



FAIR LABOR
ASSOCIATION®

INDEPENDENT EXTERNAL ASSESSMENT REPORT



COMPANIES: Jostens Inc.

COUNTRY: China

ASSESSMENT DATE: 08/03/20

ASSESSOR: Openview

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

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.

FLA Code Element	Number of Violations
Compensation	1
Hours of Work	2
Employment Relationship	1
Health, Safety, and Environment	12
Nondiscrimination	1

Findings and Action Plans

FINDING NO.1

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Compensation

Finding Explanation

There are 23 workers in the factory including one worker over retirement age. The factory has not provided any social insurance to 13 out of 22 eligible workers. According to the social insurance receipt and name list for July 2020, the factory provided 9 out of 22 (41%) workers with pension, medical, work-related injury, and unemployment insurances (maternity insurance has been integrated into medical insurance in the local area). The factory has purchased medical insurance for the senior worker over retirement age, valid from May 1, 2020, through April 30, 2021, with maximum compensation amount of CNY 300,000 (USD 43,097) per person. The factory has also purchased commercial accident insurance for another five workers, valid from April 23, 2020 through April 22, 2021 with maximum compensation amount of CNY 650,000 (USD 93,376) per person. In total, the factory has provided work-related injury insurance to 15 out of 23 workers in the factory. [C.1]

The contribution base of the five types of social insurance is not in line with the legal requirement. The factory contributes to pension insurance based on CNY 3,140.88 (USD 455.2) per month, contributes medical (including maternity) and unemployment insurances based on CNY 3,126.88 (USD 453.17) per month, and contributes work-related injury insurance based on CNY 2,811.11 (USD 407.4) per month, which is not in line with the legal requirement of contribution based on worker's average monthly wage of previous year. About 20% of workers' average monthly wages of the previous year were higher than the current contribution base, ranging from CNY 3,500 (USD 507.24) to CNY 5,000 (USD 724.63). [C.10.1]

The factory does not provide the Housing Provident Fund to any workers. [ER.22.1]

Local Law or Code Requirement

The China Labor Law, Article 72; Social Insurance Law of the PRC, Article 12 and Article 60; Regulations on Management of Housing Provident Fund, Article 15; FLA Workplace Code (Employment Relationship Benchmark ER.22; Compensation Benchmarks C.1 and C.10)

Recommendations for Immediate Action

- . Provide social insurance to all eligible workers.
- . Contribute to social insurance based on worker's average monthly wage of the previous year.
- 3. Provide all workers with legally required Housing Provident Fund.

FINDING NO.2

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Hours of Work

Finding Explanation

Overtime hours exceed the legal limit of 36 hours per month. Time records for the period from August 2019 to July 31, 2020 and worker interviews indicate that the monthly overtime hours for about 90% of workers exceeded 36 hours and up to 40 hours in November 2019. [HOW.1.1, HOW.8]

Local Law or Code Requirement

The China Labor Law, Article 41; FLA Workplace Code (Hours of Work Benchmark HOW.1, HOW.8)

Recommendations for Immediate Action

1. Ensure overtime hours do not exceed 36 per month.

FINDING NO.3

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Industrial Relations

Finding Explanation

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

Local Law or Code Requirement

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

Recommendations for Immediate Action

N/A

FINDING NO.4

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

The fire alarms in production and dormitory buildings are not centralized and without backup battery power. [HSE.5.1]

The factory has not installed the transmission belts of about 90% of punching machines with pulley guards. [HSE.14.1]

About 50% of electrical wiring in both production and dormitory buildings are without tubes and are connected with tape. The factory does not install 30% of electrical switch boxes in both production and dormitory buildings with insulation covers. The factory does not install electrical overload protection device in dormitory rooms. [HSE.13]

The factory locks two out of four safety exits in the production building during working hours. [HSE.5.1]

About 20% of exit signs in the production building do not remain illuminated at all times. [HSE.5.1]

Local Law or Code Requirement

The Code of Design on Building Fire Protection and Prevention, Article 10.1.6; The Code of Design of Manufacturing Equipment Safety and Hygiene, Article 6.1.6; Electricity Safety Guidelines, Article 5.1.1 and Article 5.1.2; GB 50303-2015 Code of acceptance of construction quality of electrical installation in building, Article 13.2.2; The China Fire Prevention Law, Article 28; The Code of Design on Building Fire Protection and Prevention (GB50016-2014), Article 10.3.5; FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.5, HSE.13 and HSE.14)

Recommendations for Immediate Action

1. Install centralized fire alarm system with backup battery in production and dormitory buildings.
2. Install pulley guards on all punching machines.
3. Properly install the electrical wiring, switch boxes, and overload protection device.
4. Unlock all safety exits during working hours.
5. Conduct a regular inspection on exit signs to ensure they remain illuminated at all times.

FINDING NO.5

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

The factory has not developed a chemical inventory. [HSE.9.1]

The factory installs simple emergency shower with no fixed support in the plating workshop and workers have to hold the shower head with hand to use it, which is not in line with the legal requirement that emergency shower should be installed in a manner that it can be used without requiring the use of operator's hands once activated. In addition, the eyewash station is located about 20 meters away from the plating workshop rather than within the work area for immediate emergency use. [HSE.6.1]

The factory has never conducted a test on the drinking water in the production building. [HSE.23.1.2]

The factory does not install handrails around the wastewater pools in the wastewater treatment plant. [HSE.13]

Local Law or Code Requirement

Health Standard for Design of Industrial Enterprise, Article 7.3.2 and Article 8.3; The safety requirements for fixed steel ladders and platform - Part 3 (GB 4053.3-2009), Article 5.2.2; FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.6, HSE.9, HSE.13 and HSE.23)

Recommendations for Immediate Action

1. Develop a chemical inventory.
2. Install emergency shower with fixed support so that it can be used without requiring the use of operator's hands once activated. Relocate eyewash station to be within the work area for immediate emergency use.
3. Conduct an annual drinking water test to ensure it is clean and safe.

4. Install handrails around the wastewater pools in the wastewater treatment plant.