



FAIR LABOR
ASSOCIATION®

INDEPENDENT EXTERNAL ASSESSMENT REPORT



Verification Assessment

COMPANIES: Jostens Inc.
COUNTRY: China
ASSESSMENT DATE: 11/22/18
ASSESSOR: FLA China
PRODUCTS: Other
NUMBER OF WORKERS: 60

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.

Previous Report Findings and Verification Results

PREVIOUS FINDING NO.1

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Review Process (Macro)

Finding Explanation

1. There is no system to review policies and procedures for the following Employment Functions: Recruitment, Compensation, Hours of Work, Termination & Retrenchment, Workplace Conduct & Discipline, Grievance System, Industrial Relations, Environmental Protection, and Health & Safety.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.3, ER.30.2, and ER.31.1)

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Finding Status (Not Remediated)

Explanation:

The factory conducted an internal audit and management review in 2018, however, it did not include a review of the policies and procedures. Some of the procedures are incomplete or have not been updated according to local law or FLA Code. [ER.1, ER.29, ER.30, ER.31]

Root Causes:

1. Management does not receive any training on the FLA Workplace Code and Benchmarks or the SCI methodology.
2. Management has not designated anyone to regularly collect relevant laws and regulations, study them, and report back to management.
3. Management has not designated anyone to regularly review the policies and procedures.
4. Management does not know how to conduct a risk assessment, so they do not conduct risk assessments for labor issues.
5. The factory is small and does not have enough manpower to perfect the management system.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.29, ER.30, and ER.31)

COMPANY ACTION PLANS

Action Plan no 1.

Description

Current factory policies continue to be reviewed. Applicable changes will be implemented and maintained to comply with existing laws and regulations.

PREVIOUS FINDING NO.2

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Communication & Worker Involvement (Macro)

Finding Explanation

1. The factory does not communicate its policies and procedures for the following Employment Functions: Recruitment, Compensation, Hours of Work, Termination & Retrenchment, Workplace Conduct & Discipline, Grievance System, Industrial Relations, Environmental Protection, and Health & Safety to the workforce.
2. The factory does not make all Health, Safety and Environment documents available to workers.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.16, ER.25, ER.27, ER.29, and ER.30; Compensation Benchmarks C.17 and C.19; Health, Safety & Environment Benchmark HSE.2)

VERIFICATION RESULT

Finding Status

Remediated

Remediation Details

1. Finding Status (Remediated)

Explanation:

According to a documentation review and interviews with management and workers, the factory has communicated its policies and procedures on the following Employment Functions with the general workforce: Recruitment; Compensation; Hours of Work; Termination & Retrenchment; Workplace Conduct & Discipline; Grievance System; Industrial Relations; Environmental Protection; and Health & Safety.

2. Finding Status (Remediated)

Explanation:

According to a factory tour and interviews with management and workers, the factory has made all of its Health & Safety and Environment documents available to workers during orientation training and announcements.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.29, ER.30, and ER.31)

PREVIOUS FINDING NO.3

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

1. One child worker, who is 15 years old, is working at the facility. The worker was born on July 3, 1999, works in the polishing section, and was hired by the factory on February 10, 2014.
2. Records revealed that another current employee was under the age of 16 when he/she was hired. This worker was born on July 15, 1998 and was hired by the factory on May 14, 2014. The worker was working in the workshop at the time of assessment.
3. The factory does not have policies and procedures for Recruitment & Hiring; therefore, there is no system to properly verify the age of potential employees.

Local Law or Code Requirement

Labor Law of the People's Republic of China and the Regulations Prohibiting Use of Child Labor, Article 15; FLA Workplace Code (Child Labor Benchmarks CL.1, CL.2, and CL.3)

VERIFICATION RESULT

Finding Status

Remediated

Remediation Details

1. Finding Status (Remediated)

Explanation:

According to a factory tour, documentation review, and interviews with management and workers, there is not currently any child labor in the factory.

2. Finding Status (Remediated)

Explanation:

According to a factory tour, documentation review, and interviews with management and workers, there have not been any cases of child labor in the factory in the past year.

3. Finding Status (Remediated)

Explanation:

According to a documentation review and interviews with management, the factory established policies and procedures on Recruitment & Hiring that include a system to properly verify the age of potential employees. HR personnel are familiar with the policies and procedures.

PREVIOUS FINDING NO.4

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

1. Workers do not receive formal signed employment contracts. After workers are employed for 3 months, the factory provides and signs a simple hiring agreement that only mentions the factory rules and disciplinary action for workers.
2. At least eight young workers are not registered with local labor administration authorities. Additionally, the factory has not given the young workers physical examinations as legally required.
3. At least three young workers, including the underage worker, are exposed to hazardous conditions at the polishing workstation.
4. The factory has not hired any disabled workers and does not contribute to the Employment Security Fund in lieu of employing disabled workers. This practice is in violation of legal requirements and carries the risk of discrimination based on FLA Workplace Code and Benchmarks.

Local Law or Code Requirement

Circular of the Ministry of Labor on Issuing the Provision on Special Protection for Juvenile Workers of LMI (1994), No. 498, Articles 6 and 9; Regulations on the Employment of Persons with Disabilities, Articles 8 and 9; FLA Workplace Code (Employment Relationship Benchmark ER.1; Child Labor Benchmark CL.5; Nondiscrimination Benchmark ND.2.1)

VERIFICATION RESULT

Finding Status

Partially Remediated

Remediation Details

1. Finding Status (Remediated)

Explanation:

According to a factory tour, documentation review, and interviews with management and workers, the factory signs formal employment contracts with all workers when they are hired and provides each worker a copy of their contract.

2. Finding Status (Remediated)

Explanation:

According to a factory tour, documentation review, and interviews with management and workers, there have not been any no young workers employed at the factory in the past year.

3. Finding Status (Remediated)

Explanation:

According to a factory tour, documentation review, and interviews with management and workers, there have not been any no young or underage workers employed at the factory in the past year.

4. Finding Status (Partially Remediated)

Explanation:

According to a factory tour, documentation review, and interviews with management and workers, the factory still has not hired any disabled workers, although they do contribute to the Employment Security Fund. Although this practice complies with legal requirements, it carries the risk of discrimination based on the FLA Workplace Code and Benchmarks. [ER.3, ND.2]

Root Causes:

1. The factory finds it difficult to recruit workers whose disabilities do not prevent them from working in a factory or carrying out the job requirements.
2. Local law allows employers to pay into the Employment Security Fund in lieu of employing disabled workers.

Local Law or Code Requirement

Regulations on the Employment of Persons with Disabilities, Articles 8 and 9; FLA Workplace Code (Employment Relationship Benchmark ER.3; Non-Discrimination Benchmark ND.2)

COMPANY ACTION PLANS

Action Plan no 1.

Description

At this time, the factory has not had any disabled individuals apply for positions with the company. Should a disabled person apply for a suitable position, the same consideration will be afforded to them as with any other applicant and without any bias towards their disability.

Company Action Plan Update

Completed 5/1/2019

PREVIOUS FINDING NO.5

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Hours of Work

Finding Explanation

1. Over 70% workers' weekly working hours, including the young workers, occasionally exceeded 60 hours during the peak season, for example the weekly working hours of some workers were up to 74 hours during the week of March 3 - 9, 2014.
2. The average monthly overtime was 70 hours, which exceeds the legal limit of 36 hours of overtime per month. The highest monthly overtime was 118.5 hours in March 2014.
3. Some workers, including the young workers, did not receive one day off in every seven during peak season, October 2013 - April 2014. Additionally, some workers worked 13 consecutive days from March 3 - 15, 2014.

Local Law or Code Requirement

Labor Law of PRC, Articles 38 and 41; FLA Workplace Code (Hours of Work Benchmarks HOW.1, HOW.2, HOW.3, HOW5, HOW.6, and HOW.7; Nondiscrimination Benchmark ND.12; Employment Relationship Benchmark ER.24; Forced Labor Benchmark F.7)

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Finding Status (Remediated)

Explanation:

According to a review of the time records from November 2017 to November 22, 2018 and interviews with management and workers, no workers worked more than 60 hours per week during the review period.

2. Finding Status (Not Remediated)

Explanation:

According to a review of the time records from November 2017 to November 22, 2018 and interviews with management and workers, 30-50% of workers worked more than 36 hours of overtime per month during every month in the review period except February 2018, with a maximum of 57 hours of overtime in April 2018. [HOW.1, HOW.8]

Root Causes:

1. Although Chinese law places strict limits on Hours of Work, the limits are not effectively enforced.
2. The factory does not have an effective production planning system.
3. The factory normally arranges for workers to work 48 hours per week (eight hours per day and six days per week).
4. Workers rely on extra overtime to increase their income.
5. Reduced orders resulted in a high number of worker resignations, which decreased the factory's productivity and efficiency. As a result, workers have to work more hours to meet production targets.
6. Rushed shipments occasionally caused excessive overtime.
7. Management is not committed to reviewing or reducing monthly overtime hours.

3. Finding Status (Not Remediated)

Explanation:

According to a review of the time records from November 2017 to November 22, 2018 and interviews with management and workers, about 70% of workers did not receive 24 consecutive hours of rest in every seven-day period in December 2017. The maximum number of days worked consecutively was 14 days, from December 18-31, 2017. [HOW.1, HOW.2]

Root Causes:

1. The factory does not have an effective production planning system.
2. Workers rely on extra overtime to earn more wages.
3. Reduced orders resulted in a high number of worker resignations, which decreased the factory's productivity and efficiency. As a result, workers have to work more hours to meet production targets.
4. Workers occasionally had to work on Sundays due to rushed shipments.
5. Management is not committed to reviewing the working hours or guaranteeing workers a rest day each week.

Local Law or Code Requirement

Labor Law of the People's Republic of China, Articles 38 and 41; FLA Workplace Code (Hours of Work Benchmarks HOW.1, HOW.2, and HOW.8)

Recommendations for Immediate Action

1. Reduce workers' monthly overtime hours. Ensure that workers do not work more than 36 hours of overtime per month.
2. Provide all workers 24 consecutive hours of rest in every seven-day period.

COMPANY ACTION PLANS

Action Plan no 1.

Description

2) Factory will implement policy that ensure workers do not exceed overtime limits based on local law.

3) Factory will implement policy to ensure that all workers are provided one day of rest in every seven-day period to align with recommendation.

Company Action Plan Update

Planned Completion 5/31/2019

PREVIOUS FINDING NO.6

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Compensation

Finding Explanation

1. The factory is not paying workers the local minimum wage or legally required overtime compensation rate. Workers are paid CNY 45.9/day, instead of the legally required CNY 46.43/day. For example, 20 days were worked in June 2014 and the factory calculated workers' wages as CNY 45.9 x 20 = 918, while under the legal minimum wage standard it should be CNY 46.43 x 20 = 928.74.
2. The factory has the practice of swapping days of work during the week for weekends, which are normally rest days and considered overtime. Workers that work weekends (rest days) instead of weekdays do not receive the overtime wage premium of 200%. One worker took three days of personal leave during the week and worked 3 days of Saturday overtime in August 2014. The factory calculated the Saturday overtime wage as 100% of normal wage instead of 200%.
3. The factory does not provide employees with annual leave, statutory holidays, sick leave, marital leave, or maternity leave.
4. The factory does not pay a stoppage wage to workers during the downtime period, ie, August 14 and 15, 2014, as required by local law.
5. The social insurance payment receipt from September 2014 noted that only 25 out of 54 (46%) employees were provided with pension, accident, unemployment, medical, and maternity insurance.
6. The factory does not contribute to the Housing Provident Fund.

Local Law or Code Requirement

Labor Law of the People's Republic of China, Article 72; Social Insurance Law of the People's Republic of China, Articles 58 and 60; Regulation on the Housing Provident Fund Management (2002), Article 15; FLA Workplace Code (Employment Relationship Benchmark ER.22; Compensation Benchmarks C.1, C.2, C.7, and C.11; Hours of Work Benchmarks HOW.3, HOW.5, HOW.6, HOW.7, HOW.11, HOW.14, HOW.16, and HOW.19; Employment Relationship Benchmarks ER.22; Nondiscrimination Benchmarks ND.8 and ND.12; Forced Labor Benchmarks F.7)

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Finding Status (Remediated)

Explanation:

According to a review of the payroll records from November 2017 to October 2018 and interviews with management and workers, the factory pays workers a basic wage of CNY 55 (USD 8.11) per day plus a monthly post allowance. Before July 2018, the post allowance was at least CNY 200 (USD 29.50). Since then, the post allowance has been CNY 300 (USD 44.26). This resulted in a daily wage of CNY 64 (USD 9.44) per day before July 2018, and a daily wage of CNY 68.6 (USD 10.12) per day since then. This is higher than the legal minimum wage, which was CNY 55.6 (USD 8.20) per day before July 2018 and CNY 64.8 (USD 9.56) per day since then.

2. Finding Status (Partially Remediated)

Explanation:

According to a review of the payroll records from November 2017 to October 2018 and interviews with management and workers, does not compensate workers for overtime at the legally required overtime premium rate. The factory calculates the overtime premium rate based on CNY 55 (USD 8.11) per day instead of the workers basic wage, which was CNY 55.6 (USD 8.20) per day before July 2018 and CNY 64.8 (USD 9.56) per day since then. This results in insufficient payments for overtime work. For example, the factory paid one worker who worked on three Saturdays in August 2018 CNY 330 (USD 48.68) rather than CNY 388.8 (USD 57.36). The factory no longer swaps the weekday work days for weekend work days. [ER.18, C.1, C.5, C.7]

Root Causes:

1. Management does not calculate overtime pay correctly to save money.
2. Management knowingly underpay workers and are not committed to paying workers at the correct overtime premium rate

3. Finding Status (Not Remediated)

Explanation:

According to a review of payroll records from November 2017 to October 2018 and interviews with management and workers, the factory does not provide workers with paid annual leave, statutory holidays, or sick leave although the factory has established policies regarding these benefits. There are no records of any workers applying for marital or maternity leave, although there are policies on marital leave and maternity leave. [ER.14, ER.22, ND.8, HOW.1, HOW.10, HOW.11, HOW.16]

Root Causes:

1. Management does not provide paid leaves to workers in order to save money.
2. Management is not commitment to providing workers paid leave.

4. Finding Status (Not Remediated)

Explanation:

According to a review of payroll records from November 2017 to October 2018 and interviews with management and workers, the factory still does not pay a stoppage wage to workers during the downtime period (about two to three days per month from June to August 2018) as required by local law. [HOW.1, HOW.19]

Root Causes:

1. Management does not provide stoppage wages to workers in order to save money.
2. Management is not committed to paying stoppage wages.

5. Finding Status (Not Remediated)

Explanation:

According to a review of the social insurance payment receipts from August 2018 to October 2018 and interviews with management and workers, there are 11 workers in the factory, including one cleaner who is over the retirement age. Only six of the ten eligible employees (60%) were provided with pension, accident, unemployment, medical, and maternity insurance in October 2018. [ER.22, C.1, C.10]

Root Causes:

1. The social insurance fee is considered an extra cost by both the factory and the workers, so they do not wish to pay it.
2. Most employees are local residents, and some of them buy rural pension and medical insurance themselves.
3. Most female employees are around 40 years old and are not willing to contribute to the pension fund as they will not use the pension for another 15 years.
4. The local government has not been monitoring and enforcing compliance strictly.

6. Finding Status (Not Remediated)

Explanation:

According to a review of payroll records from November 2017 to October 2018 and interviews with management and workers, the factory still does not contribute to the Housing Provident Fund. [ER.22, C.1, C.10]

Root Causes:

1. Most workers are unwilling to contribute to the Housing Provident Fund, as it would reduce their take-home income.
2. Most worker are local residents and already own a house, so they do not need to use the Housing Provident Fund to buy a house.

Local Law or Code Requirement

Labor Law of the People's Republic of China, Article 44; Regulations on Wage Payment of Guangdong Province, Articles 19 and 35; Social Insurance Law of the People's Republic of China, Articles 58 and 60; Regulation on the Housing Provident Fund Management, Article 15; FLA Workplace Code (Employment Relationship Benchmarks ER.14, ER.18 and ER.22; Compensation Benchmarks C.1, C.5, C.7, and C.10; Hours of Work Benchmarks HOW.1, HOW.10, HOW.11, HOW.16 and HOW.19; Non-Discrimination Benchmark ND.8)

Recommendations for Immediate Action

1. Compensate workers for overtime at the legal overtime premium rate. Retroactively compensate any workers who have been underpaid in the past 12 months.
2. Provide paid leave (annual leave, sick leave, marital leave, maternity leave, and statutory holidays) to workers as legally required. Retroactively compensate any workers who have taken unpaid leave in the past 12 months.
3. Pay workers a stoppage wage during downtime as legally required. Retroactively compensate workers who did not receive a stoppage wage during downtime in the past 12 months.

COMPANY ACTION PLANS

Action Plan no 1.

Description

2) The factory will review and ensure compliance with local law regarding the payment of overtime. Factory will also continually review requests of employees to swap days while maintaining pay rate as long as the activity continues to meet local law.

3) The factory will review and comply with local law requirements regarding annual leave, holidays, sick leave, martial leave and maternity leave.

4) The factory will ensure pay is in alignment with local law requirements regarding the payment of stoppage wages.

5) The factory will review where there are gaps in ensuring compliance with local law regarding the payment of social insurance and make appropriate changes.

6) The factory will review and comply with local law requirements regarding the Housing Provident fund.

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Industrial Relations

Finding Explanation

1. The factory has a trade union under the All China Federation of Trade Unions (ACFTU) that was established on August 18, 2012; however, there are no records that indicate elections were held and no operational procedures for elections.
2. Factory management nominated and enrolled five employees at the management level as trade union committee members.
3. The factory does not provide a designated office with the necessary equipment for the union to conduct daily meetings and for the union representatives to perform their functions.
4. Since the trade union was established, there have not been any meetings, activities, or functions carried out. As a result, it is not effective and does not provide input to the management on matters regarding worker welfare, remuneration, working hours, rest and vacation, etc.
5. 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, 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.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks R.26; Freedom of Association Benchmarks FOA.2, FOA.10, FOA.11, FOA.12, FOA.15, FOA.17, and FOA.21)

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Finding Status (Remediated)

Explanation:

According to interviews with management and workers, there is currently no formal trade union in the factory. Management stated that the previous trade union's document was missing when they moved to the current location. The union was not operating. The factory's scale has become smaller, and there are only 11 employees currently working in the factory. Management did not apply to re-establish the trade union. However, workers elected two worker representatives in January 2018.

2. Finding Status (Remediated)

Explanation:

There is currently no formal union in the factory. However, there are two worker representatives who were elected by workers in January 2018.

3. Finding Status (Remediated)

Explanation:

There is currently no formal union in the factory. However, management provides a meeting room and necessary equipment for the worker representatives to perform their functions.

4. Finding Status (Remediated)

Explanation:

There is currently no formal union in the factory. However, the worker representatives meet with management quarterly.

5. Finding Status (Not Remediated)

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, 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. [FOA.2]

Local Law or Code Requirement

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

COMPANY ACTION PLANS

Action Plan no 1.

Description

5) The factory will align with local laws and enforcement with regards to trade unions, independent of the sole official trade union.

Company Action Plan Update

Planned Completion date 9/30/2019

PREVIOUS FINDING NO.8

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Workplace Conduct & Discipline

Finding Explanation

1. The factory fines workers three days' wages if they are absent one day from work without advance notification. For Example, one worker was absent from work for one day in March 2014 and was fined CNY 137.7 (RMB 45.8 X 3 = RMB 137.7).
2. Employees are fined CNY 1 for every minute they are late, or for leaving work early.
3. No proper disciplinary records are maintained by the facility.

Local Law or Code Requirement

Labor Law of the People's Republic of China, Article 50; FLA Workplace Code (Harassment or Abuse Benchmark H/A.2; Employment Relationship Benchmark ER.2 and ER.27)

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Finding Status (Remediated)

Explanation:

According to a document review and management and worker interviews, the factory revised its Workplace Conduct & Discipline policy and no longer fines workers as a form of discipline.

2. Finding Status (Remediated)

Explanation:

According to a document review and management and worker interviews, the factory revised its Workplace Conduct & Discipline policy and no longer fines workers as a form of discipline.

3. Finding Status (Not Remediated)

According to interviews with management, the factory still does not maintain records of disciplinary actions. Workers have only received verbal warnings. [ER.2, ER.27]

Root Causes:

1. Management is not fully aware of the FLA requirements regarding Workplace Conduct & Discipline.
2. Management does not think it is necessary to keep records of verbal warnings.
3. The factory's disciplinary system is not well implemented.
4. Management is afraid that properly implementing the disciplinary system will result in a high turnover rate.

COMPANY ACTION PLANS

Action Plan no 1.

Description

3) The factory has instituted a record keeping system to maintain disciplinary records to ensure a historical record of activities.

PREVIOUS FINDING NO.9

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Grievance System

Finding Explanation

1. The grievance system is ineffective. The suggestion box located in the canteen was dusty and unused. Additionally, most workers are unaware of the purpose of the suggestion box. The factory does not have any other system to handle complaints and grievances.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.2 and ER.25)

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Finding Status (Not Remediated)

Explanation:

The factory's grievance system is still ineffective. The suggestion box is located at the workshop gate, which does not provide sufficient privacy. In addition, the grievance procedures are not posted beside the suggestion box and most workers are not aware of the grievance process. The workers reported to assessors that they can appeal to the office staff directly or speak with the worker representatives if they have any complaints or suggestions. However, there are no records of any complaints. [ER.2, ER.25]

Root Causes:

1. There is a lack of effective communication between management and workers.
2. The training provided to workers is ineffective.
3. The factory does not have an effective internal review system.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.2 and ER.25)

COMPANY ACTION PLANS

Action Plan no 1.

Description

The suggestion box is in a location that the employees previously agreed to and they have been re-informed to its purpose. As appropriate, the applicable signage will be posted and maintained. If at any point the employees wish to re-locate the suggestion box, factory leadership will entertain this conversation and work with the factory workers to ensure resolution.

PREVIOUS FINDING NO.10

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The factory has not conducted risk assessments for all hazards in the workplace.
2. There are no anti-leakage facilities (e.g. secondary containers) in the chemical materials warehouse and for the chemicals used during production.
3. Some chemical containers, such as the solvent and inks, are not labeled with their contents or hazard warnings, and are not properly stored in the workshop.
4. Material safety data sheets (MSDS) are not available for any of the chemicals used in the factory.
5. There are no eye wash stations and showers where corrosive chemicals are used.
6. Compressed gas cylinders are not chained, secured, labeled, or operated by qualified employees.

Local Law or Code Requirement

Regulation for Safety of Dangerous Chemical, PRC, Article 16; Law of the People's Republic of China on Production Safety, Article 37; The Regulation For Chemical Usage Safety in Work Place, Article 27; The Regulation For Chemical Usage Safety in Work Place, Article 14; The Safety Code for Hot Work in Workplace, PRC, Article 5.1.11; Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases, Article 23; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.8, HSE.9, and HSE.10)

VERIFICATION RESULT

Finding Status

Partially Remediated

Remediation Details

1. Finding Status (Not Remediated)

Explanation:

According to a factory tour and management interviews, the factory has still not conducted risk assessments for all hazards in the workplace. [HSE.1, HSE.4]

Root Causes:

Management does not have a full understanding of risk assessments or how to implement them.

2. Finding Status (Not Remediated)

Explanation:

According to a factory tour, there is no secondary containment for any of the chemicals stored in the chemical warehouse and used in the workshops. [HSE.9]

Root Causes:

Management does not know what secondary containment is or how to implement this safety measure.

3. Finding Status (Partially Remediated)

Explanation:

According to a factory tour, about 90% of the chemical containers, such as the containers of hydrochloric acid and thinner, are not labeled with their contents and hazard warnings. However, all of the chemicals are properly stored. [HSE.9]

Root Causes:

The chemical supplier used by the factory does not provide chemical labels and management does not know how to obtain labels themselves.

4. Finding Status (Remediated)

Explanation:

According to a factory tour and document review, Material Safety Data Sheets (MSDS) are available for all chemicals used in the factory.

5. Finding Status (Partially Remediated)

Explanation:

According to a factory tour, there is an eye wash station in the electroplating workshop where corrosive chemicals are used. However, there is no shower in the electroplating workshop. [HSE.1, HSE.6]

Root Causes:

No well understanding of local law requirement for special chemical using area that need to install shower.

6. Finding Status (Remediated)

Explanation:

According to a factory tour and management interviews, the factory does not use compressed gas cylinders anymore, and the old cylinders have been discarded.

Local Law or Code Requirement

Provisions on the Supervision and Administration of Occupational Health at Work Sites, Article 20; Regulations on the Safe Use of

Recommendations for Immediate Action

1. Provide secondary containment for all chemicals in the factory.
2. Label all chemical containers with their contents and main hazards.

COMPANY ACTION PLANS

Action Plan no 1.

Description

- 1)The factory will schedule and complete a risk assessment of hazardous material that meets local requirements.
- 2) Review of secondary containment for chemicals is actively being reviewed and where necessary, appropriate changes will be implemented, to meet local safety and environmental requirements.
- 3) Container labeling is in process and will continue on an ongoing basis.
- 5) Eye wash/shower station has been reviewed and is planned to be installed.

Company Action Plan Update

1. Planned Completion date 9/30/2019
2. Planned Completion date 9/30/2019
3. Planned Completion date 9/30/2019
4. Planned Completion date 9/30/2019

PREVIOUS FINDING NO.11

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

Employees do not use the required personal protective equipment (PPE). Workers were not wearing earplugs, masks, and gloves in the punching, polishing, and plating sections.
The factory does not provide regular occupational health checks to employees that handle hazardous materials.
Proactive steps have not been taken to reduce repetitive-motion stress or injuries to workers, for example, the factory does not provide chairs with backrests to minimize workers' bodily strains.

Local Law or Code Requirement

Law of the People's Republic of China on Production Safety, Article 37; Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases, Article 32; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.7 and HSE.17; Employment Relationship Benchmark ER.31)

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Finding Status (Remediated)

Explanation:

According to a factory tour, the factory provides the proper PPE to workers who are exposed to occupational hazards such as chemicals, noise, and dust. Workers were wearing the PPE correctly while working.

2. Finding Status (Remediated)

Explanation:

According to a document review and interviews with management and workers, the factory provides occupational health examinations to workers who are exposed to occupational hazards.

3. Finding Status (Not Remediated)

Explanation:

According to a factory tour, the factory does not take proactive steps to reduce repetitive-motion stress and injuries. For example, the factory does not provide chairs with backrests to minimize workers' bodily strain. [HSE.17]

Root Causes:

Management does not fully understand what ergonomics are or how to reduce the risk of repetitive-motion stress and injuries.

Local Law or Code Requirement

FLA Workplace Code (Health, Safety & Environment Benchmark HSE.17)

COMPANY ACTION PLANS

Action Plan no 1.

Description

3) Based on worker request, management reviews applicable requests for implementation. Management does not prohibit or discourage employees from requesting different seating and in a number of areas, seating with back support is impractical and impedes the employee's job function.

PREVIOUS FINDING NO.12

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. At least four electrical control boxes in the polishing, cutting, and hand-making sections are not equipped with covers and did not have hazard warning signs.
2. Confined spaces were not identified, and warning signs were not posted to prevent accidental entry.
3. Safety information is not provided to contractors.

Local Law or Code Requirement

The General Guide for Safety of Electric User, PRC, Article 6.7; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.13)

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Finding Status (Remediated)

Explanation:

According to a factory tour, all electrical control boxes in the factory have been equipped with covers and warning signs.

2. Finding Status (Remediated)

Explanation:

According to a factory tour, there are no longer any confined spaces in the factory.

3. Finding Status (Not Remediated)

Explanation:

According to a document review and management interviews, the factory does not provide safety information to contractors. [HSE.14]

Root Causes:

Management has not appointed anyone to be responsible for providing safety information to contractors.

Local Law or Code Requirement

FLA Workplace Code (Health, Safety & Environment Benchmark HSE.14)

COMPANY ACTION PLANS

Action Plan no 1.

Description

3) The factory will work towards developing a "safety information" fact sheet that will be provided to all incoming contractors. This fact sheet will list the various hazards that a contractor may encounter when working on the factory premises.

Company Action Plan Update

Planned Completion 9/30/2019

PREVIOUS FINDING NO.13

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The chemical storage area does not have no-smoking signs.
2. Three emergency exits in the workshop and two emergency exits at the dormitory do not have exit signs or emergency lighting.
3. Six fire extinguishers were partially blocked by production materials in the workshop.
4. A fire drill has not been conducted since the establishment of the factory.
5. The workshop and dormitory do not have fire alarm systems to notify workers of emergencies.
6. The factory has not recorded any work-related injuries, fatalities, accidents, and incidents for at least 12 months.
7. The factory does not track any employee illnesses.

Local Law or Code Requirement

The Code for Design of Extinguisher Distribution in Buildings, Article 5.1.3; The Code for Design of Building Fire Protection and Prevention (GB50016-2006), Articles 11.3.1, 11.3.4, and 11.4.1; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.3, HSE.5, HSE.6, and HSE.17; Employment Relationship Benchmark ER.31)

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Finding Status (Remediated)

Explanation:

According to a factory tour, there are no-smoking signs posted in all areas where chemicals are stored and used.

2. Finding Status (Remediated)

Explanation:

According to a factory tour, there are exit signs and emergency lights installed for all emergency exits in the production building and dormitory building.

3. Finding Status (Remediated)

Explanation:

According to a factory tour, all fire extinguishers in the factory are easily accessible and unobstructed.

4. Finding Status (Remediated)

Explanation:

According to a document review and interviews with management and workers, the factory conducts fire drills twice per year. The last fire drill was conducted in June 2018.

5. Finding Status (Remediated)

Explanation:

According to a factory tour, there are fire alarms in the production building and dormitory building.

6. Finding Status (Remediated)

Explanation:

According to a document review, the factory records work-related injuries and provided records from the past 12 months for review.

7. Finding Status (Not Remediated)

Explanation:

According to a document review and management interviews, the factory does not track employee illnesses. [HSE.3]

Root Causes:

Management is not aware of this requirement

Local Law or Code Requirement

FLA Workplace Code (Health, Safety & Environment Benchmark HSE.3)

COMPANY ACTION PLANS

Action Plan no 1.

Description

7) The factory continues to track the appropriate usage of sick time by employees. However, it is against policy to inquire about the specific nature of an illness unless the cause of an illness is work related.

PREVIOUS FINDING NO.14

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Communication & Worker Involvement (Macro)

Finding Explanation

1. The worker integration component is missing across all Employment Functions. This indicates that the factory has not established procedures to request and/or receive workers' input/feedback regarding the creation, implementation, and updating of its policies and procedures. Workers are neither systematically integrated nor consulted in decision-making processes

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.3 and ER.25.2)

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Finding Status (Not Remediated)

Explanation:

According to a document review and interviews with management and workers, the worker integration component is missing across all Employment Functions. This indicates that the factory has not established procedures to receive worker input or feedback on creation, implementation, and updating of its policies and procedures. Workers are neither systematically integrated nor consulted in decision-making processes. [ER.1, ER.25]

Root Causes:

1. Management does not receive any training on the FLA Workplace Code and Benchmarks.

2. Management believes that it is easier and more efficient to perform management reviews without the involvement of worker representatives.
3. Management does not recognize the importance of worker integration.
4. Management does not have a solid understanding of FLA Workplace Code and Benchmarks pertaining to this topic.
5. A lack of worker integration is very common in this industry across China.

Local Law or Code Requirement

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

COMPANY ACTION PLANS

Action Plan no 1.

Description

- 1) The company has hired a consultant firm to help with FLA training and improving employee integration.

Company Action Plan Update

Planned Completion 9/30/2019

PREVIOUS FINDING NO.15

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Training (Macro)

Finding Explanation

1. The orientation training for new employees does not include industrial relations practices, workplace rules, health & safety, and human resource policies.
2. Training for supervisors and management does not cover any of the Employment Functions.
3. There is no ongoing training for employees on any of the Employment Functions.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.15, ER.17, and ER.27; Health, Safety & Environment Benchmarks HSE5, HSE.6, HSE.8, and HSE.15)

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Finding Status (Remediated)

Explanation:

The factory has provided the orientation training for new employees, which covers Industrial Relations, workplace rules, Health & Safety, and HR policies.

2. Finding Status (Not Remediated)

Explanation:

According to a document review and management interviews, the factory does not provide specific training to management or supervisors regarding any of the Employment Functions. [ER.1, ER.17, ER.27]

Root Causes:

1. Management does not receive any training on the FLA Workplace Code and Benchmarks.
2. The factory lacks qualified management staff responsible for training.

3. Finding Status (Partially Remediated)

Explanation:

According to a document review and interviews with management and workers, ongoing training is provided to workers, but it is not effective. The factory provided assessors with the training records; however, they did not provide any training materials, exams, feedback

surveys, or instructor's qualifications for review. None of the office staff or workers interviewed had a strong understanding of most of the Employment Functions. [ER.1, ER.15, ER.25, ER.28]

Root Causes:

1. Management does not receive any training on the FLA Workplace Code and Benchmarks.
2. Management is not aware of the basic elements of training.
3. The factory lacks qualified management staff responsible for training.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.15, ER.17, ER.25, ER.27, and ER.28)

COMPANY ACTION PLANS

Action Plan no 1.

Description

2) Management will review and work on integrating FLA Workplace code/Benchmarks where applicable in partnership with various organizations.

3) Management will review and work on integrating FLA Workplace code/Benchmarks where applicable in partnership with various organizations.

Company Action Plan Update

Planned Completion date 10/30/19

New Findings and Action Plans

NEW FINDING NO.1

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Responsibility & Accountability (Macro)

Finding Explanation

1. The factory has not clearly defined in writing the person in the factory responsible for the following Employment Functions: Compensation; Hours of Work; Termination & Retrenchment; Workplace Conduct & Discipline; Grievance System; and Industrial Relations.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.1)

COMPANY ACTION PLANS

Action Plan no 1.

Description

The consulting firm that has been hired is currently helping the factory clearly identify those job functions and assignments of those functions to the appropriate individuals.

NEW FINDING NO.2

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Training (Macro)

Finding Explanation

1. According to a document review and interviews with management and workers, the orientation training provided to new workers is not effective. The factory provided assessors with the training records; however, they did not provide any training materials, exams, feedback surveys, or instructor's qualifications for review. None of the office staff or workers interviewed had a strong understanding of most of the Employment Functions. Furthermore, workers do not receive a copy of the workplace rules or written documentation that substantiates any of the topics covered during orientation. [ER.1, ER.15]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1 and ER.15)

COMPANY ACTION PLANS

Action Plan no 1.

Description

The consulting firm that has been hired is currently helping the factory set up training system.

Company Action Plan Update

Planned Completion date 10/30/2019

NEW FINDING NO.3

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

1. The factory does not have written job descriptions for any positions. [ER.1]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.1)

COMPANY ACTION PLANS

Action Plan no 1.

Description

In future recruitment, hiring & personnel development we will add the job description for vacancy positions. Job descriptions will be developed for existing employees as well.

Company Action Plan Update

Planned Completion Date 12/30/2019

NEW FINDING NO.4

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Compensation

Finding Explanation

1. The factory practices double bookkeeping. The hard copies of the payroll records indicate that the factory compensates workers for

overtime at an overtime premium based on the legal minimum wage, but the payroll records in the computer system indicate that the factory does not pay workers a sufficient overtime premium and does not provide paid annual leave, statutory holidays, or sick leave to workers. [ER.1, ER.2, ER.18, ER.22, HOW.1, HOW.10, HOW.11, HOW.16, C.1, C.5, C.7, C.15, C.16]

Local Law or Code Requirement

Guangdong Labor and social Security Monitoring Regulation, Article 14 and 50; FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.2, ER.18, and ER.22; Hours of Work Benchmarks HOW.1, HOW.10, HOW.11, and HOW.16; Compensation Benchmarks C.1, C.5, C.7, C.15 and C.16)

Recommendations for Immediate Action

1. Maintain one set of complete and accurate payroll records which are linked to the factory's actual wage structure

COMPANY ACTION PLANS

Action Plan no 1.

Description

Factory has initiated review of current bookkeeping method for the payroll records. Factory has already began reducing worker's overtime along with ensuring a day of rest in a seven-day period. Documenting overtime manually has stopped to ensure that records are consistent and accurate.

NEW FINDING NO.5

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Hours of Work

Finding Explanation

1. The factory keeps two sets of time records. One set of time records indicates that all workers are provided 24 consecutive hours of rest in every seven-day period, but the other set of records indicates that some workers worked more than seven consecutive days in December 2017. The second set of records also showed that workers do not always swipe their time cards when they work overtime; instead, management records their overtime manually. [ER.1, ER.2, ER.23, HOW.2]

Local Law or Code Requirement

Guangdong Labor and social Security Monitoring Regulation, Article 14 and 50; FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.2, and ER.23; Hours of Work Benchmark HOW.2)

Recommendations for Immediate Action

1. Keep one set of time records that are complete and accurate. Ensure that workers always swipe their time cards when they work overtime. Cease the practice of recording overtime manually.

COMPANY ACTION PLANS

Action Plan no 1.

Description

Factory has initiated review of current bookkeeping method for the payroll records. Factory has already began reducing worker's overtime along with ensuring a day of rest in a seven-day period. Documenting overtime manually has stopped to ensure that records are consistent and accurate.

NEW FINDING NO.6

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Environmental Protection

Finding Explanation

1. The factory does not provide training to the wastewater treatment plant workers. [ER.1, ER.15]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1 and ER.15)

COMPANY ACTION PLANS

Action Plan no 1.

Description

Factory currently uses 3rd party to clean the waste water

NEW FINDING NO.7

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The fire alarm system is not automatic or centralized. [HSE.5]
2. There is no backup battery for the fire alarm. [HSE.5]
3. There is no lightning protection system installed in the factory. [HSE.1, HSE.13]

Local Law or Code Requirement

Measures for the Administration of Lightning Prevention and Disaster Reduction, Article 11; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.5, and HSE.13)

Recommendations for Immediate Action

1. <!--[endif]-->install an automatic, centralized fire alarm system
2. <!--[endif]-->Install a backup battery for the fire alarm.
3. <!--[endif]-->Install a lightning protection system.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1 and 2) Based on consultation with local offices, our factory is below the requirement for automatic, centralized fire system. Factory according to the local law - below 1000person (worker) don't have to set up the Central Alarm system for the fire but will review additional recommendations with local officials.

3) The prevent lighting equipment is currently being reviewed for appropriate needs by local officials and the factory will

implement local officials recommendation.

Company Action Plan Update

Planned Completion 10/30/2019

NEW FINDING NO.8

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The factory's Health & Safety procedures do not include the following components:
 - a. a list of workers responsible for coordinating the evacuation process;
 - b. a list of workers responsible for managing fire equipment;
 - c. a fire risk assessment; or
 - d. guidance documents for external contractors or service providers concerning Health & Safety. [ER.1, ER.31]
2. The factory has not obtained a Fire Inspection Certificate or a Construction Safety Certificate for the two-story building used as a production area and a warehouse. [HSE.1, HSE.4]
3. The factory does not have a fire brigade and does not provide training on firefighting techniques to any workers. [ER.1, HSE.6]
4. The factory does not provide training on the provision of first aid to any workers. As a result, no one in the factory is qualified to provide first aid in the event of an emergency. [ER.1, HSE.6]

Local Law or Code Requirement

Fire Prevention Law of the People's Republic of China, Article 11; Construction Law of the People's Republic of China, Article 61; FLA Workplace Code (Employment Relationship Benchmarks ER.1 and ER.31; Health, Safety & Environment Benchmarks HSE.1, HSE.4, and HSE.6)

COMPANY ACTION PLANS

Action Plan no 1.

Description

- 1) Factory is reviewing and currently developing applicable roles and responsibilities as it relates to Health and Safety.
- 2) Factory will work with appropriate local officials to review/obtain appropriate documentation
- 3) Factory has initiated planning for fire drills twice a year and provide appropriate guidance to employees
- 4) Factory will provide applicable training to ensure there are personnel to administer first aid in the event of an emergency

Company Action Plan Update

Planned Completion 12/30/2019