



COMPANIES: Zazzle Inc.

COUNTRY: China

ASSESSMENT DATE: 07/23/18

ASSESSOR: Openview

PRODUCTS: Other

NUMBER OF WORKERS: 5

FLA Comments

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

Summary of Code Violations

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

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

Findings and Action Plans

FINDING NO.1

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

1. There is no written job description prepared for all positions. [ER.1, ER.11]
2. The factory only provides two performance review records regarding two management employees. Management interview and worker interview indicates that performance reviews are conducted for all employees, but no other records are kept. [ER.29]
3. The factory has not hired any disabled workers, which is a violation of legal requirements that state at least 1.5% of the total workforce should be composed of disabled workers. The factory does not contribute to the Employment Security Fund in lieu of employing disabled workers as required in local law. [ER.3, ND.2]

Local Law or Code Requirement

Regulations on the Employment of Persons with Disabilities, Articles 8 and 9. FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.3, ER.11 and ER.29; Nondiscrimination Benchmark ND.2)

FINDING NO.2

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Compensation

Finding Explanation

1. A review of social insurance payment proof from July 2017 to July 2018 and interviews showed that the factory does not provide employees social insurance to all employees. Only four out of 19 eligible employees (21%) were provided with work-related injury, medical, pension, unemployment and maternity insurance. [ER.22, C.10]
2. The contribution base of the five types of social insurances is not in line with legal requirements. The contribution is actually based on the local minimum requirement of CNY 2,906 (USD 423) for work-related injury, maternity and unemployment insurance, CNY 3,100 (USD 451) for pension insurance and CNY 4,454 (USD 649) for medical insurance, instead of based on an employee's actual monthly wage (about 89% of employees' wage range is between CNY 3,500 (USD 510) to CNY 4,500 (USD 660) per month). [ER.2, C.10]
3. The factory doesn't contribute to the Housing Provident Fund for any employees. [ER.22, C.1, C.10]

Local Law or Code Requirement

The China Labor Law, Article 72; Social Insurance Law of the PRC, Articles 12 and 58; Regulations on Management of Housing Provident Fund, Articles 2, 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 legally required social insurances.
2. Calculate social insurance contributions on workers' actual monthly wages.
3. Provide Housing Provident Fund for all employees.

FINDING NO.3

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Hours of Work

Finding Explanation

According to the time records for the period from July 1, 2017 to July 23, 2018 and worker interviews, 68% of workers' monthly overtime hours exceeded 36 hours per month in the reviewed period except February 2018, with a maximum of 82 hours in December 2017. [HOW.1]

Local Law or Code Requirement

The China Labor Law, Article 41. FLA Workplace Code (Hours of Work Benchmark HOW.1)

Recommendations for Immediate Action

Ensure employees' overtime hours do not exceed 36 hours a month.

FINDING NO.4

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Industrial Relations

Finding Explanation

1. FLA Comments: The Chinese constitution guarantees Freedom of Association; however, the Trade Union Act prevents the establishment of trade unions independent of the sole official trade union – the All-China Federation of Trade Unions (ACFTU). According to the International Labor Organization (ILO), many provisions of the Trade Union Act are contrary to the fundamental principles of freedom of association, including the non-recognition of the right to strike. As a consequence, all factories in China fall short of the ILO standards on the right to organize and bargain collectively. Recently, however, the government has introduced new regulations that could improve the functioning of the labor relations' mechanisms. The Amended Trade Union Act of October 2001 stipulates that union committees have to be democratically elected at members' assemblies and trade unions must be accountable to their members. The trade union has the responsibility to consult with management on key issues of importance to their members and to sign collective agreements. It also grants the trade union an enhanced role in dispute resolution. In December 2003, the Collective Contracts Decree introduced the obligation for representative trade unions and employers to negotiate collective agreements, in contrast to the previous system of non-negotiated administrative agreements. [FOA.2]

Local Law or Code Requirement

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

FINDING NO.5

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Workplace Conduct & Discipline

Finding Explanation

1. None of the workers receive a copy of the workplace rules during orientation. [ER.27]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.27)

FINDING NO.6

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Grievance System

Finding Explanation

1. There is no evidence that management reviews complaints and grievances and takes appropriate action. [ER.27]
2. The factory doesn't maintain all documentation in relation to grievance processes, and only suggestion box opening records are provided for review. The factory does not keep records of the verbal grievances communicated to supervisors. [ER.2, ER.27]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.2 and ER.27)

FINDING NO.7

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The emergency alarm system does not have a backup battery. [HSE.5]
2. The traffic lanes and walk paths are not marked in the factory related compound. The factory is located on the 5th floor of one building inside the industry park and there are no traffic lanes and walk paths in the public area of the industry park. [HSE.1]
3. No convex mirror is installed in the corner in the factory related compound. The factory is located on the 5th floor of one building inside the industry park, which with a 90-degree angle from the outside to the industry park. And there is no convex mirror for this area. [HSE.1]
4. No fire wardens are responsible for helping workers safely evacuate in case of an emergency. [HSE.1, HSE.6.2]
5. The factory does not take proactive steps to reduce repetitive-motion stress/ injuries of workers. Most production workers sit for a long time while working inside the workshop, however, the provided chairs for the workers are not adjustable and without armrest and backrest. [HSE.17.1]
6. The factory does not post signs on the elevators to indicate the maximum working load. [HSE.1]

Local Law or Code Requirement

FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.5, HSE.6 and HSE.17)

Recommendations for Immediate Action

1. Install a backup battery for the emergency alarm system.
2. Mark traffic lanes and walk paths in the factory related compound.
3. Post signs on elevators indicating the maximum working load.

FINDING NO.8

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The factory does not conduct an annual test of the lightning protection system in the factory. [HSE.1, HSE.13]
2. The factory was founded in 2016. The factory has not conducted the pre-assessment of occupational disease hazards and the assessment of current condition of occupational disease hazards. [ER.2.1, HSE.1, HSE.4]
3. The factory does not conduct and provide a written report on the analysis of the conditions for the safety of construction projects. [ER.2.1, HSE.1, HSE.4]
4. The health and safety procedures are not complete. The following contents are missing: 1) Standard Operating Procedures (SOPs) for each job with a focus on performing the job safely; 2) the steps for workers to raise health and safety concerns; 3) protection against retaliation for workers who raise health and safety concerns; 4) measures to protect the reproductive health of workers through minimizing exposure to workplace hazards. [ER.31.2]
5. The factory does not have guidance documents for external contractors/ service providers concerning health and safety. [ER.31, HSE.2]
6. The factory does not provide safety information to contractors. [HSE.2]
7. The factory is located in a multiple-floor building with different owners; the factory management does not coordinate the fire safety concerns/ risks with other companies. [HSE.1]

Local Law or Code Requirement

Technical Specifications for Inspection of Lightning Protection System in Building, Article 6; PRC Law of Prevention and Control of Occupational Diseases, Article 17; Provisions on the Supervision and Administration of Occupational Health at Work Sites, Article 20; Supervision and Administration of the "Three Simultaneities" for Safety Facility at Construction Projects, Article 9; FLA Workplace Code (Employment Relationship Benchmarks ER.2 and ER.31; Health, Safety & Environment Benchmarks HSE.1, HSE.2, HSE.4, and HSE.13)

FINDING NO.9

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Environmental Protection

Finding Explanation

1. The Procedures to manage the factory's environmental impact do not include protection for workers who allege environmental violations. [ER.31.1, ER.31.2]
2. The factory could only provide the Environmental Impact Registration Form for review, not the Environmental Impact Assessment or Approval. [ER.2.1, HSE.1, HSE.4]
3. The factory does not clearly define the person(s) responsible for environmental protection within the factory. [ER.1]

Local Law or Code Requirement

The China Environmental Impact Assessment Law, Article 22. FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.2, and ER.31; Health, Safety & Environment Benchmarks HSE.1 and HSE.4)

FINDING NO.10

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Training (Macro)

Finding Explanation

1. Specific training for managers and supervisors is missing across all Employment Functions: Recruitment, Hiring & Personnel Development, Compensation, Hours of Work, Termination & Retrenchment, Industrial Relations, Workplace Conduct & Discipline, Grievance System, Health & Safety and Environmental Protection. [ER.1, ER.17]
2. The factory only provides orientation training to 26% of new workers and the orientation training does not include environmental protection. [ER.15]
3. The factory provides no training on workplace conduct to relevant HR personnel and administrative staff. [ER.27]
4. The factory trains no workers in proper lifting techniques. [HSE.14.2, HSE.17.2]
5. The factory provides no workers with maintenance responsibilities with specific maintenance safety training. [HSE.14.2]
6. The factory does not train workers with emergency response responsibilities how to effectively execute these responsibilities. [HSE.5.2]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.15, ER.17 and ER.27; Health, Safety & Environment Benchmarks HSE.5, HSE.14 and HSE.17)

FINDING NO.11

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Communication & Worker Involvement (Macro)

Finding Explanation

The worker integration component is missing across all Employment Functions: Recruitment, Hiring & Personnel Development, Compensation, Hours of Work, Termination & Retrenchment, Industrial Relations, Workplace Conduct & Discipline, Grievance System, Health & Safety, and Environmental Protection. This missing component indicates the factory has not established procedures to request or receive worker input or feedback regarding the creation, implementation, and updating of its policies & procedures. Workers are neither systematically integrated nor consulted in decision-making processes. [ER.1, ER.25]

Local Law or Code Requirement

FINDING NO.12

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Review Process (Macro)

Finding Explanation

The factory has conducted no management or internal reviews to ensure policies & procedures are updated according to local laws and the FLA Workplace Code and Benchmarks for all Employment Functions: Recruitment, Hiring & Personnel Development, Compensation, Hours of Work, Termination & Retrenchment, Industrial Relations, Workplace Conduct & Discipline, Grievance System, Health & Safety, and Environmental Protection. [ER.1, ER.30, ER.31]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.30 & ER.31)

FINDING NO.13

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Policies & Procedures (Macro)

Finding Explanation

1. The factory has no Policies & Procedures for the following Employment Functions: Personnel Development; Industrial Relations; and Workplace Conduct & Discipline. [ER.1, ER.25, ER.27, ER.29]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.25, ER.27 and ER.29)