



COMPANIES: Zazzle Inc.

COUNTRY: China

ASSESSMENT DATE: 05/18/16

ASSESSOR: Social Compliance Services Asia

PRODUCTS: Apparel

NUMBER OF WORKERS: 162

FLA Comments

Zazzle has ceased production at this facility due to the factory's lack of social compliance. Prior to leaving the factory Zazzle only made up very small percentage of the factory's production, therefore leaving the facility will not cause any retrenchment. No actions to remediate the findings in the report were taken prior to Zazzle leaving this factory.

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: Policies & Procedures (Macro)

Finding Explanation

The factory does not have written policies and procedures on Recruitment, Hiring & Personnel Development, Compensation, Hours of Work, Termination & Retrenchment, Industrial Relations, Workplace Conduct and Discipline, Grievance System, Health & Safety, and Environmental Protection.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.1, ER.7.2, ER.19.1, ER.23.1, ER.27.1, ER.28.1, ER.30.1, ER.31.1, ER.31.2, ER.31.3, and ER.32.1)

FINDING NO.2

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Training (Macro)

Finding Explanation

1. The factory has not provided specific training for relevant supervisors for the following management functions: Recruitment, Hiring & Personnel Development, Compensation, Industrial Relations, Workplace Conduct, Grievance System, Environmental Protection, and Health & Safety.
2. The factory has not provided ongoing training to employees for the following aspects: Recruitment, hiring and personnel development practices, wages and benefits structures or payment scheme, working hours, termination and retrenchment practices, industrial relations and freedom of association, workplace conduct/disciplinary practices, grievance system; environmental protection, Health & safety including PPE usage and maintenance, fire safety and emergency preparedness training and first aids.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.2, ER.15.1, ER.17.1, ER.27.2; Health, Safety & Environmental Benchmarks, HSE.5.2, HSE.6.2, HSE.8, HSE.9.2, HSE.14.2)

FINDING NO.3

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

1. The factory's recruitment advertising shows a restriction on gender and age in the hiring process; the sales clerk position must be female, and the age requirement for production workers is 18-55 years old.
2. There are no disabled workers recorded at this factory; however, the factory contributed to the disability funds according to legal requirement. Although the current practice complies with the legal requirements, this practice carries the risk of discrimination based on the FLA Workplace Code and Benchmarks.

Local Law or Code Requirement

Regulation on the Employment of the Disabled (2007), Articles 8 and 9; Labor Law of the People's Republic of China, Article 12; FLA Workplace Code (Nondiscrimination Benchmarks ND.1 and ND.2.1; Employment Relationship Benchmark ER.3)

Recommendations for Immediate Action

1. Ensure that the factory adopts practices and measures for nondiscrimination on gender and age in their hiring and recruitment process.
2. Ensure that proper policy and procedures on nondiscrimination are established and all HR related personnel are properly trained.

FINDING NO.4

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Compensation

Finding Explanation

1. The factory does not have a system to track employees' annual leaves. There is a set annual leave during Lunar New Year for all employees take, these dates are consented by the employees. However, employees who resign before Lunar New Year and who worked at the factory for more than one year were not paid their annual leave benefit.
2. The factory has not enrolled workers in the housing provident fund.
3. The factory does not always communicate its wage and benefits structure and payment policies and procedures to the general workplace.

Local Law or Code Requirement

Regulations on Annual Leave for Employees, Article 2; Regulation on the Housing Provident Fund Management (2002); FLA Workplace Code (Employment Relationship Benchmark ER.16, ER.22.2; Hours of Work Benchmarks HOW.11 and HOW.14; Compensation Benchmarks C.1, C.17)

Recommendations for Immediate Action

1. Ensure that all workers, including workers who resign from the factory, are properly provided with paid annual leave benefits.
2. Ensure regular internal inspections are carried out.
3. Ensure communication between factory and workplace on wage and benefit structures and payment policies and procedures.

FINDING NO.5

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Hours of Work

Finding Explanation

1. Approximately 10% of the workforce worked 66 hours per week in Nov 2015, Dec 2015, and Jan 2016. 80% of the workforce exceeded 36 hours per month of overtime. The highest monthly overtime recorded was 108 hours in Jan 2016.
2. The factory's production plan is based on 60 hours of work per week, including 2 hours of overtime per day.
3. Approximately 5% of the workforce did not have 24 consecutive hours of rest per week in the months of Dec 2015 and Jan 2016. For example, a worker worked for 17 days consecutively from Dec 14, 2015 to Dec 30, 2015.

Local Law or Code Requirement

Labor Law of the PRC, Article 38, Article 41; FLA Workplace Code (Hours of Work Benchmark HOW.1.1, HOW.1.2, HOW.1.3, HOW.2, HOW.8; Employment Relationship Benchmark ER.24)

Recommendations for Immediate Action

1. Ensure workers do not work more than the legal limit of 36 hours of overtime per month.
2. Ensure that workers receive at least 1 day off (24 consecutive hours of rest) for every 7-day working period.
3. Ensure that weekly working hours do not exceed the legal limit of 48 hours per week and ensure that the factory uses the regular working hours for their production planning.

FINDING NO.6

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The factory did not have a pre-assessment or any current assessment on the conditions and risks of occupational disease hazards.
2. The factory has not performed an asbestos exposure assessment.

Local Law or Code Requirement

Safety Monitoring Regulation of Special Equipment, Article 28; Prevention of Occupational Health, Article 17; FLA Workplace Code (Health, Safety, and Environment Benchmark HSE.1, HSE.4)

Recommendations for Immediate Action

Ensure the factory hires a qualified agent to carry out an assessment on occupational disease hazards.

FINDING NO.7

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. Some chemicals in the sewing workshop were not equipped with a secondary containment.
2. Some chemical containers were not labeled with the proper safety labels.
3. The factory does not have an appropriate system to respond to unexpected environmental emergencies such as chemical spills or gas leaks.

Local Law or Code Requirement

Regulation for Safety of Hazardous Chemical, Article 16; FLA Workplace Code (Health, Safety, and Environment Benchmarks HSE.5, HSE.9.1)

Recommendations for Immediate Action

1. Ensure that anti-leakage facilities are used for chemicals, e.g. secondary containers.
2. Ensure that all chemicals stored or being used in the factory have the necessary safety labels.
3. Ensure that management adopts practices for safe use of chemicals.
4. Ensure an appropriate system to respond to environmental emergencies.

FINDING NO.8

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. Approximately 70% of the fire extinguishers are directly placed on the ground; 10% of the firefighting equipment is blocked by production materials.
2. One of the aisles in the material warehouse is fully blocked by production materials; the staircase from the 1st to 2nd floor is partially blocked by production materials.
3. None of the safety exit signs installed in the production workshops are illuminated.

4. Two of the safety exits, one in the canteen and one in the workshop, did not have emergency lights installed.
5. The factory has not conducted fire drills for night shift workers.
6. There is no trained first aid personnel available at the facility.
7. Some of the markings indicating exit routes were not clear or noticeable.

Local Law or Code Requirement

Code for Design of Extinguisher Distribution in Buildings, Article 5.1.3; Fire Control Law of the People's Republic of China, Article 28; Code for Design of Building Fire Protection and Prevention, Article 11.3.1, Article 11.3.4; Health Standard for Design of Industrial Enterprise, 8.1.2; FLA Workplace Code (Health, Safety, and Environment Benchmark HSE.1, HSE.5.1, HSE.5.3; HSE 6)

Recommendations for Immediate Action

1. Ensure that fire extinguishers are properly installed and that they are mounted in line with the legal regulation of less than 1.50 meters above the floor from the top of the extinguisher, and 0.08 meters above the floor from the bottom of the extinguisher.
2. Keep evacuation aisles clear from obstruction at all times.
3. Ensure that illuminated exit signs are installed on the top of all exits in the workshop.
4. Ensure that emergency lights are installed above all exits.
5. Ensure night shift workers are provided with training on fire drills in case of emergencies.
6. Ensure that first aid training is provided to workers and ensure the availability of a trained first aid personnel during every work shift.
7. Re-mark the emergency evacuation markings on the floor, and periodically check the other floor markings.

FINDING NO.9

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The factory does not have an ergonomics program; it has not taken steps to reduce repetitive-motion induced stress or injuries.
2. Individual workstations are not adjustable to fit individual workers, and chairs do not have proper backrests. Anti-fatigue mats are not provided for standing workers.
3. The factory does not provide eligible workers with lifting belts, nor does it provide training on lifting techniques.

Local Law or Code Requirement

FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.3.2 and HSE.17)

Recommendations for Immediate Action

Provide lifting belts to eligible workers.

FINDING NO.10

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. One of the transmission belts of a carding machine was not equipped with a pulley guard.
2. There are no warning signs marked on approximately 10% of the electricity connection boxes.
3. Two working platforms in the loading area are one meter above ground and do not have guardrails to prevent employees from falling.

Local Law or Code Requirement

Code of Design of Manufacturing Equipment Safety and Hygiene, Article 6.1.6; Warning Sign in the Guidelines for Safety Signs and Usage, Article 2-7; Safety Requirements for Fixed Steel Ladders and Platform; FLA Workplace Code (Health, Safety, and Environment Benchmark HSE.1, HSE14.1)

Recommendations for Immediate Action

1. Ensure that all transmission belts are equipped with pulley guards.
2. Ensure all electrical devices and electric circuits are marked with appropriate warning signs to avoid electrocution.
3. Ensure that guard rails are installed on working platforms to prevent accidents, such as falls.
4. Ensure there are no electrical cord splices with duct tape.

FINDING NO.11

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Communication & Worker Involvement (Macro)

Finding Explanation

Worker integration is absent from all of the Employment Functions. The factory does not have procedures for workers' input and feedback on the creation, implementation, and revision of its policies and procedures. Workers are neither systematically integrated nor consulted in the decision-making processes.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.3, ER.16.1, ER.25.2, ER.27.3, ER.29, and ER.30.2)

FINDING NO.12

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Industrial Relations

Finding 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 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 does stipulate 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 (Employment Relationship Benchmarks ER.26) Freedom of Association Benchmarks (FOA 1, FOA.2, FOA.10, FOA.11, FOA.15, FOA.17, and FOA.21)

FINDING NO.13

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The factory does not have a system in place to review Health and Safety policies and programs on a periodic basis.
2. There is no system to make sure all health and safety programs are updated according to local laws and regulations or FLA Workplace Code requirements.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1 and ER.31)