



# Fashionphile Group LLC

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Disclosure Report  
Date Submitted: August, 2023



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## Disclosure Materials

Certified B Corporations must complete a Disclosure Questionnaire to identify potentially sensitive issues related to the company (e.g. historical fines, sanctions, material litigation, or sensitive industry practices).

This component does not affect the company's score on the B Impact Assessment. If the company answers affirmatively to any items in the Disclosure Questionnaire that B Lab deems relevant for public stakeholders, then, as a condition of their certification, the company must:

- 1) Be transparent about details of the disclosure issues identified on the company's public B Impact Report
- 2) Describe how the company has addressed this issue
- 3) Demonstrate that management practices are in place to avoid similar issues from arising in the future, when necessary.

In all cases, the Standards Advisory council reserves the right to refuse certification if the company is ultimately deemed not to uphold the spirit and integrity of the community.

In addition to the voluntary indication of sensitive issues in the Disclosure Questionnaire, companies pursuing Certification also are subject to a background check by B Lab staff. Background checks include a review of public records, news sources, and search engines for company names, brands, executives/founders, and other relevant topics.

Sensitive issues identified through background checks may or may not be within the scope of questions in the Disclosure Questionnaire, but undergo the same review process and are subject to the same possible review by the Standards Advisory Council, including ineligibility for B Corp Certification, required remediation, or disclosure.

**This document contains a copy of the company's completed Disclosure Questionnaire and related disclosure documentation provided by the company**



# Disclosure Questionnaire

## Industries and Products

	Yes	No
Please indicate if the company is involved in production or trade in any of the following. Select Yes for all options that apply.		
Animal Products or Services	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Biodiversity Impacts	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Chemicals	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Disclosure Alcohol	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Disclosure Firearms Weapons	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Disclosure Mining	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Disclosure Pornography	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Disclosure Tobacco	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Energy and Emissions Intensive Industries	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Fossil fuels Gambling	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Genetically Modified Organisms	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Illegal Products or Subject to Phase Out	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Industries at Risk of Human Rights Violations	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Monoculture Agriculture	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Nuclear Power or Hazardous Materials	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Payday, Short Term, or High Interest Lending	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Water Intensive Industries	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Tax Advisory Services	<input type="checkbox"/>	<input checked="" type="checkbox"/>

## Outcomes & Penalties

	Yes	No
Please indicate if the company has had any formal complaint to a regulatory agency or been assessed any fine or sanction in the past five years for any of the following practices or policies. Check all that apply.		
Anti-Competitive Behavior	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Breaches of Confidential Information	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Bribery, Fraud, or Corruption	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Company has filed for bankruptcy	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Consumer Protection	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Financial Reporting, Taxes, Investments, or Loans	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Hazardous Discharges Into Air/Land/Water (Past 5 Yrs)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Labor Issues	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Large Scale Land Conversion, Acquisition, or Relocation	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Litigation or Arbitration	<input checked="" type="checkbox"/>	<input type="checkbox"/>
On-Site Fatality	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Penalties Assessed For Environmental Issues	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Political Contributions or International Affairs	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Recalls	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Significant Layoffs	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Violation of Indigenous Peoples Rights	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Other	<input type="checkbox"/>	<input checked="" type="checkbox"/>



## Practices

	Yes	No
Please indicate if the following statements are true regarding whether or not the company engages in the following practices. Check all that apply. If the statement is true, select "Yes." If false, select "No."		
Animal Testing	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Company/Suppliers Employ Under Age 15 (Or Other ILO Minimum Age)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Company prohibits freedom of association/collective bargaining	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Company workers are prisoners	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Conduct Business in Conflict Zones	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Confirmation of Right to Work	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Does not transparently report corporate financials to government	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Employs Individuals on Zero-Hour Contracts	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Facilities located in sensitive ecosystems	<input type="checkbox"/>	<input checked="" type="checkbox"/>
ID Cards Withheld or Penalties for Resignation	<input type="checkbox"/>	<input checked="" type="checkbox"/>
No formal Registration Under Domestic Regulations	<input type="checkbox"/>	<input checked="" type="checkbox"/>
No signed employment contracts for all workers	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Overtime For Hourly Workers Is Compulsory	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Payslips not provided to show wage calculation and deductions	<input type="checkbox"/>	<input checked="" type="checkbox"/>

	Yes	No
Sale of Data	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Tax Reduction Through Corporate Shells	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Workers cannot leave site during non-working hours	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Workers not Provided Clean Drinking Water or Toilets	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Workers paid below minimum wage	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Workers Under Bond	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Other	<input type="checkbox"/>	<input checked="" type="checkbox"/>

## Supply Chain Disclosures

	Yes	No
Please indicate if any of the following statements are true regarding your company's significant suppliers.		
Business in Conflict Zones	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Child or Forced Labor	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Negative Environmental Impact	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Negative Social Impact	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Other	<input type="checkbox"/>	<input checked="" type="checkbox"/>



# Disclosure Questionnaire Statement

Disclosure Questionnaire Category: Litigation, Arbitration, and/or Penalties

Issue Date	June 2022; Settled 2023.
Topic	<b>Litigation, Arbitration, and/or Penalties related to Labor Issues</b> 1. Coronado v Fashionphile Group LLC - other employment (2022) 2. Two lawsuits related to labor issues
Summary of Issue	1. Former part-time employees had filed a class action lawsuit, alleging that the company violated the California Labor Code in the way they were managing break times. The claims involve mistakes in calculating overtime pay, unrecorded work hours, and potential problems with meal and rest breaks. The lawsuit argues that the HR department approved a practice where employees scheduled for 6 hours instead opted to work 5.5 hours, thereby forgoing a 30-minute break, violating labor laws.  2. Employees filed suit against the company for wrongful termination.
Size/Scope of Issue (e.g. \$ financial implication, # of individuals affected)	1. The pending settlement is in the amount of roughly ~0.25% of the company's annual revenue 2. Settlements were <0.01 of company's annual revenue.
Impact on Stakeholders	1. The company's employees were not compensated fairly for work rendered during working hours 2. The individual's employment was terminated
Resolution	1. The class action settled at mediation in March 2023 and received preliminary settlement approval by the court in July 2023, with final settlement approval and payment of the settlement anticipated by the end of 2023 2. Settled in 2019 with payment.
Implemented Management Practices	1. This case taught the FASHIONPHILE team about the importance of following current statutory regulations and standards of the California Labor Code regardless of whether doing it otherwise would be easier or even seem desirable or more fair. We have doubled the size of our Human Resources department since this time and have senior employees in HR



	with experience who have helped us to develop internal policies and procedures that will protect us from making the same mistakes again.
<b>Management Comments</b>	<p>FASHIONPHILE is dedicated to fostering safe and healthy workplaces in compliance with local and state regulations. Our commitment extends to both our salaried and hourly workforce, ensuring the strict enforcement of compliant policies regarding work hours, breaks, and payment of wages.</p> <p>We offer ample break spaces, both indoors and outdoors, equipped with vending machines, restrooms, and water fountains, and permit employees to take breaks either on or off premises, as they wish. Our department managers diligently oversee their teams' progress and ensure compliant and adequate breaks and working conditions.</p> <p>In 2023, we have introduced two floating holidays to prioritize well-being. Our engaging Fit and Fun Committee facilitates wellness activities, reflecting our ongoing support for employee welfare. Our HR department consistently provides health and wellness resources through our internal platform, The KNOT, which includes the Employee Assistance Program, hotline directory, and mental health toolkit.</p> <p>These enduring resources signify our commitment to supporting employees in their mental health journey.</p>
<b>Related Incidents</b>	



# Disclosure Questionnaire Statement

Disclosure Questionnaire Category: Significant layoffs of >20% of workforce

<b>Issue Date</b>	September/2022
<b>Topic</b>	Significant layoffs due to rapid expansion, compounded with decline in sales.
<b>Summary of Issue</b>	<p>FASHIONPHILE experienced one significant layoff in its 20-year history, which occurred in September 2022 and impacted 81 employees -- 21% of our workforce at that time. During COVID the company experienced significant growth and outgrew their physical warehouse space in their Carlsbad, CA corporate office. The company decided to expand on the east coast to reduce its bi-coastal shipping footprint by opening a warehouse facility in Moonachie, New Jersey. Simultaneously, the company began developing space in NYC proper to create a flagship east coast headquarters for the company. At this time, the company believed its growth would continue and was on a trajectory to outgrow its dually located warehouse facilities within 12 months. The company launched its NYC headquarters location in May 2022 with approximately 30 net new staff and 15 transfers from other locations to get the center up and running. Around this time the company saw a significant decline in its business performance. Retroactively, the company has assessed this to be due to unforeseen external market factors and internal technology challenges.</p>
<b>Size/Scope of Issue (e.g. \$ financial implication, # of individuals affected)</b>	81 employees were laid off, representing 21% of the company's employees at that time.
<b>Impact on Stakeholders</b>	Primary impact was loss of employment for affected employees.
<b>Implemented Management Practices</b>	<p>All individuals in NJ were offered the opportunity to apply to transfer to an open role at the NYC HQ. We were able to transfer 17 employees from New Jersey to NYC at that time. If there wasn't a suitable role or personal interest, all impacted employees were offered a generous severance package based on their level of role and tenure with the organization.</p> <p>The severance package was: Non-Exempt: 2 weeks per 1 year</p>



	of service with minimum of 2 weeks pay. Eligible for Benefits through Company through the end of the they are terminated in. Eligible for COBRA. Exempt: 4 weeks per 1 year of service with a minimum of 4 weeks pay. Eligible for Benefits through Company through the end of the they are terminated in. Eligible for COBRA.
<b>Related Incidents</b> <b>[Yes/No]</b>	No.