

# Workplace Conditions Assessment Report

Measured Results — Improved Performance



## YIWU CITY OUJIA BAGS CO., LTD.

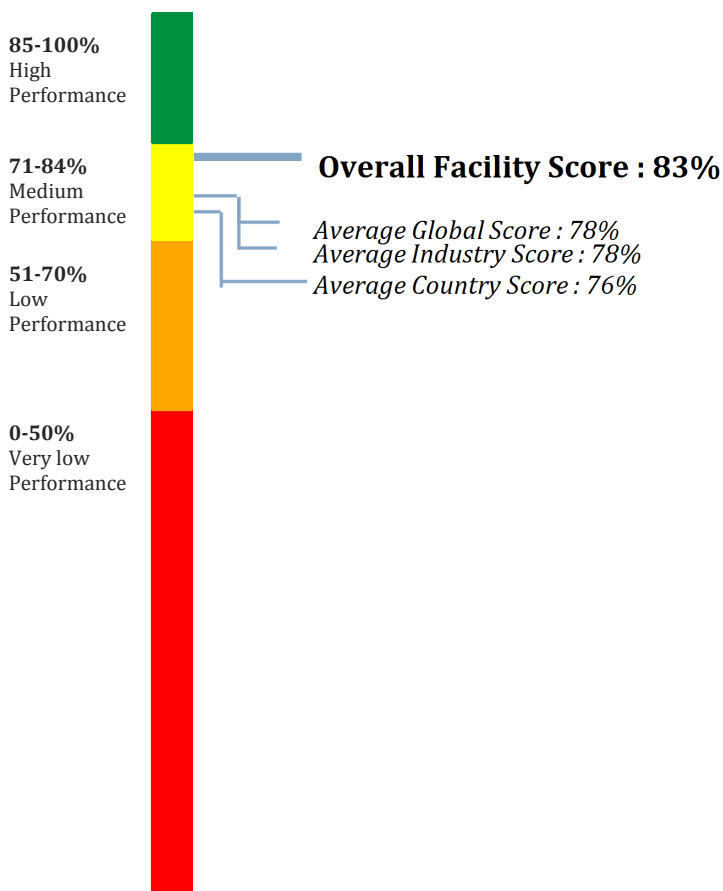
### GENERAL INFORMATION

Overall Facility Score : **83%**

Report No :	F_IAR_83146	City :	Yiwu
Audit Date :	Aug 18, 2016	Country :	China
Last Audit :	NA	Auditors :	Primary: Alexandra Liu
Assessment Stage :	Initial		Secondary: None
Schedule Type :	Semi-Announced	Service Provider:	Intertek

### WORKPLACE PERFORMANCE INDEX AND SUMMARY

Participating facilities: 21752



Assessment area	Score results	Number of non-compliances by rating				
		Zero Tolerance	Major	Moderate	Minor	Notscored
<b>Overall</b>	<b>83%</b>	-	<b>1</b>	<b>4</b>	<b>4</b>	-
Labor	<b>100%</b>	-	-	-	-	-
Wages & Hours	<b>71%</b>	-	-	2	-	-
Health & Safety	<b>88%</b>	-	-	2	-	-
Management Systems	<b>67%</b>	-	1	-	4	-
Environment	<b>100%</b>	-	-	-	-	-

## A. FACILITY PROFILE

### A1. FACILITY INFORMATION

<b>Facility Name:</b>	Yiwu City Oujia Bags Co., Ltd.	<b>Facility Legal Status:</b>	Privately owned
<b>Facility Legal Name:</b>	Yiwu City Oujia Bags Co., Ltd.	<b>Year facility began operations:</b>	2014
<b>Audit Location:</b>	2nd Floor, Door No. 112, No. 1328 Yin Hai Road, Niansanli Industrial Park, Yiwu	<b>Located in special economic zone:</b>	No
<b>City:</b>	Yiwu	<b>Person responsible for overall social compliance issues:</b>	Mr. Pan Tianpeng
<b>Country:</b>	China	<b>Valid certificate for social compliance certification program:</b>	None
<b>Contact Name:</b>	Mr. Pan Tianpeng	<b>Vendor Name:</b>	A Printer's Ink(API)
<b>Contact Title:</b>	HR officer	<b>Security systems in place:</b>	Yes <i>Security guards were responsible for controlling physical access to the facility.</i>
<b>Industry:</b>	Accessories		
<b>Building Description:</b>	The facility rented 2/F of one 5-storey building used as workshop, warehouse and office from landlord. No kitchen, canteen or dormitory was provided for employees.		
<b>Special building type:</b>	Multi-story building shared with other facilities/enterprises under separate ownership <i>The facility rented 2/F of one 5-storey building used as workshop, warehouse and office from landlord. No kitchen, canteen or dormitory was provided for employees. The landlord rent out the other areas to several different companies that used as office or warehouse. The information about the names and the business type of other facilities were not provided due to confidentiality.</i>		

### A2. PRODUCTION INFORMATION

<b>Products manufactured/ Services provided:</b>	Bags	<b>Time record system(s) used:</b>	Finger print attendance system
<b>Production process/ Service elements:</b>	Cutting, sewing, inspection and packaging	<b>Chemicals or hazardous materials on-site:</b>	Yes <i>The facility only used some machine oil during production.</i>
<b>Production capacity a week:</b>	10,000 piece	<b>Current production/ Services for client:</b>	No
<b>Total number of machines:</b>	40		
<b>Main machine types:</b>	Sewing Machines, Cutting Machines etc		
<b>Shifts and Operating hours:</b>	All employees in the facility worked from Monday to Friday per week in 1 shift from 8:00 to 17:30 with one and half an hour for lunch time from 11:30 to 13:00 per day.		

### A3. EMPLOYEE INFORMATION

<b>Range of total number of employees at the facility:</b>	0-100 employees	<b>Female Employees:</b>	35
<b>Union name:</b>	None	<b>Male Employees:</b>	10
<b>Employs juvenile workers:</b>	None	<b>Mgmt Employees:</b>	15
<b>Hires through employment agent:</b>	No <i>No such employees in facility.</i>	<b>Production (Non-Management) Employees:</b>	30
<b>Employee nationalities/provinces:</b>	Through employees' interview and document review, there was no foreign employees in the facility. 68% employees were migrant employees mainly from Henan, Anhui Province of China.	<b>Local Employees:</b>	14
		<b>Foreign/Migrant Employees:</b>	31
		<b>Languages spoken in the facility:</b>	Mandarin
		<b>Management and employees speak same language :</b>	Yes

### A4. SUBCONTRACTOR INFORMATION

No subcontractor information given

## A5. GENERAL INFORMATION

1. Attitude of managers: The facility management showed positive attitude to this audit during the whole process. The documentation requested for the review was provided timely. Locked areas encountered during the audit were unlocked timely. At the end of the audit, all the findings were accepted by the facility management.
2. Attitude of employees: All interviewees were comfortable during interview. All employees were satisfied with the facility. No negative information was raised. The employees do enjoy working in the facility. They are satisfied with the working condition and management system.
3. No obvious peak month in facility.
4. The facility rented 2/F of one 5-storey building that used as workshop, warehouse and office from landlord. No kitchen, canteen or dormitory was provided for employees. The landlord rent out the other areas to several different companies that used as office or warehouse. Through a quick site tour, management interview and employees' interview, the management system were independence and no suspect of co-mingling issue found, those different facilities were independent. So this audit only covered the areas used by the audited facility.

### **Emergency Preparedness Summary**

1. Through facility tour, the facility had a general control of manage emergency preparedness. Through employees interview, most employees could stated how to deal with some accidents. According to the procedure, when a accident detected, the employees who found the accident, should push the fire alarm button and then call the responsible person and communicated with their responsible persons to resolve the accident. If someone injured, some responder should call 120 first and at the same time the first aid responder would conduct first aid.
2. The facility had conducted training for employees about fire safety when they joined in. There were enough firefighting/ alarm equipment installed in the facility, including fire extinguishers including type A, B, C, fire hydrants and fire alarms, all these fire equipments were kept in good condition and were monthly checked. All fire equipment including fire extinguishers and fire hydrants were kept clear and easy to access. Evacuation maps are also posted in each areas with emergency team, emergency plan position of firefighting equipment, and photo of fire team, emergency routes are clearly marked on the floor which can lead employees to emergency exit, exit sign are posted at exit doors.
3. Through employees' interview, fire drill was conducted for all employees twice a year, the most resent fire drill was conducted at May 2016.

## A6. AUDIT PROCESS

### *Audit pay period provided for review*

<b>Records</b>	<b>From</b>	<b>To</b>
12 Months Payroll	1-7-2015	30-6-2016
12 Months Attendance	1-7-2015	17-8-2016

### *Employee interview sampling*

Individual	5 (including 4 females and 1 male)
Group	No employee interview was done in group
Total interviewed	5 (including 4 females and 1 male)

### *Payroll and attendance records sampling*

<b>Period</b>	<b>From</b>	<b>To</b>	<b>Peak Season</b>	<b>Records Reviewed</b>
Current Period	1-6-2016	30-6-2016	No	5
Period 1	1-3-2016	31-3-2016	No	3
Period 2	1-8-2015	31-8-2015	No	3
<b>Total</b>				11

### *Other records reviewed*

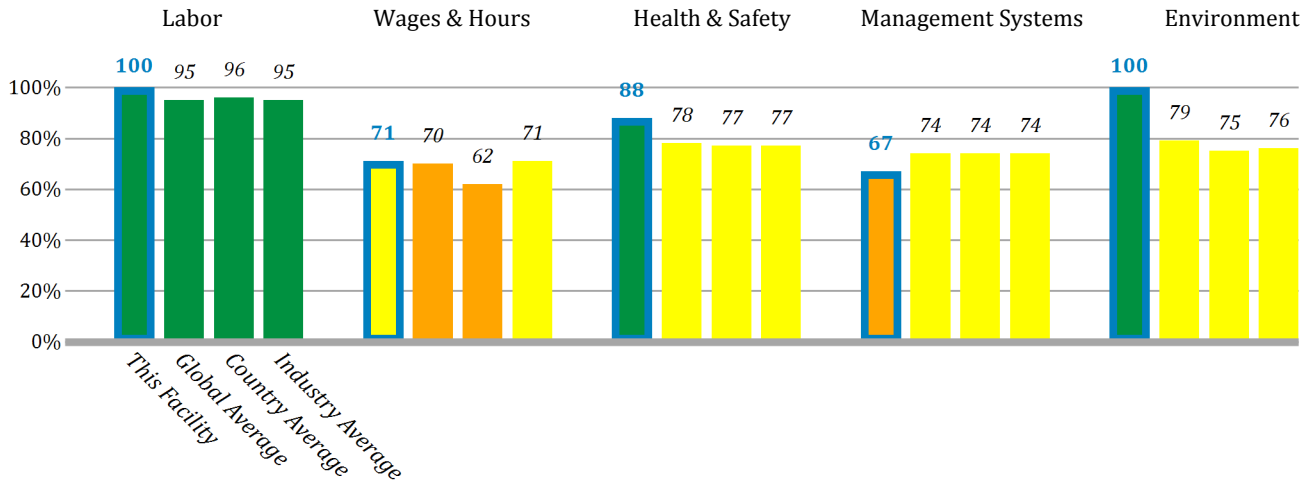
Personnel records  
Production records  
Employment contracts  
Social insurance documentation  
Infirmary logs

Security log book  
Non-Production records  
Legal Permits  
Employee leave register  
Machine maintenance records

## B. KEY PERFORMANCE METRICS

### B1. COMPARISON BENCHMARK

Current performance — Global average, China average, Accessories average

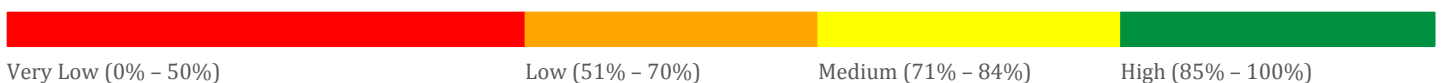


### B2. PERFORMANCE TREND ANALYSIS

Section Name	Current (18-Aug-2016)	Last (Not Applicable)	First (Not Applicable)	Change (Current-Last)	Change (Current-First)
Labor	100	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Wages & Hours	71	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Health & Safety	88	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Management Systems	67	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Environment	100	Not Applicable	Not Applicable	Not Applicable	Not Applicable
<b>Overall Score</b>	<b>83</b>	<b>Not Applicable</b>	<b>Not Applicable</b>	<b>Not Applicable</b>	<b>Not Applicable</b>

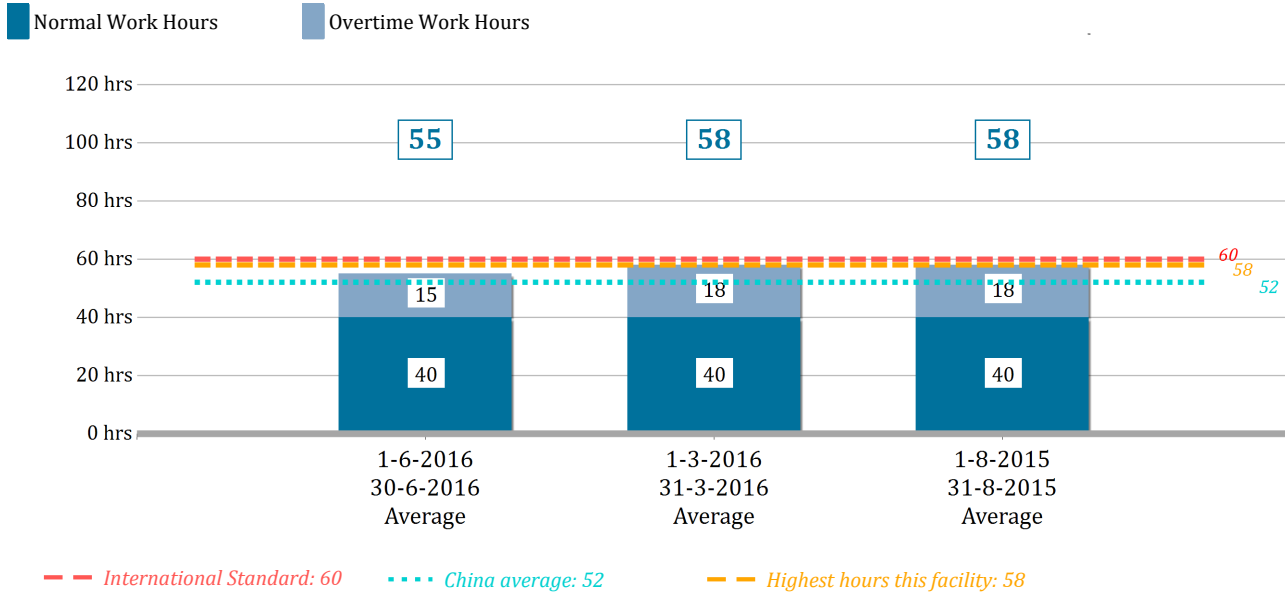
▲ Advancers    ■ Constant    ▼ Decliner

#### PERFORMANCE RATING

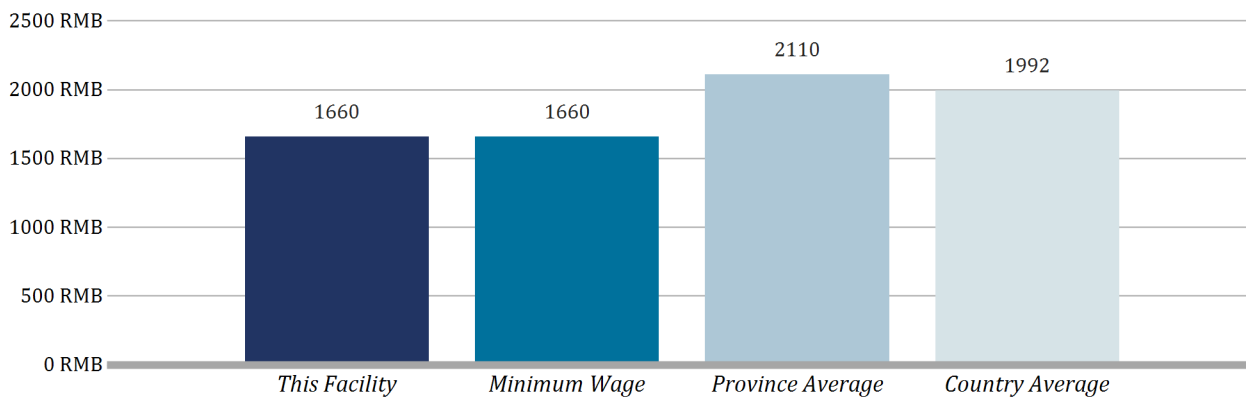


### B3. WORKING HOURS AND WAGES

#### Average total hours worked weekly



#### Average wages paid in local currency (RMB)

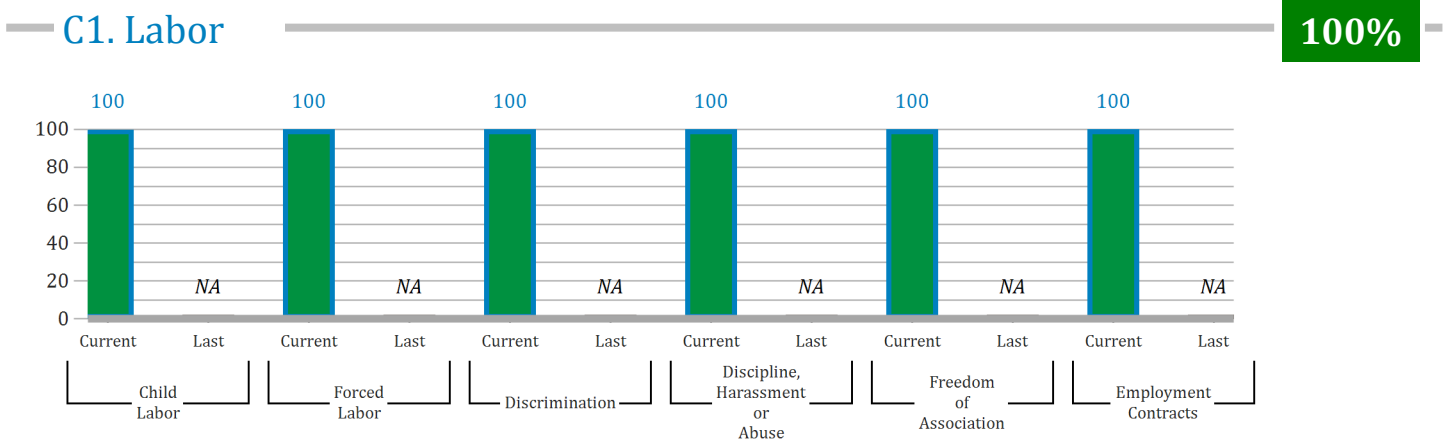


**Special wage circumstances:** The local minimum wage standard was set at RMB 1660 per month equivalent to RMB 9.54 (1660/21.75/8) per hour since November 1, 2015, and RMB 1470 per month equivalent to RMB 8.45 (1470/21.75/8) per hour from August 1, 2014 to October 31, 2015.

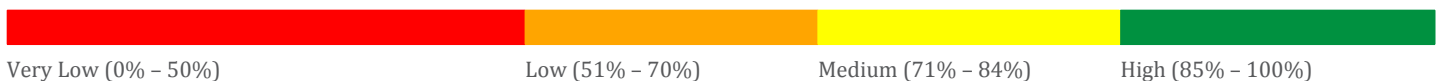
- Wages and hours summary:**
1. The facility used finger print system to record all employees' working hours.
  2. All employees in the facility were paid by hourly rate. And the pay day was around 30th of each month after the working period.
  3. All employees were paid at the minimum wage (RMB 1660 per month), and 150%, 200% of normal rate was paid for overtime work on normal working days and rest days respectively, no overtime work was arranged on holidays. In addition, the facility provided paid leaves such as annual leaves, sick leaves and etc to employees as per law.
  4. Based on the provided attendance records, working hours were analyzed as follow: 1) For June 2016 (current month), the average number of hours for all 5 randomly selected employees worked in a week was 54.6 hours. Maximum working hour per week were 58 hours (all 5 randomly selected employees). Maximum overtime hours on normal working days were 2 hours (all 5 randomly selected employees) and maximum overtime hours per month were 74 hours (all 5 randomly selected employees); 2) For March 2016 (random month), the average number of hours for all 3 randomly selected employees worked in a week were 58 hours. Maximum working hour per week were 58 hours (all 3 randomly selected employees). Maximum overtime hours on normal working days were 2 hours (all 3 randomly selected employees) and maximum overtime hours per month were 78 hours (all 3 randomly selected employees); 3) For August 2015 (random month), the average number of hours for all 3 randomly selected employees worked in a week were 58 hours. Maximum working hour per week were 58 hours (all 3 randomly selected employees). Maximum overtime hours on normal working days were 2 hours (all 3 randomly selected employees) and maximum overtime hours per month were 82 hours (all 3 randomly selected employees).
  5. The recent 13 months and 17 days' production records (including daily inspection records and goods delivery records) were reviewed and cross-checked with the provided attendance records. No inconsistent information was noted.

## C. PERFORMANCE DETAILS

Current (18-Aug-2016)

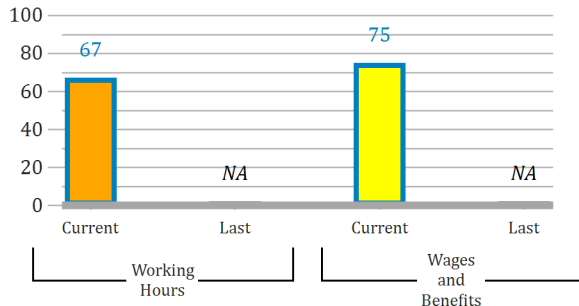


### PERFORMANCE RATING



## C2. Wages & Hours

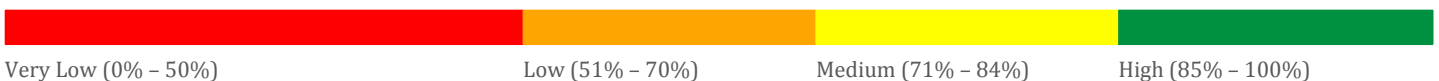
71%



### Sub Section: Working Hours

Status	Findings	% Global freq of compliance
● Moderate	<p><b>122.00</b> : Total overtime hours exceeds allowable limits under applicable law or agreement.</p> <p><b>Auditor's comment</b> Overtime hours had exceeded the legal requirement. During document review, it was noted that (1) the monthly overtime hours of all 5 randomly selected employees were 74 hours in June 2016 (current month); (2) the monthly overtime hours of all 3 randomly selected employees were 78 hours in March 2016 (random month); (3) the monthly overtime hours of all 3 randomly selected employees were 82 in August 2015 (random month).</p> <p><b>People's Republic of China Labor Law Article 41</b>            The employing unit may extend working hours due to the requirements of its production or business after consultation with the trade union and laborers, but the extended working hour for a day shall generally not exceed one hour; if such extension is called for due to special reasons, the extended hours shall not exceed three hours a day under the condition that the health of laborers is guaranteed. However, the total extension in month shall not exceed 36 hours.</p>	51%

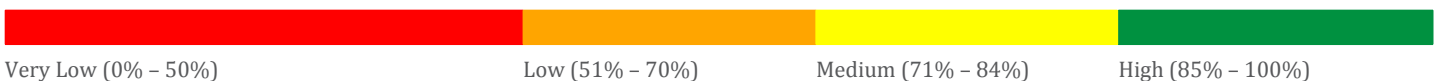
### PERFORMANCE RATING



**Sub Section: Wages and Benefits**

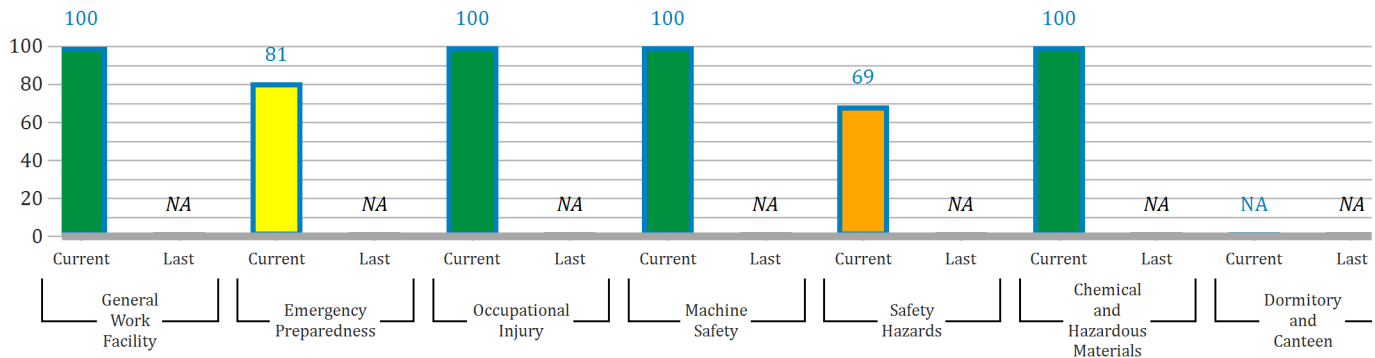
Status	Findings	% Global freq of compliance
● <b>Moderate</b>	<p><b>150.00</b> : The facility does not provide social security, pensions, healthcare and/ or other insurance to employees as per legal requirement.</p> <p><b>Auditor's comment</b> Insufficient social insurance participated. During document review, it was noted that in July 2016, there were 45 employees in facility, but only 3 employees had participated in all 5 types of social insurance including basic endowment insurance, basic medical insurance, unemployment insurance, maternity insurance and employment injury insurance. The rest employees did not participate in any type of social insurance, but the facility had provided commercial injury insurance for them.</p> <p><b>Social Insurance Law of the People's Republic of China Article 33</b>        Employees shall participate in employment injury insurance, and the employment injury insurance premiums shall be paid by their employers rather than the employees.</p> <p><b>Social Insurance Law of the People's Republic of China Article 53</b>        Employees shall participate in maternity insurance, and the maternity insurance premiums shall be paid by employers rather than employees in accordance with the relevant provisions of the state.</p> <p><b>Social Insurance Law of the People's Republic of China Article 10</b>        Employees shall participate in the basic endowment insurance, and the basic endowment insurance premiums shall be jointly paid by employers and employees.</p> <p><b>Social Insurance Law of the People's Republic of China Article 23</b>        Employees shall participate in the basic medical insurance for employees, and the basic medical insurance premiums shall be jointly paid by employers and employees in accordance with the relevant provisions of the state.</p> <p><b>Social Insurance Law of the People's Republic of China Article 44</b>        Employees shall participate in unemployment insurance, and the unemployment insurance premiums shall be jointly paid by employers and employees in accordance with the relevant provisions of the state.</p>	58%

**PERFORMANCE RATING**



### C3. Health & Safety

88%



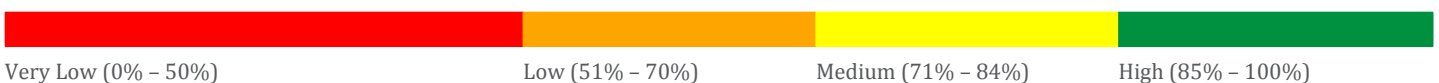
#### Sub Section: Emergency Preparedness

Status	Findings	% Global freq of compliance
Moderate	<p><b>197.00</b> : There has not been an emergency evacuation drill for all areas and shifts in the last 12 months or as required by law</p> <p><b>Auditor's comment</b> According to client requirement, fire drills must be conducted at least quarterly. If a factory is located within a building with multiple tenants or factories, supplies must conduct joint fire drill with the other tenants or factories at least twice per year. Insufficient evacuation drill. During document review and employee interview, it was noted that the facility did not conduct fire drill on quarterly based on client requirement. Also, the facility did not conduct fire drill with other tenants or factories within the same building. But the facility was in compliance with the local law requirement of twice a year.</p> <p><b>Fire Prevention Regulation for Organ, Group and Enterprise Article 40</b>                      The high fire risk unit shall arrange fire drill at least once semiannually according to fire fighting and emergency evacuation plan and perfect the plan constantly base on the actual situation, other units shall consult and constitute corresponding emergency plan base on actual situation and arrange fire drill at least once a year.</p>	82%

#### Sub Section: Safety Hazards

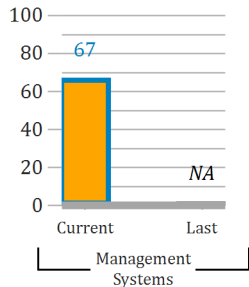
Status	Findings	% Global freq of compliance
Moderate	<p><b>235.00</b> : Not all special equipment operators (forklift, cargo lift, boiler operator, electrician, hot work e.g. boring and welding, confined space work, energy isolation, line opening etc) are licensed where applicable</p> <p><b>Auditor's comment</b> No certificate for special appliance operator. During facility tour, auditor found that there was one lift in the facility for goods transferring and loading, however the facility could not provide the management certificate for review. Also, one electrician's certificate was not re-checked, it should be conducted in May 2016.</p> <p><b>Special Appliance Quality Safety Monitoring Regulation Article 38</b>                      The operator of special appliances (mentioned in Article 2, such as boiler, compressing equipment, lift, lifting appliance, etc) shall undergo relevant examination and qualifications to obtain special appliances certificate from the Special Appliance Quality Safety Monitoring department before operating those appliances.</p>	77%

#### PERFORMANCE RATING



## C4. Management Systems

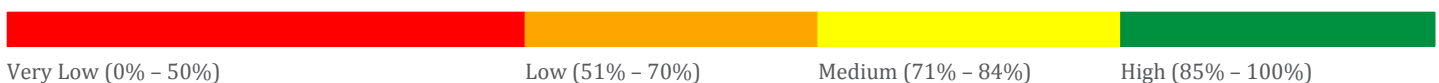
67%



### Sub Section: Management Systems

Status	Findings	% Global freq of compliance
● Major	<p><b>291.00</b> : The facility does not have a valid business license/ registration/ permit to operate</p> <p><b>Auditor's comment</b> The address on the business license was different from the actual operation address. Through facility tour and document review, auditor found that the facility actual address was 2nd Floor,Door No.112, No. 1328 Yin Hai Road, Niansanli Industrial Park, Yiwu City, Zhejiang province. Through document review, the address on business license was No.45 Longxiang Road, Niansanli Street, Yiwu City, Zhejiang province. The facility management representative stated that the local industrial and commercial bureau know the change of their address, however, due to tax problem, they did not change their address in business license. Also, one statement with administrative stamp from local industrial and commercial bureau was provided to state this situation.</p>	96%
● Minor	<p><b>296.04</b> : The facility has comprehensive working hour and wages management processes and procedures in a written manual that support adherence to social compliance requirements but they are not all being properly implemented</p> <p><b>Auditor's comment</b> The facility had established the working hour and wages management procedures, but not implemented completely, such as monthly overtime hours had exceeded the legal requirement, Insufficient social insurance participated.</p>	57%
● Minor	<p><b>296.06</b> : The facility has comprehensive emergency preparedness processes and procedures in a written manual that support adherence to social compliance requirements but they are not all being properly implemented</p> <p><b>Auditor's comment</b> The facility had established the emergency preparedness procedures, but not implemented completely, such as insufficient evacuation drill for employees as client's requirement.</p>	70%
● Minor	<p><b>296.07</b> : The facility has comprehensive employee safety processes and procedures in a written manual that support adherence to social compliance requirements but they are not all being properly implemented</p> <p><b>Auditor's comment</b> The facility had established the employee safety procedures, but not implemented completely, such as no management certificate of lifts and no re-check of one electrician certificate.</p>	60%

### PERFORMANCE RATING

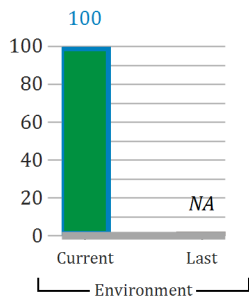


Sub Section: **Management Systems**

Status	Findings	% Global freq of compliance
● <b>Minor</b>	<p><b>305.00</b> : The facility does not provide appropriate training for managers on how to implement its social compliance policies and procedures.</p> <p><b>Auditor's comment</b> No qualification certificate for person for the management of work safety in the facility. During document review, auditor found that the facility could not provide the qualification certificate of persons for the management of work safety for review.</p>	73%

**C5. Environment**

**100%**



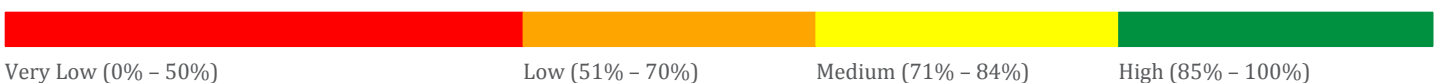
**% Global Frequency of Compliance:** Represents the implementation percentage performance of all suppliers participating in the WCA Community globally for each issue

**Identification numbers:** Represents the finding ID associated with each checklist question

**RECOMMENDATION FOR IMPROVEMENT PLAN TIMELINE**

- **Minor** Take action within 0 ~ 6 months to make necessary improvements.
- **Moderate:** Take action within 0 ~ 3 months to make necessary improvements.
- **Major :** Take action within 0 ~ 1 month to make necessary improvements.
- **Zero Tolerance:** Take immediate action to make necessary improvements.

**PERFORMANCE RATING**



## D. STRENGTHS AND CHALLENGES

Facility Strengths: Facility performance ranks in the top percentile of the population and/or has implemented a best practice process	Rating	Global Freq. of Compliance%
<b>Challenges: Facility performance ranks in the bottom percentile of the population</b>		
The facility does not have a valid business license/ registration/ permit to operate	Major	96%
There has not been an emergency evacuation drill for all areas and shifts in the last 12 months or as required by law	Moderate	82%
Not all special equipment operators (forklift, cargo lift, boiler operator, electrician, hot work e.g. boring and welding, confined space work, energy isolation, line opening etc) are licensed where applicable	Moderate	77%
The facility does not provide appropriate training for managers on how to implement its social compliance policies and procedures.	Minor	73%
The facility has comprehensive emergency preparedness processes and procedures in a written manual that support adherence to social compliance requirements but they are not all being properly implemented	Minor	70%
The facility has comprehensive employee safety processes and procedures in a written manual that support adherence to social compliance requirements but they are not all being properly implemented	Minor	60%

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