
Benchmark Details	All production machinery, equipment and tools shall be properly guarded and regularly maintained.
Finding Details	Traffic lanes and walking paths are not marked on the factory premises.
Recommendation for Immediate Action	Mark traffic lanes and walking paths on the factory premises.
Compliance Classifications	Immediate Action Required
Local Law	Nil
Benchmark ID	HSE.4.1
Benchmark Details	Employers shall at all times be in possession of all legally required and valid permits and certificates related to health, safety, and environmental issues, such as: Purchase and storage of chemicals; Fire safety inspections; Machinery inspections; Waste disposal; Environmental licenses/permits; Sanitation permits, including those required for canteens; and Vehicle inspection and driver permits for all employer provided transportation.

Finding Details	The factory has never conducted any kind of assessment on occupational disease hazards since the construction of production buildings completed in 2013.
Recommendation for Immediate Action	Conduct assessment of current condition of occupational disease hazards and obtain valid reports.
Compliance Classifications	Immediate Action Required
Local Law	Law of Prevention and Control of Occupational Diseases, Article 17, Article 18; Provisions on the Supervision and Administration of Occupational Health at Work Sites, Article 20
Benchmark ID	HSE.1
Benchmark Details	Employers shall comply with all national laws, regulations and procedures concerning health, safety, and the environment.
Finding Details	The factory does not provide pre-job or post-job occupational health examination to workers with hazardous exposure to chemicals, dust and noise. There have been around 60 workers and 30 resigned workers eligible for pre-job and post-job occupational health examination during the past 12 months. The factory has provided on-job occupational health examination to all eligible workers in May 2021.
Recommendation for Immediate Action	Provide pre-job and post-job occupational health examination to workers with hazardous exposure to chemicals, dust and noise.
Compliance Classifications	Immediate Action Required
Local Law	China Law of Prevention and Control of Occupational Diseases, Article 26
Benchmark ID	HSE.17.1
Benchmark Details	Workstations, including seating and standing arrangements and reach required to obtain tools, shall be designed and set-up in such a manner as to minimize bodily strains.

Finding Details	The factory does not take steps to reduce repetitive-motion stress or injuries. The factory does not provide adjustable chairs with removable armrests and backrests to workers working with sitting position or anti-fatigue mats to workers working with standing position.
Recommendation for Immediate Action	Provide adjustable chairs with removable armrests and backrests to workers working with sitting position and anti-fatigue mats to workers working with standing position.
Compliance Classifications	Immediate Action Required
Local Law	Nil

Hours Of Work (HOW)

Benchmark ID	HOW.1.1
Benchmark Details	Employers shall comply with all national laws, regulations and procedures concerning hours of work, public holidays and leave.
Finding Details	Overtime hours exceed the legal limit of 36 hours per month. Time records for the period from August 2020 to August 25, 2021 and worker interviews indicate that about 70% of workers worked more than 36 overtime hours in all reviewed months, with a maximum of 84 overtime hours in October 2020 and July 2021.
Recommendation for Immediate Action	Control overtime hours to achieve full compliance with legal requirement.
Compliance Classifications	Immediate Action Required
Local Law	The China Labor Law, Article 41
Benchmark ID	HOW.20

Benchmark Details	Employers shall have in place practices that conduct regular analysis of hours of work in their workplaces and procedures that demonstrate a commitment to progressively reducing excessive hours of work.
Finding Details	The factory production plan is based on 58 hours per week. Factory management sets production targets and the production system at a level that workers need to work 18 overtime hours (two hours per day on five weekdays, eight hours on Saturday) per week.
Recommendation for Immediate Action	Set production plan based on regular working hours. Adjust production targets so that workers do not need to work overtime to meet them.
Compliance Classifications	Immediate Action Required
Local Law	Nil

