



COMPANIES: Zephyr Graf-X

COUNTRY: United States

ASSESSMENT DATE: 07/29/19

ASSESSOR: Miriam Rodriguez

PRODUCTS: Accessories [items, such as handbag clasps, that are affixed to other products]

NUMBER OF  
WORKERS: 56

## 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.

FLA Code Element	Number of Violations
Compensation	1
Hours of Work	3
Employment Relationship	38
Health, Safety, and Environment	19

## Findings and Action Plans

### FINDING NO.1

#### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Recruitment, Hiring & Personnel Development

##### Finding Explanation

1. Seniority and fringe benefits are not provided to temporary workers who are converted to permanent employees. Workers converted from the temporary labor agency's payroll to the factory's payroll have their seniority dated from the start date of permanent employment, rather than the first workday as a temporary or contracted worker at the factory. As of July 2019, five (5) workers were converted to permanent status. This practice does not align FLA benchmark stipulating that for any temporary worker who becomes permanent employee, seniority and other fringe benefits eligibility must be dated from the first date as a temporary worker. [ER.12]

2. The facility's Equal Employment Opportunity Policy listed in the Employee Handbook lacks the following categories: political opinion, social group, ethnic group, or union affiliation or sympathy. This policy statement does not align with FLA Code. [ER.3.2]

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.3, ER.12)

#### COMPANY ACTION PLANS

##### Action Plan no 1.

##### Description

1.The factory will update it's policy and procedures on seniority and fringe benefits for temporary workers who are converted to permanent employees.

2. The factory will update it's policy and procedures on contracts with temporary labor agencies.

## FINDING NO.2

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Policies & Procedures (Macro)

##### Finding Explanation

1. The current facility's employee handbook (revised 6/1/2018) does not include a progressive disciplinary policy, which embodies progressive disciplinary actions (from verbal warning through terminations). [ER.27]

2. The employee handbook does not include a formal written policy and procedures governing any aspects of Termination and Retrenchment. Since there is no policy or procedures, the factory has not provided communication or training to workers or worker representatives on termination and retrenchment. Additionally, the facility management has not conducted a periodic review of the same. [ER.32]

3. The employee handbook does not include a policy on hours of work. The handbook instead addresses time and attendance expectations, which includes the following statement: "Full-time hourly employees may be required to work overtime hours". The policy lacks the following:

- That the total workweek hours (both regular and overtime hours) will not exceed 60 hours per week,
- That overtime is voluntary on the part of the worker,
- That the company will provide, at minimum, one day off in seven days of work.

In practice, a review of payroll records and time cards, and interviews with workers did not highlight any non-conformance to the 60-hour workweek, the one day off in seven, or forced overtime. [HOW.1.3, HOW.8.2, and HOW.8.3]

4. The facility has not developed or communicated policies on the following: Child Labor, Forced Labor, or Freedom of Association. Additionally, the facility does not have a defined probationary period for new hires. [ER.1, ER.15, ER.16]

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.15, ER.16, ER.27, ER.32; Hours of Work Benchmarks HOW.1.3, HOW.8.2, HOW.8.3)

### COMPANY ACTION PLANS

#### Action Plan no 1.

##### Description

1. The factory will update its employee handbook to include a progressive disciplinary policy.
2. The factory will update its handbook to include a formal written policy and procedures governing any aspects of Termination and Retrenchment.
3. The factory will update its handbook to include a policy on hours of work that are specified to not exceed a total amount of hours per week, that OT is voluntary, workers are given at least 1 day off per 7 days of week.
4. The factory will update its handbook to include a policy on child labor, forced labor and freedom of association clauses per the guidance in the FLA handbook, and will also include probationary procedures for new hires

Planned completion date  
10/15/19

## FINDING NO.3

## SUSTAINABLE IMPROVEMENT REQUIRED

### FINDING TYPE: Communication & Worker Involvement (Macro)

#### Finding Explanation

1. Although the facility provides a lactation room for nursing mothers and displays the current state labor poster which highlights state law on pregnant worker rights, and provides paid maternity leave, the facility does not communicate the lactation policy and the break time requirements for nursing mothers in the current employee handbook. [ER.16]

2. The facility displayed outdated labor posters which listed outdated minimum wage information. During payroll record review, the assessors did not find any violations of minimum wage. [C.2]

#### Local Law or Code Requirement

Fair Labor Standards Act, Section 7 (Break Time for Nursing Mothers, March 2010); FLA Workplace Code (Employment Relationship Benchmark ER.16, Compensation Benchmark C.2)

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. The factory is currently be revised in Q1 2020 and will include a documented lactation policy and break time for nursing mothers.

2. The will factory will remove the outdated labor posters and will post updated/current labor posters.

#### Planned completion date

10/15/19

#### Company Action Plan Update

2. The factory has replaced the outdated labor posters with new labor posters. These posters are posted in the breakrooms. Completed 12/12/2019

## FINDING NO.4

## SUSTAINABLE IMPROVEMENT REQUIRED

### FINDING TYPE: Recruitment, Hiring & Personnel Development

#### Finding Explanation

1. The temporary agency did not provide documentation for the one temporary worker assigned to the factory. Therefore, the assessors were unable to verify the vetting or recruitment practices or if the temporary labor agency charges applicants or prospective employees with the costs of background checks, drug tests, or other costs that should be born by the employer. [ER.5]

2. The facility does not have a contract with the temporary labor agency, which would impart the power for the facility to pay wages directly to temporary workers assigned at the facility. The facility does not conduct periodic monitoring of the labor agency's practices or procedures of compensation of temporary labor assigned to the facility. Given co-employment is not practiced at this facility and the temporary employees are not direct employees of this facility, a contract could allow the facility to monitor the labor agency's practices. [ER.6]

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.5, ER.6)

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. The factory was not aware of the required oversight for contract/temporary agencies. With that said, the factory will need to develop policy and procedures to create contracts that will be used when contracting with temporary agencies.
2. Policy and Procedures will need to be developed to ensure monitoring of the temporary agency's practices or procedures on compensation of temp workers.

#### Planned completion date

10/15/19

## FINDING NO.5

## SUSTAINABLE IMPROVEMENT REQUIRED

### FINDING TYPE: Training (Macro)

#### Finding Explanation

1. The factory has not provided training to workers or supervisors on local legal requirements, legislation, or the FLA Code. [ER.15, ER.16, ER.17]
2. The facility has posted the FLA Code in the lunch area and conducts weekly or periodic meetings known as 'huddles' in which information is shared and discussed with workers, the workers did not demonstrate an awareness or understanding of the Code. [ER.16.1]

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.15, ER.16, ER.17)

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. The factory will need to administer compliance training which would include legal entitlements, legislation and FLA Code.
2. The factory will discuss the FLA Code with all workers and will address the code in new employee orientation meetings.

#### Planned completion date

10/15/19

#### Company Action Plan Update

1. The factory has put in place procedures to hold annual compliance training.
2. Policy and procedures have been put in place to include the FLA Code in the factory's employee orientation packets, and will be discussed in all new employee orientation meetings.

## FINDING NO.6

## IMMEDIATE ACTION REQUIRED

## FINDING TYPE: Health & Safety

### Finding Explanation

1. Floor markings are not permanent or worn out throughout the work area. [HSE.5]
2. The facility does not document the monthly reviews of fire extinguishers, or eyewash station. [HSE.5]
3. The eyewash station is blocked by boxes and drums of chemical liquid. [HSE.6]
4. The facility's Health & Safety Committee (organized in May/June 2019) lacks management representation and does not have formal recording of meeting minutes, or action plans. [HSE.1]
5. The facility has not scheduled or documented fire drills or inclement weather and has not conducted tornado drills. [HSE.5]
6. The facility does not have a formal policy related to noise, air quality, or ambient lighting. The facility has not conducted a formal noise survey to determine baseline results. [HSE.13]
7. At the time of the audit, the forklift driver did not possess a valid or updated license to operate powered vehicles such as a forklift, and has not participated in refresher training or performance reviews within the last three years, as per OSHA requirements. In addition, the forklift driver does not record nor document the conditions of the vehicle on a daily basis, as per OSHA requirements. [HSE.14]
8. The facility does not have an ergonomics policy, which addresses the design or arrangement of workstations. Additionally the factory does not train workers on the proper lifting techniques. However, a visual review of workstations identified that equipment is adjustable to the height and needs of the workers and forklifts and pallet jacks are available to move raw materials or work in process. [HSE.17]

### Local Law or Code Requirement

OSHA 29CFR1910.22 (b) (2) [aisles and passageways], 29CFR1910.151(c) [eyewash station] 29CFR1910.157 [fire extinguisher], 29CFR1910.178 (l)(1)(i) [operator training –powered equipment ] 29CFR1910.178(l)(4)(iii) [refresher training – powdered equipment], 29CFR1910.178(q)(7) [forklift daily inspection]; FLA Workplace Code (Health, Safety, and Environment Benchmarks HSE.1, HSE.5, HSE.6, HSE.13, HSE.14, and HSE.17)

### Recommendations for Immediate Action

1. Provide the necessary floor markings for the production areas, and ensure proper maintenance.
2. Document the monthly review of fire extinguishers and eyewash stations.
3. Ensure that the eyewash station is unobstructed and can be freely accessed at all times.
4. Expand the participation of workers to the H&SE committee, and formalize the meeting structure, and communicate meeting minutes/action plans.
5. Plan and execute emergency evacuation drills.
6. Program the necessary baseline studies for noise, air and lighting at facility, and develop action plans as appropriate.

7. Program the required training for all workers responsible to operate a powered vehicle such as forklift; and maintain a copy of the operator's license. Record and document the daily conditions of any powdered vehicles used on site.

8. Develop and implement an ergonomics policy.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. <sup>1</sup> The factory will replace floor markings with new ones and will maintain/replace markings as they become worn.
2. <sup>2</sup> ~~!~~ The factory currently works with Cintas on a yearly basis and will continue to have them do annual checks to the fire extinguishers and eyewash stations. For monthly checks/maintenance the factory is working with Cintas to create a formal check-list so that the factory can do monthly inspections internally.
3. <sup>3</sup> ~~!~~ The factory is currently working on creating a "quarantine zone" and storage area for boxes and barrels. This will allow for the eyewash stations to be accessible and boxes and barrels to be stored properly.
- 4.
4. <sup>4</sup> ~~E~~ The factory will create procedures that will include management representation to be present in the "Health & Safety Committee," along with formal recording of meeting minutes.
5. <sup>5</sup> ~~!~~ The factory management and "Health & Safety Committee" are having internal discussions to develop procedures on having company-wide drills for Fire and Inclement weather.
6. <sup>6</sup> ~~!~~ The factory will create a policy and procedure for noise, air quality and ambient lighting testing.

7. 7. <!--[endif]-->The factory will create a policy and procedure to ensure that all forklift drivers possess a valid and/or updated license, and in addition will have yearly training and/or performance reviews as required. Procedures will be put in place to have the drivers record/document the conditions of the vehicle on a daily basis.
8. 8. <!--[endif]-->The factory will create a policy and procedure on ergonomics and develop a training program and materials to educate the workers.

Planned completion date

10/15/19

Company Action Plan Update

- 1) Floor markings have been replaced and procedures have been put in place to have the Safety Force perform a scheduled bi-annually inspection/review of markings, and to replace worn markings as needed.
- 2) Procedures have been put in place to have the Safety Team and Facilities Specialist in charge of performing a monthly checklist review of the eyewash station and fire extinguishers, to ensure that they are maintained and documented.
- 4) Procedures have been put in place to have management representation to be present in the "Health & Safety Committee" meetings, along with formal recording of meeting minutes. The meetings occur once monthly.
- 5) Procedures have been put in place to have the Office Manager be in charge, and to have the Safety Team assist in carrying out regularly scheduled drills for both fire and inclement weather.
- 6) The factory has scheduled OHSM to come in February to do an internal and external air test, as well as a noise test to set a baseline. The factory has set up policy/procedures to conduct these tests twice a year going forward, generally right after the factory's busiest times to gauge maximum output of off-gassing and noise.
- 7) The factory's fork lift driver is now certified and has his license. The factory has policy and procedure in place to ensure that all drivers are certified and receive yearly training and/or performance reviews annually. Drivers are recording/documenting the conditions of the vehicle on a daily basis.
- 8) The factory has contacted Centura and will be utilizing their services for training and training materials such as training video's and posters. The posters will be posted through out the factory, and the Safety Team has made the training a procedure in which training will occur as part of the on-boarding process for new workers, and will schedule regular refresher reviews with all teams/workers.



## FINDING NO.7

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Recruitment, Hiring & Personnel Development

##### Finding Explanation

1. The facility did not provide evidence of a business license or permit as required by the City of Longmont, per the city website. [ER.2.1]

##### Local Law or Code Requirement

City of Longmont requirements for Sales and Use Tax <https://www.longmontcolorado.gov/departments/departments-e-m/finance/sales-and-use-tax>; and FLA Workplace Code (Employment Relationship Benchmark ER.2.1)

### COMPANY ACTION PLANS

#### Action Plan no 1.

##### Description

1. The factory will apply for a business license or permit as required by law.

##### Planned completion date

10/15/19

## FINDING NO.8

### NOTABLE FEATURE

#### FINDING TYPE: Compensation

##### Finding Explanation

The company has a program identified as Gain Share, in which a discretionary bonus may be provided each fiscal quarter for eligible employees based upon the company's profit. Employees have the option to receive the quarterly bonus payments in the following manner: a check, or defer all or a portion to their respective 401K account or Health Saving Account (HSA). In FY 2018, the total amount of bonus payments (4 quarters) was \$8,741.00 per employee. The company has communicated the program in the Employee handbook, at on-boarding activities and in each quarter. The tracking of company's revenue is posted in the employee breakdown information related to actual and projected bonus payouts.