



SOCIAL COMPLIANCE AUDIT REPORT

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Performance Overview

Audit Details

BV Ref:	[REDACTED]
Auditor:	[REDACTED]
Audit Date:	[REDACTED]
Date of Previous Audit:	NIL
Previous Audit #:	NIL
Vendor Name:	[REDACTED]
Factory Name:	[REDACTED]
Address:	[REDACTED]
E-Mail Address:	[REDACTED]
Tel:	[REDACTED] Fax: [REDACTED]
Country:	[REDACTED]
Audit Type:	INITIAL SOCIAL AUDIT
Audit Standard:	SA PAS SCORECARD VERSION 3.0 [REDACTED]
Product Category:	[REDACTED]

Key Personnel

Name	Job Title	Present at Audit (please tick 'X' below)			
		Opening Meeting	On-site Audit	Documentation Review	Closing Meeting
[REDACTED]	Manager	x	x	x	x
[REDACTED]	HR	x		x	x
[REDACTED]	Safety officer	x	x	x	x

Audit Results

Total Compliance Level to Standard	Non Conformance(s)			Risk Level for Supply	Recommended Follow-up Frequency
	Critical(s)	Major(s)	Minor(s)		
91.34 %	2	16	3	RED	60-DAY FOLLOW-UP

Company Profile

The factory was established on [REDACTED] and specialized in the manufacture of furniture. The main produce processes included cutting, sewing, spraying, polishing, assembling, inspection and packing.

[REDACTED] The peak season was not obvious.

The facility occupied one 13-storey office building, one 5-storey production building (including warehouse) and three 6-storey dormitory buildings (the 1st floors serve as canteen, entertainment area and outside shops/restaurants). The total land area was about [REDACTED] square meters.

There were a total of [REDACTED] employees ([REDACTED] productive employees and [REDACTED] non-productive employees) with [REDACTED] males and [REDACTED] females. The youngest employee in the factory was [REDACTED] years old.

The factory adopted IC card system to record working hours of employees. Management, production employees worked only one shift and the regular working hours were 7:30-11:30 and 13:30-17:30. Office staffs worked one shift: 8:00-12:00 and 14:00-18:00.

According to the social insurance payment receipt provided by factory management, it was noted that all of employees were provided with unemployment, pension, maternity, accident and medical insurance in [REDACTED].

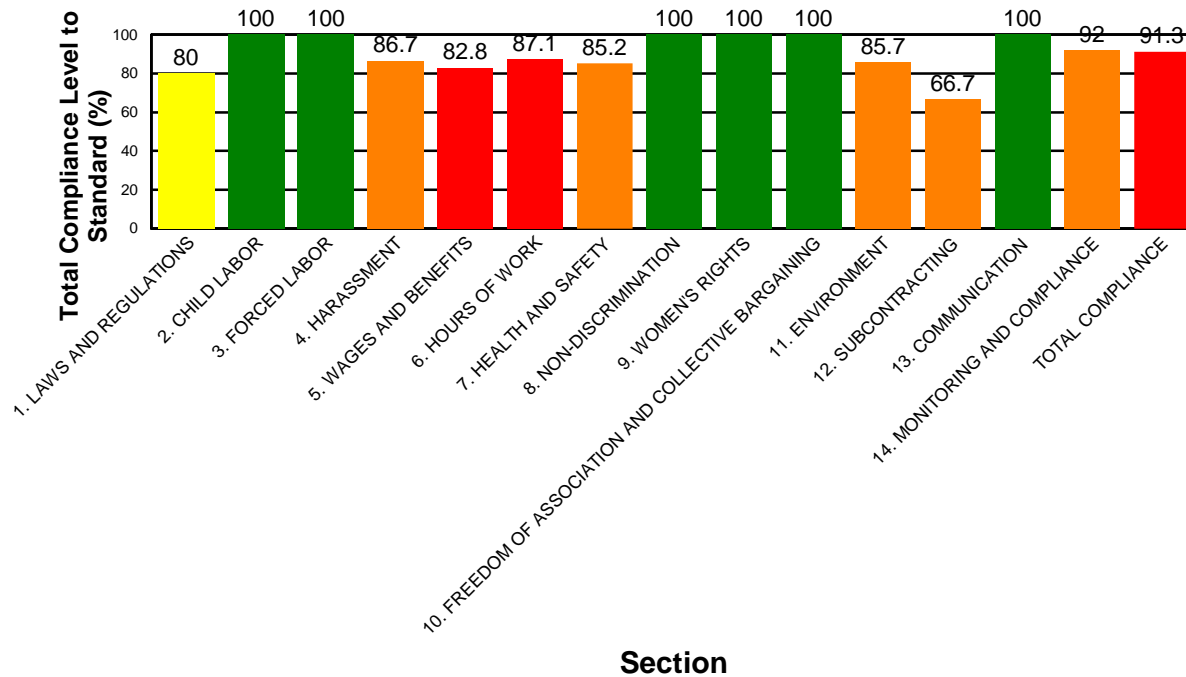
Factory management refused to provide wages and working time records to auditors for review. The factory explained that these confidential documents are only allowed to be viewed by personnel inside the factory. The employees' wage and working time could not be determined.

The major export market was Middle East, Japan, Australia, South East Countries, India and America. The production capacity was about [REDACTED] containers per month.

At the end of the audit, a close meeting was held with factory representatives and all findings were communicated to management along with the corresponding corrective action plans. The factory management, [REDACTED] agreed with the findings and signed the onsite CAP.

Analysis of Site Compliance

Sectional Audit Score Overview



NB: Total Compliance Color reflects "Risk level for supply"

Degree of compliance Overview (per section)

Section	Green	Yellow	Orange	Red	N/A	
1. LAWS AND REGULATIONS	4 (66.67%)	1 (16.67%)	0 (0.00%)	0 (0.00%)	1 (16.67%)	6
2. CHILD LABOR	8 (88.89%)	0 (0.00%)	0 (0.00%)	0 (0.00%)	1 (11.11%)	9
3. FORCED LABOR	8 (88.89%)	0 (0.00%)	0 (0.00%)	0 (0.00%)	1 (11.11%)	9
4. HARASSMENT	5 (71.43%)	0 (0.00%)	1 (14.29%)	0 (0.00%)	1 (14.29%)	7
5. WAGES AND BENEFITS	11 (78.57%)	1 (7.14%)	0 (0.00%)	1 (7.14%)	1 (7.14%)	14
6. HOURS OF WORK	15 (88.24%)	0 (0.00%)	0 (0.00%)	1 (5.88%)	1 (5.88%)	17
7. HEALTH AND SAFETY	80 (85.11%)	1 (1.06%)	12 (12.77%)	0 (0.00%)	1 (1.06%)	94
8. NON-DISCRIMINATION	7 (87.50%)	0 (0.00%)	0 (0.00%)	0 (0.00%)	1 (12.50%)	8
9. WOMEN'S RIGHTS	7 (87.50%)	0 (0.00%)	0 (0.00%)	0 (0.00%)	1 (12.50%)	8
10. FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING	10 (90.91%)	0 (0.00%)	0 (0.00%)	0 (0.00%)	1 (9.09%)	11
11. ENVIRONMENT	7 (77.78%)	0 (0.00%)	1 (11.11%)	0 (0.00%)	1 (11.11%)	9
12. SUBCONTRACTING	3 (60.00%)	0 (0.00%)	1 (20.00%)	0 (0.00%)	1 (20.00%)	5
13. COMMUNICATION	1 (50.00%)	0 (0.00%)	0 (0.00%)	0 (0.00%)	1 (50.00%)	2
14. MONITORING AND COMPLIANCE	9 (81.82%)	0 (0.00%)	1 (9.09%)	0 (0.00%)	1 (9.09%)	11
OVERALL	175 (83.33%)	3 (1.43%)	16 (7.62%)	2 (0.95%)	14 (6.67%)	210 (100%)

Audit Findings Summary

Critical Non-conformance Section

Clause No.	Clause Requirement	Levels of Non-Conformance	Audit Findings
5	WAGES AND BENEFITS		
5.1	Inconsistent/unreliable pay records (I, O, D)	Critical (RED)	<p>Description of Finding: It was noted that factory management was unable to provide wage and working hour records of the past 12 months for review. So that the employees' wage and working time could not be determined.</p> <p>Legal Requirement: In accordance with Article 6 of Interim Provisions on Payment of Wages, the employing units shall record in written form the amount of wages paid to employees, time of payment, name and signature of recipients. The record should be preserved for a period of two years or more for reference. When paying wages, employing units should provide each laborer with a list of personal wages.</p> <p>Recommended Corrective Action: It is recommended that management adopt practices and controls to ensure that wage and working hour records are kept for at least the past 12 months for auditors' review.</p> <p>Supporting Information: Per document review and management interview. No policy or procedure established to ensure that wage and working hour records are kept for at least the past 12 months for auditors' review. Besides, because of the management system, the wage and working hour records could not be provided. Thus, it was raised as non-compliance.</p>
6	HOURS OF WORK		
6.1	Inconsistent/unreliable time records (I, O, D)	Critical (RED)	<p>Description of Finding: It was noted that factory management was unable to provide wage and working hour records of the past 12 months for review. So that the employees' wage and working time could not be determined.</p> <p>Legal Requirement: In accordance with Article 6 of Interim Provisions on Payment of Wages, the employing units shall record in written form the amount of wages paid to employees, time of payment, name and signature of recipients. The record should be preserved for a period of two years or more for reference. When paying wages, employing units should provide each laborer with a list of personal wages.</p> <p>Recommended Corrective Action: It is recommended that management adopt practices and controls to ensure that wage and working hour records are kept for at least the past 12 months for auditors' review.</p> <p>Supporting Information: Per document review and</p>

			management interview. No policy or procedure established to ensure that wage and working hour records are kept for at least the past 12 months for auditors' review. Besides, because of the management system, the wage and working hour records could not be provided. Thus, it was raised as non-compliance.

Audit Findings Summary

Clause No.	Clause Requirement	Levels of Non- Conformance	Audit Findings
1	LAWS AND REGULATIONS		
1.5	All required government licenses and certificates related to all areas of operation are not maintained on site (D)	Minor (YELLOW)	<p>1. Description of Finding: It was noted that the safety training for the Principal Responsible Person of production and business units and safety production management personnel (full time) in the factory was not carried out in accordance with the safety training outline formulated by the work safety supervision and supervision department.</p> <p>Legal Requirement: In accordance with Article 21 of Law of the People's Republic of China on Production Safety, Units of production, operation and storage of mining, metal smelting, building construction, road transport units and dangerous goods shall set up a safety production management institution or be equipped with full-time safety production management personnel.</p> <p>In accordance with Article 10 of Provisions on safety training for production and business units,</p> <p>Recommended Corrective Action: It is recommended that management adopt practices and controls to ensure that facility is equipped with safety production management personnel as legal requirement, and ensure the Principal Responsible Person in charge of the production and business operation unit and the safety production management personnel have the knowledge and management ability of production safety related to the production and operation activities of the entity, and the safety training is carried out in accordance with the safety training outline formulated by the work safety supervision and supervision department.</p> <p>Supporting Information: No policy was established that Principal Responsible Person in charge of the production and business operation unit and the safety production management personnel have the knowledge and management ability of production safety related to the production and operation activities of the entity, and the safety training is carried out in accordance with the safety training outline formulated by the work safety supervision and supervision department. Because the management system on this part was incomplete, auditors concluded this as non-compliance.</p>

			<p>2. Description of Finding: It was noted that the factory could not provide the construction safety document (e.g. report or registration files of inspection for completed building construction projects) for all buildings. I.E. Construction safety document was not provided for one 5-storey production building, three 6-storey dormitory buildings and one 13-storey office building. As per stated by factory management, these buildings were completed in [REDACTED].</p> <p>Legal Requirement: In accordance with Article 61 of Construction Law of the People's Republic of China, In accordance with Article 49 of Regulation on the Quality Management of Construction Projects,</p> <p>Recommended Corrective Action: It is recommended that management adopt practices and controls to ensure that construction safety documents (e.g. report or registration files of inspection for completed building construction projects) are obtained for all buildings.</p> <p>Supporting Information: Per documents review and management representation, There was no policy or procedure to ensure that construction safety documents (e.g. report or registration files of inspection for completed building construction projects) are obtained for all buildings. Nobody was assigned to charge of this issue and no internal inspection was conducted. Thus, it was raised as non-compliance.</p>
4	HARASSMENT		
4.4	Monetary fines as a form of discipline (I, O, D)	Major (ORANGE)	<p>Description of Finding: According to the document review and the factory representative, it was noted that the employee was fined for violating the factory rules employee would be fined RMB 10 for being late more than 3-10 minutes, RMB 20 for being late more than 11-20 minutes, RMB 30 for being late more than 21-29 minutes and would be treated as a half-day absence with a deduction of the corresponding absence wages for being late more than 30 minutes, and fined RMB 60 per time for early withdrawal.</p> <p>Legal Requirement: In accordance with Article 51 of the Regulation on Labor Security Supervision of [REDACTED] Province, Where the employer's rules and systems have the content about monetary fine, or the wage deduction without support of the laws and regulations, it shall be warned by the Human Resources and Social Security Administration and is ordered to make a correction within a time limit.</p>

			<p>Where the employer implements the monetary fine to employees, or deducts the wage without the support of laws and regulations, it shall be ordered to make a correction within a time limit by the Human Resources and Social Security Administration.</p> <p>Recommended Corrective Action: It is recommended that management adopt practices and controls to ensure that the practice of using monetary fine as a disciplinary practice is discontinued immediately.</p> <p>Supporting Information: Per document review and management interview. There was no policy or procedure to ensure that the practice of using monetary fine as a disciplinary practice is discontinued immediately. And the factory managements were not aware of this issue. Thus, it raised as non-compliance.</p>
5	WAGES AND BENEFITS		
5.12	Failure to provide legally mandated benefits (I, O, D)	Minor (YELLOW)	<p>Description of Finding: Per document review, it was noted that employees who have served for two to less than ten years are entitled to 3 days annual leave, which was not in compliance with the legal requirement that employees who have served for one to less than ten years are entitled to 5 days annual leave.</p> <p>Legal Requirement: In accordance with Article 2 of the Regulations on Annual Leave for Employees, employees who have worked consecutively for more than one year in the state organs, social communities, enterprises, institutional organizations, private non-enterprise units, individual commercial and industrial households with employees, etc are entitled to the paid annual leave (hereinafter referred to as 'annual leave'). The employer shall guarantee that its employees are entitled to the annual leave. Employees shall be paid by the normal wage when on annual leave.</p> <p>Article 3 of the Regulations on Annual Leave for employees, employees who have served for one to less than ten years are entitled to 5 days. Employees who have served for 10 to less than 20 years are entitled to 10 days. Employees who have served for 20 years are entitled to 15 days. Statutory holidays and rest days shall not be regarded as annual leave.</p> <p>Recommended Corrective Action: It is recommended that management adopt practices and controls to ensure that employees who have worked for more than one year are provided with paid annual leave benefit according to legal requirement.</p>

			Supporting Information: Per document review, although there was policy established to ensure that employees were provided with paid annual leave benefit, however the annual leave provide by the factory was not compliance with the legal requirement. Thus, auditors concluded this as non-compliance.
7	HEALTH AND SAFETY		
7.1.15	No or missing machine guards (O)	Major (ORANGE)	<p>Description of Finding: It was noted that all sewing machines in the sewing workshop were not equipped with eye protect guards.</p> <p>Legal Requirement: In accordance with Article 6.1.6 of Code of Design of Manufacturing Equipment Safety and Hygiene, the exposed dangerous components or part of any transmission belts, rotational axis, transmission chain, coupling, belt wheel, gear, flying wheels, chain wheels, electric saw and others, which is within 2 meters height of the plane where the operator is operating such devices shall be equipped with safety devices.</p> <p>Recommended Corrective Action: It is recommended that management adopt practices and controls to ensure that all sewing machines are equipped with eye protect guards.</p> <p>Supporting Information: There was no policy or procedure established to address this issue The factory managements were not aware of the requirement. No internal audit had been conducted to detect this finding and no corrective action had been taken. The management system on this issue was not completed, auditor concluded this as Non-compliance.</p>
7.1.18	Emergency exit doors do not open to the outside or exterior stairwell (O)	Major (ORANGE)	<p>Description of Finding: It was noted that the evacuation doors used at all safety exits in the sew workshop, freshness keeping room and pasting workshop were sliding doors.</p> <p>Legal Requirement: In accordance with Article 6.4.11 of the Code for design of building fire protection and prevention (GB50016-2014), the evacuation door in the building shall meet the following requirements:</p> <p>1. The evacuation door of the civil building and factory shall be side-hung door, and shall not be sliding door, roller shutter, overhung door or revolving door. And the evacuation door shall be opened to the evacuation direction. Except for Class A, B factory building, there is no restriction on the opening direction of the door if there are no more than 60 persons in the room and the average evacuation capacity of</p>

			<p>each door is no more than 30 persons.</p> <p>2. The evacuation door of storage shall be side-hung door to the evacuation direction. Sliding door or roller shutter may be used at the outside surface of the wall on the first floor Sliding door or roller shutter shall not be used in Class A, B storage.</p> <p>3. For the evacuation door opened to the evacuation stairs or staircase, the evacuation width of the stair platform shall not be reduced when the evacuation door open.</p> <p>4. The evacuation door that needs to be controlled for people going in and out at will in densely populated place or the outdoor of the residential building controlled by electric devices shall be opened easily from the inside without using any tools such as key etc. in case of fire. Signs and operation explanation shall be labeled at the well-marked place.</p> <p>In accordance with Code for design of clean room, 5.2.8 Safety exits should be distributed, from production sites to safety exits, not through tortuous personnel purification routes, and should have clear evacuation signs</p> <p>5.2.9 Safety doors between clean areas and non-clean areas, clean areas and outdoor area should be opened to the evacuation direction, and should be equipped with door closer. Safety evacuation door should not use overhung door, revolving door, sliding door, rolling door and electronic-automatic door.</p> <p>Recommended Corrective Action: It is recommended that management adopt practices and controls to ensure that doors used at exits for evacuation purpose in the sewing workshop open in the direction of evacuation.</p> <p>Supporting Information: There were policy and procedure established for the fire safety. However, the factory managements were not aware of the related requirement. No internal audit had been conducted to detect this finding and no corrective action had been taken. The management system on this issue was not completed, auditor concluded this as Non-compliance.</p>
7.1.21	No eye wash/shower station in chemical handling section or storage area (O)	Major (ORANGE)	<p>Description of Finding: It was noted that no eye washing facilities were available in all workshops.</p> <p>Legal Requirement: In accordance with Article 8.3 of Hygiene standards for the design of Industrial enterprises (GBZ1-2010), in case there is possibility of chemical burn through the skin and mucosa absorption of acute poisoning caused by workplace or workshop, facility should set up on-site emergency treatment facilities based on the possible occupation or of harmful factors and hazard characteristics, in the nearest place of</p>

			<p>work. First aid facilities should include: shower and eye wash facilities with continual water supply; gas protection cabinet; personal protective equipment; first aid kit or emergency and first-aid medicine box; a stretcher and device for transporting patient; emergency treatment facilities and emergency rescue communication equipment.</p> <p>Recommended Corrective Action: It is recommended that management adopt practices and controls to ensure that eye washing facilities are available in all workshop.</p> <p>Supporting Information: There was no policy or procedure established to address this issue. The factory managements were not aware of the requirement. No internal audit had been conducted to detect this finding and no corrective action had been taken. The management system on this issue was not completed, auditors concluded this as Non-compliance.</p>
7.1.23	Chemicals are not stored in appropriate secondary containers, kept off the ground, and/or labeled properly with safety precautions (O)	Major (ORANGE)	<p>1. Description of Finding: It was noted that chemical containers (e.g. all-purpose glue, yellow glue, paint) being used in the workshop were not posted with a safety label.</p> <p>Legal Requirement: In accordance with Article 14 of the Regulation For Chemical Usage Safety in Work Place: (1) In case of transferring or loading the chemicals purchased into a new container, it is required to mark clearly the descriptions of these chemicals on the newly adopted container. As to those hazardous chemicals that have been transferred or loaded into a new container, it is necessary to stick a safety precautions mark on the new container. (2) The original safety precautions mark upon those containers that contain hazardous chemicals shall not be replaced before these containers have been cleansed.</p> <p>Recommended Corrective Action: It is recommended that management adopt practices and controls to ensure that all hazardous chemicals stored or being used in the factory is posted with safety labels.</p> <p>Supporting Information: Per factory tour and document review, although the EHS policy and procedure was established. However, the factory managements were not aware of the related requirement. No internal audit had been conducted to detect this finding and no corrective action had been taken. The management system on this issue was not completed, auditor concluded this as Non-compliance.</p> <p>2. Description of Finding: It was noted that there was no anti-leakage facility (e.g.</p>

			<p>secondary container) in the chemical material storage for paint (Hazardous chemical) being used and stored in the chemical material storage.</p> <p>Legal Requirement: In accordance with article 20 of Regulation for Safety of Hazardous Chemical, an entity producing or storing hazardous chemicals shall, according to the category and dangerous properties of the hazardous chemicals it produces or stores, set up monitoring, controlling, ventilation, sun-proof, temperature-controlled, fireproof, firefighting, blast-proof, pressure discharging, poison-proof, neutralizing, moisture-proof, lightening-proof, static-proof, antiseptis, and anti-leakage safety facilities or equipment, such as protection dams and segregated operations, etc. at the work places, and maintain them on a routine basis according to the national standards, industrial standards or relevant state provisions so as to guarantee the normal functioning thereof.</p> <p>Recommended Corrective Action: It is recommended that management adopt practices and controls to ensure that the anti-leakage facility (e.g. secondary container) is used for paint.</p> <p>Supporting Information: Per factory tour and document review, although the EHS policy and procedure was established. However, the factory managements were not aware of the related requirement. No internal audit had been conducted to detect this finding and no corrective action had been taken. The management system on this issue was not completed, auditors concluded this as Non-compliance.</p>
7.1.28	No individuals trained in first aid (I, D)	Major (ORANGE)	<p>Description of Finding: It was noted that no trained first aid personnel was available in the factory.</p> <p>Client's Standard: At least one person on each shift shall be trained on first aid.</p> <p>Recommended Corrective Action: It is recommended that management adopt practices and a control to ensure that at least one person on each shift is trained on first aid.</p> <p>Supporting Information: Per factory tour and document review, although the EHS policy and procedure was established. However, the factory managements were not aware of the related requirement. No internal audit had been conducted to detect this finding and no corrective action had been taken. The management system on this issue was not completed, auditors concluded this as Non-compliance.</p>
7.1.30	Missing emergency lighting and signs (O)	Major (ORANGE)	<p>1. Description of Finding: It was noted that no exit sign was installed on the top of all the safety exits in the sewing workshop,</p>

			<p>freshness keeping room and pasting workshop.</p> <p>Legal Requirement: In accordance with Article 10.3.5 of the Code for design of building fire protection and prevention (GB50016-2014): Lighting Evacuation Signs should be installed in public building, resident building higher than 54 meters, high-rise factory building and storage, Class A,B and C factory building. And the setting should be compliant with the following specifications: In accordance with Article 10.3.7 of the Code for design of building fire protection and prevention (GB50016-2014),</p> <p>Recommended Corrective Action: It is recommended that management adopt practices and controls to ensure that exit signs are installed on the top of all exits in the sewing workshop, freshness keeping room and pasting workshop to clearly indicate the location of exits and emergency outlets.</p> <p>Supporting Information: Per factory tour and document review, although the EHS policy and procedure was established and the manager was responsible for the fire safety. No internal audit had been conducted to detect this finding and no corrective action had been taken. The management system on this issue was not completed, auditor concluded this as Non-compliance.</p> <p>2. Description of Finding: It was noted that no emergency light was installed at all the safety exits in the sewing workshop, freshness keeping room and pasting workshop.</p> <p>Legal Requirement: In accordance with Article 10.3.1 of the Code for design of building fire protection and prevention(Extract), the place of civil building, factory and Class C storage (Except residence building under 27 meters) below should install fire safety emergency lighting: In accordance with Article 10.3.4 of the Code of Fire Prevention for Architectural Design, emergency lights shall preferably be installed on the upside of wall, the ceiling or the top of exit.</p> <p>Recommended Corrective Action: It is recommended that management adopt practices and controls to ensure that emergency lights are installed above all safety exits in the sewing workshop, freshness keeping room and pasting workshop.</p> <p>Supporting Information: Per factory tour and document review, although the EHS policy and procedure was established and</p>
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			the manager was responsible for the fire safety. No internal audit had been conducted to detect this finding and no corrective action had been taken. The management system on this issue was not completed, auditor concluded this as Non-compliance.
7.1.32	No evacuation plan (O, D)	Major (ORANGE)	<p>Description of Finding: It was noted that no emergency evacuation plan was posted in all workshops.</p> <p>Legal Requirement: In accordance with Article 16 of the Fire Control Law of the People's Republic of China, Organs, groups, enterprises and institutions, etc. shall fulfill the following duties on fire control: 1. Carry out fire control safety responsibility system, formulate fire control safety regulations and fire control safety operation procedures and formulate preproposal on fire control and emergency evacuation.</p> <p>Client's Standard: Evacuation plan shall be posted throughout the facility. As a minimum, information on evacuation plan shall include the following: location of fire-fighting equipment; reader's position; most updated layout of work floor including all exits.</p> <p>Recommended Corrective Action: It is recommended that management adopt practices and controls to ensure that emergency evacuation plans with sufficient information are prepared and posted in the all workshops.</p> <p>Supporting Information: Per factory tour and document review, although the EHS policy and procedure was established and the manager was responsible for the fire safety. No internal audit had been conducted to detect this finding and no corrective action had been taken. The management system on this issue was not completed, auditors concluded this as Non-compliance.</p>
7.1.34	Personal protective equipment not properly utilized (I, O)	Major (ORANGE)	<p>Description of Finding: It was noted that oil injection employees in oil injection workshop were wearing disposable masks instead of gas masks and one polishing employee was not wearing goggles in the cutting workshop on the 4th floor.</p> <p>Legal Requirement: In accordance with Article 42 of Law of the People's Republic of China on Production Safety, business entities must provide their employees with labor protection products meeting the national or industry standards, and supervise and educate their employees on wearing or using such products in accordance with the rules of use.</p> <p>Recommended Corrective Action: It is recommended that management adopt practices and controls to ensure that</p>

			<p>necessary personal protective equipment are provided to relevant employees and measures are taken to ensure that employees use such personal protective equipment appropriately.</p> <p>Supporting information: Per documents review and management representation, the policy and procedure were established in this facility to ensure that employees use such personal protective equipment appropriately. The workshop supervisor was responsible for the distribution and supervision of personal protective equipment. Trainings of personal protective equipment usage had been provided to the employees. However, they were not aware of the related requirement and no internal periodic inspection was conducted. Thus, this finding was raised as con-compliance.</p>
7.1.35	No licenses/certificates for machines or equipment (O, D)	Major (ORANGE)	<p>Description of Finding: It was noted that factory management failed to provide the auditors with the safety inspection reports of 3 forklifts being used in the factory for the past year for review.</p> <p>Legal Requirement: In accordance with Article 28 of Safety Monitoring Regulation of Special Equipment, The enterprise who is using the special equipment should apply to inspection & test authority for regular inspection one month before the expiry date of the “pass” status in accordance with the regular inspection criteria of the safety specification. Special equipment without regular inspection or not passing the inspection should not be continued to use.</p> <p>Recommended Corrective Action: It is recommended that management adopt practices and controls to ensure that a safety inspection for the 3 forklifts being used in the factory is conducted and the safety inspection certificate is obtained.</p> <p>Supporting Information: Per factory tour and document review, although the EHS policy and procedure was established and nobody was responsible for this issue. No internal audit had been conducted to detect this finding and no corrective action had been taken. The management system on this issue was not completed, auditors concluded this as Non-compliance.</p>
7.1.36	No MSDS/CSDS for hazardous chemicals utilized (O, D)	Major (ORANGE)	<p>Description of Finding: It was noted that no material safety data sheet for products (MSDS) was available for the chemicals (e.g. yellow glue and paint) being used and stored in the workshop.</p> <p>Legal Requirement: In accordance with Article 27 of the Regulation for Chemical Usage Safety in Work Place: Staff and workers are entitled to receive: (1) Date and information in description of the specific characteristics, hazardous ingredients, and safety precaution marks of the chemicals to be used in the working</p>

			<p>premises, and instructions upon safety techniques, etc. (2) Information concerning the probability of occurrence of harm against safety and health of staff and workers caused by hazardous chemicals in the working process. (3) Trainings upon safety techniques including trainings with regard to prevention and control, and danger-avoiding methods, handling of emergency cases, or emergency measures. (4) Labor protection articles in conformity to State stipulations.</p> <p>Recommended Corrective Action: It is recommended that management adopt practices and controls to ensure that all chemicals being used in the factory have complete material safety data sheet for products (MSDS) which are also provided to the relevant employees handling chemicals in the factory.</p> <p>Supporting Information: Per factory tour and document review, although the EHS policy and procedure was established. However, the factory managements were not aware of the related requirement. No internal audit had been conducted to detect this finding and no corrective action had been taken. The management system on this issue was not completed, auditors concluded this as non-compliance.</p>
7.1.37	No regular occupational health checks provided to the employees (I, D)	Major (ORANGE)	<p>Description of Finding: It was noted that the factory provided the occupational health checks to employees who were in contact with hazardous materials yearly. However, the occupational health checks were not provided to employees before they take the posts or leave the posts.</p> <p>Legal Requirement: In accordance with Article 35 Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases, for the laborers that are engaged in the operations contacting the harm of occupational diseases, the employing work unit shall organize the occupational health examination of the laborers before they take the posts, when they are at the posts and when they leave the posts, the employing work unit shall inform the laborers of the examination results. The employing work unit shall afford the expenses needed for the occupational health examination.</p> <p>The employing work unit may not assign the laborers that haven't gone through the pre-post occupational health examination to undertake the operations involving the harm of occupational diseases; may not assign the laborers that have occupational contraindications to undertake the operations that they shall avoid; the laborers that are found to have the health injuries related to their posts during the occupational health examination shall be transferred from their former posts and be</p>

			<p>settled appropriately; and the employing work unit may not cancel or terminate the labor contact signed with the laborers that haven't gone through the occupational health examination before they leave their posts. The occupational health examination shall be undertaken by the medical health institutions which have obtained Practicing License of Medical Institution. Administrative Departments of Health should strengthen the regulation on occupational health checks. Specific administrative measures are established by Health Administration Department of the State Council.</p> <p>Recommended Corrective Action: It is recommended that management adopt practices and controls to ensure that regular occupational health checks are provided to all employees handling hazardous materials.</p> <p>Supporting Information: Per management and employee representation, there were not policy and procedure established to ensure that regular occupational health checks are provided to all employees handling hazardous materials, and factory management did not take any action to be in compliance with the legal requirement. So it raised as non-compliance.</p>
7.2.13	No evacuation plan (O, D)	Major (ORANGE)	<p>Description of Finding: It was noted that no emergency evacuation plan was posted in the dormitory areas.</p> <p>Legal Requirement: In accordance with Article 16 of the Fire Control Law of the People's Republic of China, Organs, groups, enterprises and institutions, etc. shall fulfill the following duties on fire control: 1. Carry out fire control safety responsibility system, formulate fire control safety regulations and fire control safety operation procedures and formulate preproposal on fire control and emergency evacuation.</p> <p>Client's Standard: Evacuation plan shall be posted throughout the facility. As a minimum, information on evacuation plan shall include the following: location of fire-fighting equipment; reader's position; most updated layout of work floor including all exits.</p> <p>Recommended Corrective Action: It is recommended that management adopt practices and controls to ensure that emergency evacuation plans with sufficient information are prepared and posted in the dormitory areas.</p> <p>Supporting Information: Per factory tour and document review, although the EHS policy and procedure was established and the manager was responsible for the fire</p>

			safety. No internal audit had been conducted to detect this finding and no corrective action had been taken. The management system on this issue was not completed, auditors concluded this as Non-compliance.
7.1.64	Other (I, O, D)	Minor (YELLOW)	<p>Description of Finding: It was noted that chemicals were stored in the stairwell of the first floor of the production building.</p> <p>Legal Requirement: In accordance with Article 6.4.1 of the Code for design of building fire protection and prevention (GB50016-2014), the evacuation stairwell shall be compliant with the following specifications: 2 Evacuation staircase shall not be used as boiling room, combustible substance storage room and refuse chute; 3 Protrusion or other obstructions shall not be in evacuation staircase; 4 Rolling door shall not be installed in enclosed staircase, smoke-proof staircase and its atria.</p> <p>Recommended Corrective Action: It is recommended that management adopt practices and controls to ensure that chemicals are removed from the stairwell.</p> <p>Supporting Information: Per factory tour and document review, although the EHS policy and procedure was established. However, the factory managements were not aware of the related requirement. No internal audit had been conducted to detect this finding and no corrective action had been taken. The management system on this issue was not completed, auditors concluded this as Non-compliance.</p>
11	ENVIRONMENT		
11.5	Employer does not retain records of any hazardous waste disposal (D)	Major (ORANGE)	<p>Description of Finding: It was noted that the factory provided the contract to prove the waste paint residue, waste activated carbon, waste rag and waste paint can was disposed by [REDACTED]. And the contractor had the valid contractor's hazardous waste operation license. However, the factory management was unable to provide the hazardous waste transfer manifest for the past year for review.</p> <p>Legal requirement: In accordance with article 6 of the Measures for Administration of Hazardous Waste Transfer Manifest, Units who generate hazardous waste shall truthfully fill the section for generation units in the hazardous waste transfer manifest and stamp the official seal. When the hazardous waste transfer manifest was delivered to the transport unit for verifying and signing, the duplicate invoice of the</p>

The above reflects our findings for the particular factory in concern on the date of our service only. This report does not certify, confirm or imply: a) compliance with any government, industry or association regulations or standards, unless stated otherwise; or, b) the quality of any specific products manufactured by the factory/sellers/suppliers; or, c) the shipment of any specific products. This report does not discharge or release the factory/sellers/suppliers from their commercial, legal or contractual obligations with buyers in respect of products manufactured by the factory/sellers/suppliers. Our services, including reports and certificates, are subject to the General Conditions of Service of Bureau Veritas which have been sent to your company. They can be resent upon written request. This report cannot be partially copied. Any reader other than the party for which this report has been specifically issued is hereby informed that the General Conditions of Service of Bureau Veritas contain liability limitation provisions.

			<p>first joint of the hazardous waste transfer manifest should be retained and archived.</p> <p>Recommended Corrective Action: It is recommended that factory management adopt practices to ensure that the hazardous waste disposed by qualified contractors and the transfer manifests are well retained.</p> <p>Supporting Information: Per factory tour and document review, although the EHS policy and procedure was established. However, no internal audit had been conducted to detect this finding and no corrective action had been taken. The management system on this issue was not completed, auditors concluded this as Non-compliance.</p>
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12	SUBCONTRACTING		
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12.2	Unauthorized subcontracting (I, O, D)	Major (ORANGE)	<p>Description of Finding: It was noted that the factory had subcontracted the electroplating process to other factory without the client's written consent.</p> <p>Following is the subcontractor's detailed information:</p> <p>1) [REDACTED]</p> <p>Client's Standard: Factory shall not use subcontractors for the manufacture of client merchandise or components thereof without client's expressed written consent, and shall use those subcontractors only after they have entered into a written commitment to comply with the Client's Code of Conduct.</p> <p>Recommended Corrective Action: It is recommended that management adopt practices and controls to ensure that client's written consent is obtained for the use of the subcontractor and measures are taken to ensure that all the subcontractors enter</p>
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			<p>into a written agreement to comply with the client Code of Conduct before continuing any further business with such subcontractors.</p> <p>Supporting Information: Per factory tour and management representation, there was not policy or procedure established to ensure that client's written consent is obtained for the use of the subcontractor and measures are taken to ensure that all the subcontractors enter into a written agreement to comply with the client Code of Conduct before continuing any further business with such subcontractors. No internal audit had been conducted to detect this finding and no corrective action had been taken. The management system on this issue was not completed, auditor concluded this as Non-compliance.</p>
14	MONITORING AND COMPLIANCE		
14.4	Denial of access to facility requested documentation and records (D)	Major (ORANGE)	<p>Description of Finding: It was noted that factory management refused to provide wages and working time records to auditors for review. The factory explained that these confidential documents are only allowed to be viewed by personnel inside the factory.</p> <p>Client's Standard: The audited factory shall ensure the records available to the client or its audit representatives upon request, to enable the client or its audit representatives to determine the compliance.</p> <p>Recommended Corrective Action: It is recommended that management adopt practices and controls to ensure that all documentation that may be needed to demonstrate compliance with the local laws and the Standards are maintained on site and are provided to auditors for review.</p> <p>Supporting Information: Per management representation, such documents were confidential and were only accessible by internal staffs. No policy established to ensure that all documentation that may be needed to demonstrate compliance with the local laws and the Standards are maintained on site and are provided to auditors for review. Thus, it raised as non-compliance.</p>