



Measured Results - Improved Performance

Workplace Conditions Assessment Report

Guangzhou Caizhu Hardware Handicrafts Factory

Report No	F_IAR_18149
Audit Date	Apr 22, 2013
Assessment Stage	Initial
Audit Location	No.1 Yiheng Street, Daban Industrial Zone, Tingen Village, Panyu District
City	Guangzhou
Country	China
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Email	13798127229@163.com
Auditor Name	Primary: Manmay Gong Secondary: None

Workplace Performance Index

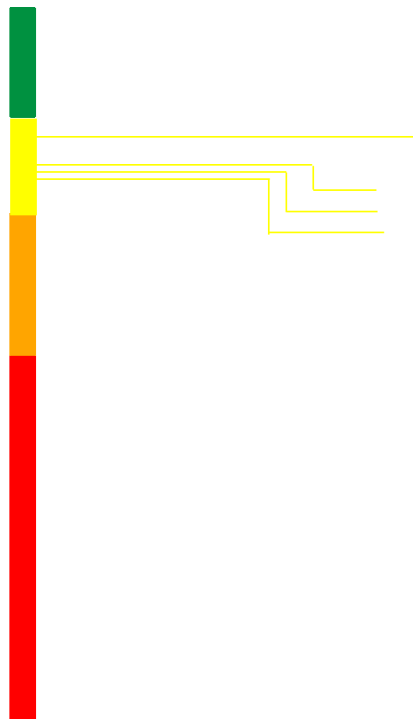
Participating Facilities : 8758

High Performance (85 – 100)
Meet Expectations.

Medium Performance(71 – 84)
Further Improvement Needed.

Low Performance(51 – 70)
Significant Action Required.

Very Low Performance(0 – 50)
Urgent Action Required.



Facility Score	82
Global Score	78
Country Score	77
Industry Score	76



Facility Profile

Facility Name	Guangzhou Caizhu Hardware Handicrafts Factory		
Facility Legal Name	Guangzhou Caizhu Hardware Handicrafts Factory		
Contact Name, Title	Mr. Gong Zhu Huang, Factory Manager		
Vendor Name	No information was provided.		
Industry	Hardlines		
Products Manufactured / Services Provided	Cooling racks		
Production Processes / Service Elements	Straight adjustment, Cutting, Punching, Turning, Welding, Polishing, Inspection and Packing.		
Production capacity a week	1 container		
Total number of machines	52 sets		
Main machine types	Welding machines, Straight adjustment machines, punching machines etc.		
Current production / Services for client	-		
Facility's legal status	Privately owned		
Year facility began operations	2003		
Number of buildings the facility operates in	The facility had two 1-storey buildings used as production workshop and warehouse and one 3-storey building used as office. No dormitory, canteen or kitchen is available.		
Languages spoken at the facility	All the employees in the facility speak Chinese.		
Facility management speaks same language as the employees	Yes		
Range of total number of employees at the facility	0-100 employees		
Female Employees	29	Male Employees	44
Mgmt Employees	26	Production (Non-Mgmt) Employees	47
Local Employees	7	Foreign/Migrant Employees	66
Union Name	None		
Number of shifts and operating hours	1 shift, The normal working hour was from 8:00 to 18:00 with 2 hours" lunch break from 12:00 to 14:00.		
Subcontractor name, location	NA		
Subcontracted processes	NA		
Facility is located in a special economic zone or other type of commercial zone that exempts it from compliance with any local/national laws	No		
Person responsible for overall social compliance issues	Mr. Xiao Bing Huang		
Valid certificate for social compliance certification program	None		



General Overview

Overview of opening meeting, facility management responses At 10:00, auditor entered the facility then held an opening meeting according to WCA Program, the facility management Mr. Gong Zhu Huang / Factory Manager, Ms. Xiao Ying Zhang / Admin Supervisor and other staffs were present in the meeting. They stated that they would be co-operative with this audit. Attitude of employees: Most of interviewees were comfortable during interview. All employees were satisfied with the facility and no negative information was raised. The employees did enjoy working in the facility. They were satisfied with the working condition. The facility gave everybody equal opportunity. Attitude of managers: The facility management showed a positive attitude to this audit during the whole process. All 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.

Audit Process

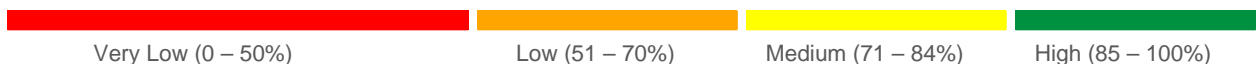
Audit Sample Size: Payroll & Attendance records	Audit sample size: employee interview	Audit Sample Size: Other records reviewed, please specify	Audit Pay Period Provided for Review, please specify
Payroll records from March 2012 to February 2013 and attendance records from March 2012 to April 22, 2013 were provided for review.	12 (5 males and 7 females)	Production records Daily Production Records from January 2013 to April 2013, for the other production records such as QC Reports and Finished Goods Out etc. from February 2013 to April 2013 were provided and reviewed. Some employees' files, relevant administration records such as Leave Records, Resigned Records were randomly selected for review.	From March 2012 to February 2013

I. Facility Performance Summary

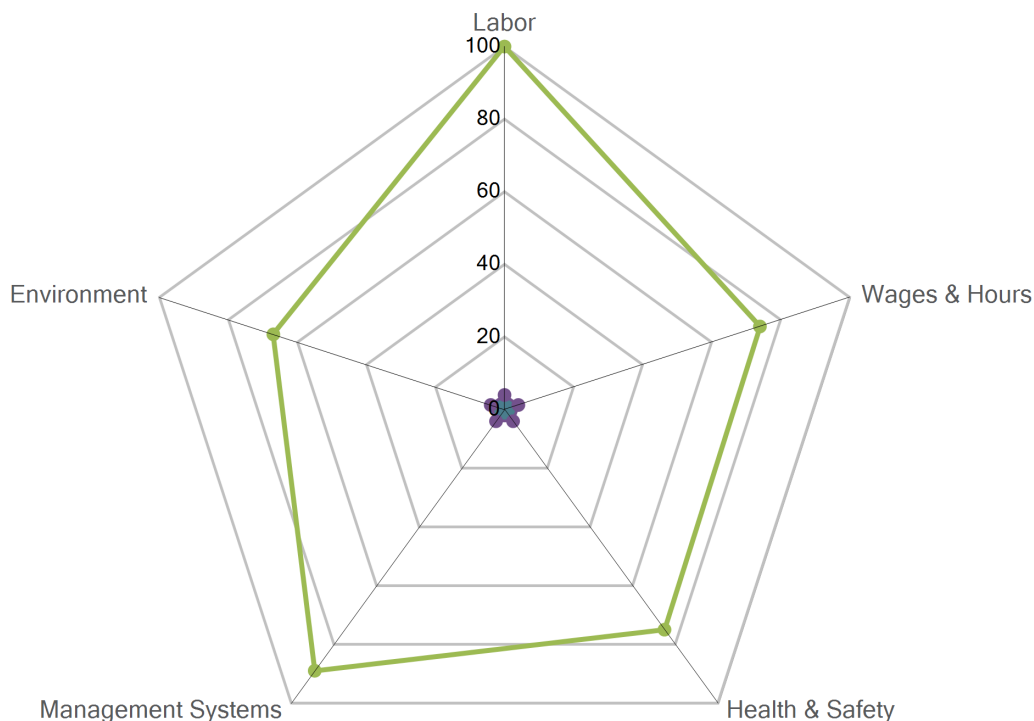


Performance Summary	Overall Compliance(%)	Non Compliance (%)							
		Major		Moderate		Minor		Zero Tolerance	
		# of Questions	%	# of Questions	%	# of Questions	%	# of Questions	%
Facility Summary	82%	0	0.00%	6	13.86%	7	3.87%	0	0.00%

Performance Summary	Section Compliance		Non Compliance (%)								# of Total Applicable Questions
			Major		Moderate		Minor		Zero Tolerance		
	# of Questions	%	# of Questions	%	# of Questions	%	# of Questions	%	# of Questions	%	
Labor	40	100%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	40
Wages & Hours	28	74%	0	0.00%	2	26.32%	0	0.00%	0	0.00%	30
Health & Safety	63	75%	0	0.00%	3	18.87%	3	5.66%	0	0.00%	69
Management Systems	29	89%	0	0.00%	0	0.00%	3	11.21%	0	0.00%	32
Environment	13	67%	0	0.00%	1	25.64%	1	7.69%	0	0.00%	15



II. Performance Trend Analysis



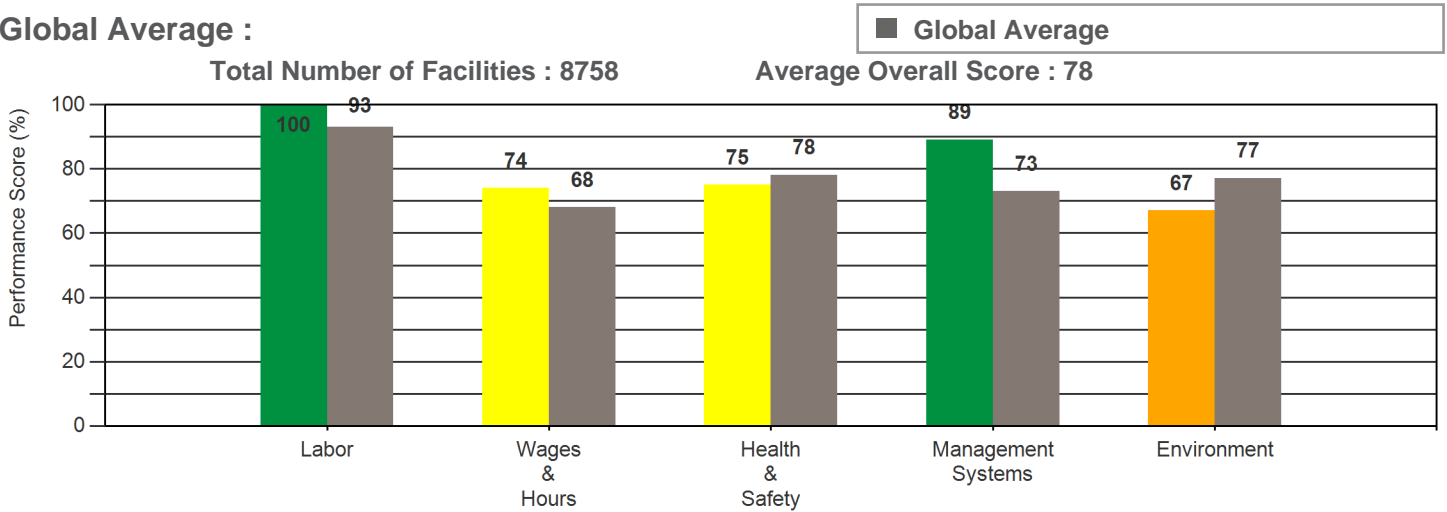
● Current Assessment (22-Apr-2013)
 ● Last Assessment (Not Applicable)
 ● First Assessment (Not Applicable)

Section Name	Current	Last	First	Change (Current-Last)	Change (Current-First)
Labor	100	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Wages & Hours	74	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Health & Safety	75	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Management Systems	89	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Environment	67	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Overall Score	82	Not Applicable	Not Applicable	Not Applicable	Not Applicable

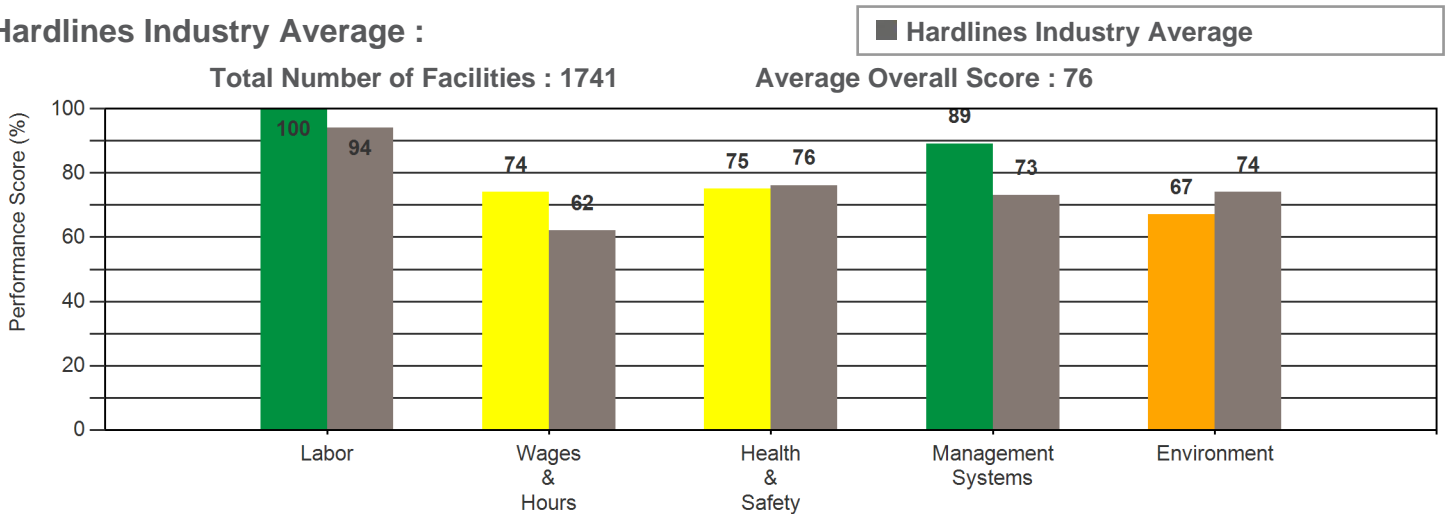
▲ Advancers
 ■ Constant
 ▼ Decliner

III. Comparison Benchmark

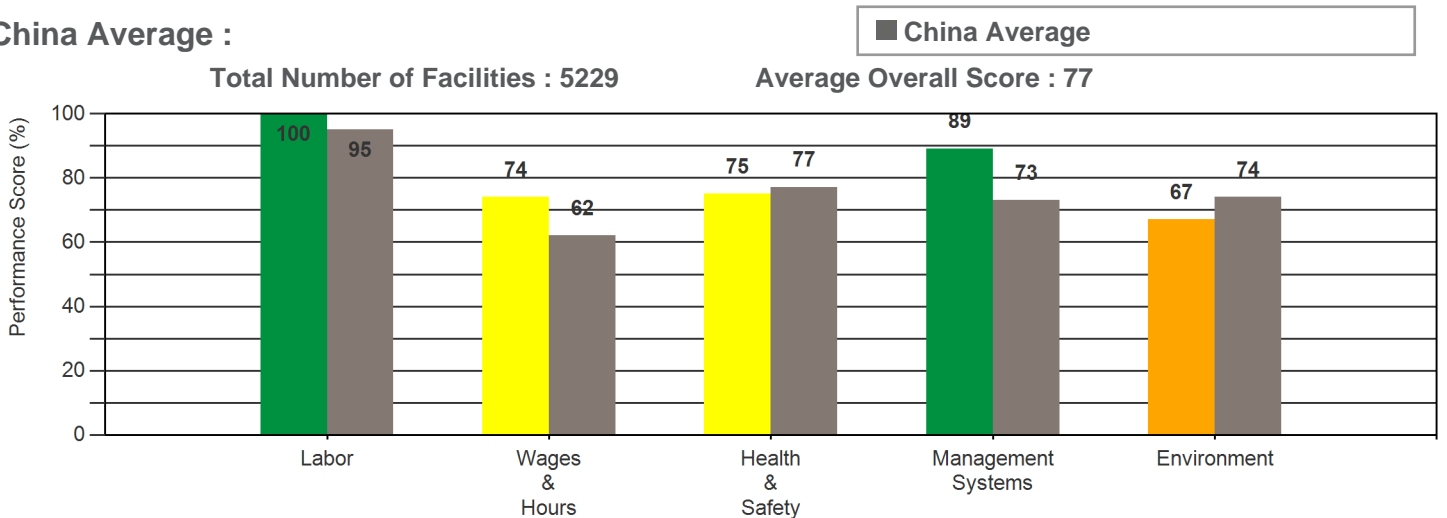
Global Average :



Hardlines Industry Average :

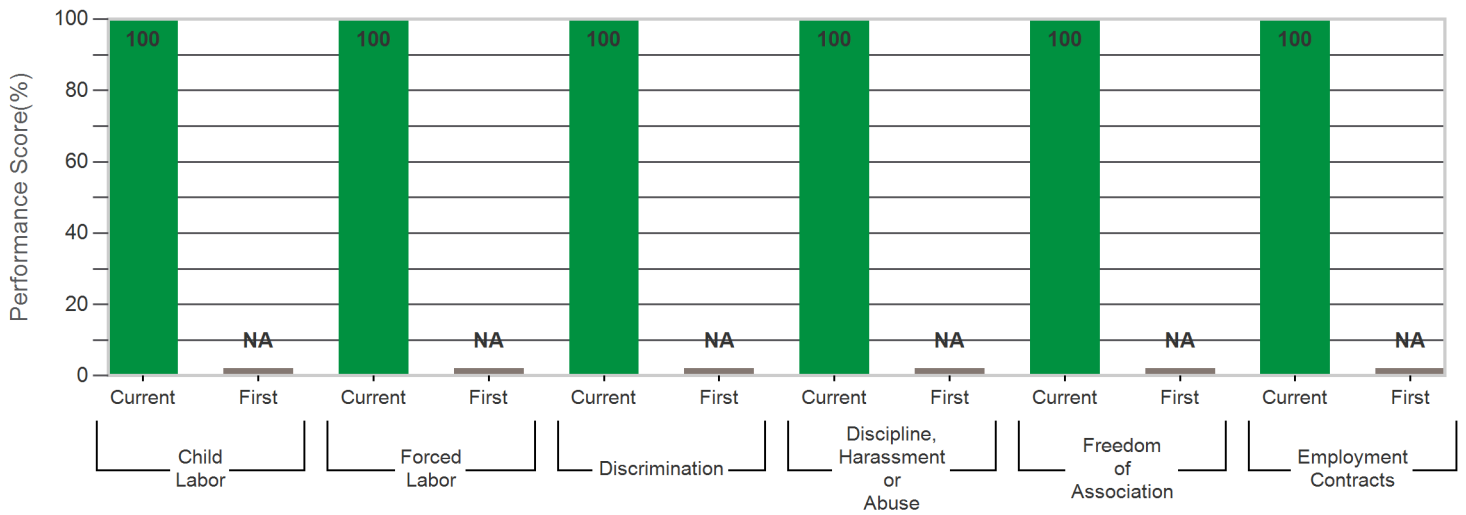


China Average :

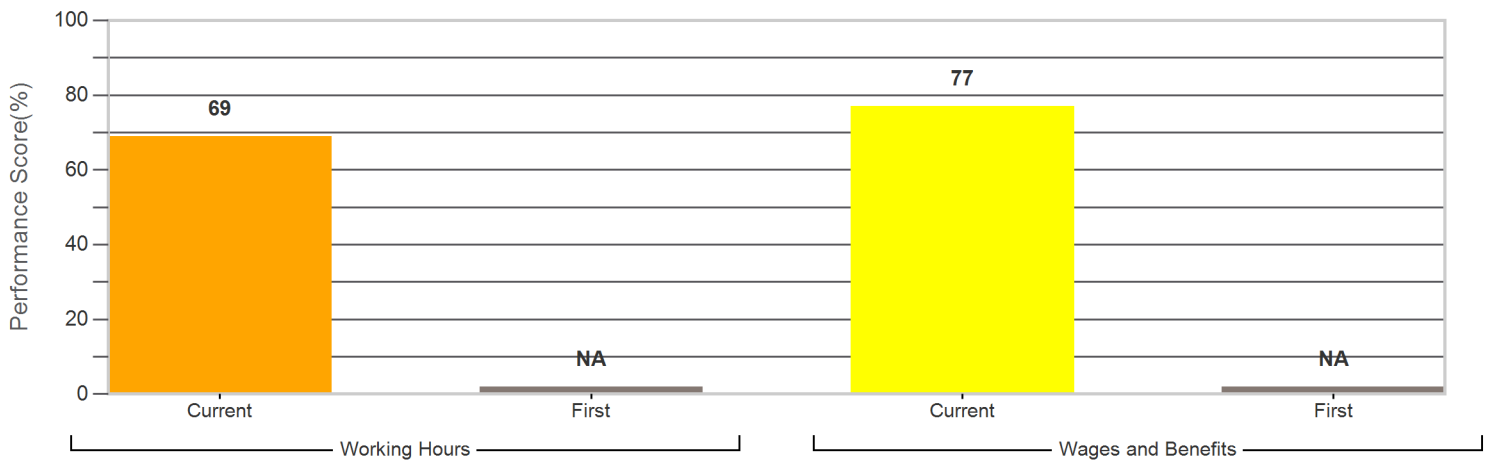


IV. Sub Section Comparison Benchmark

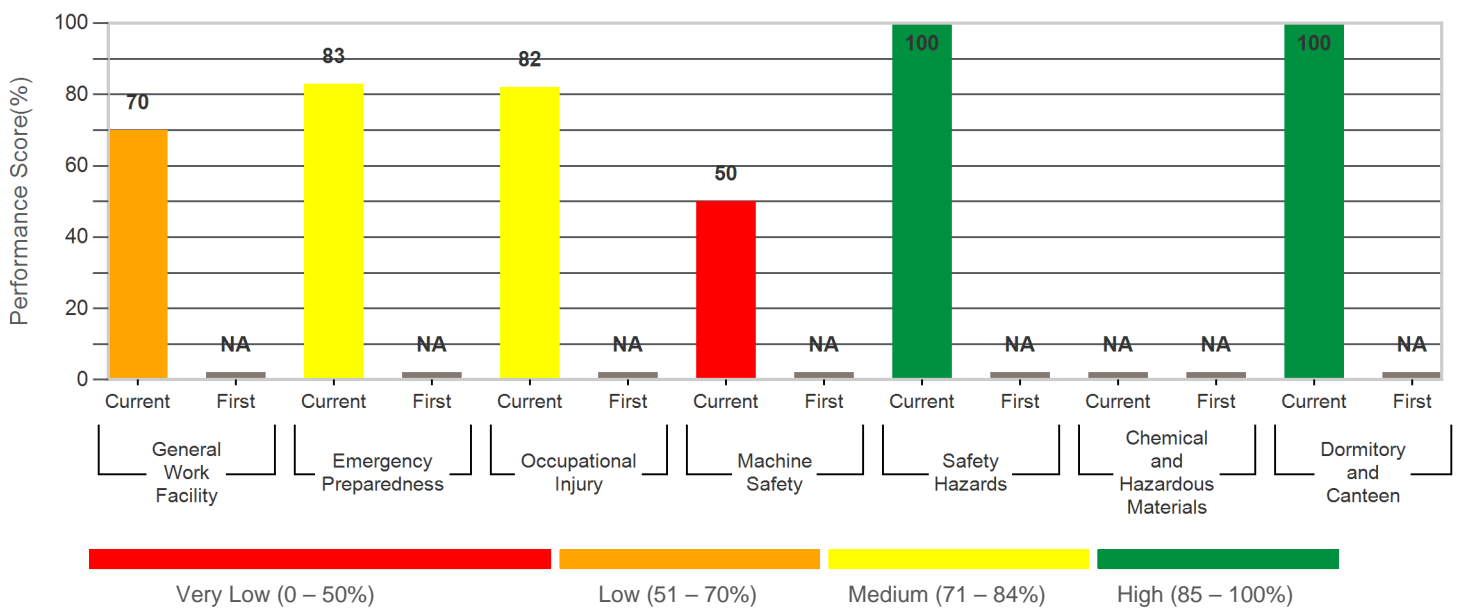
Labor



Wages & Hours



Health & Safety



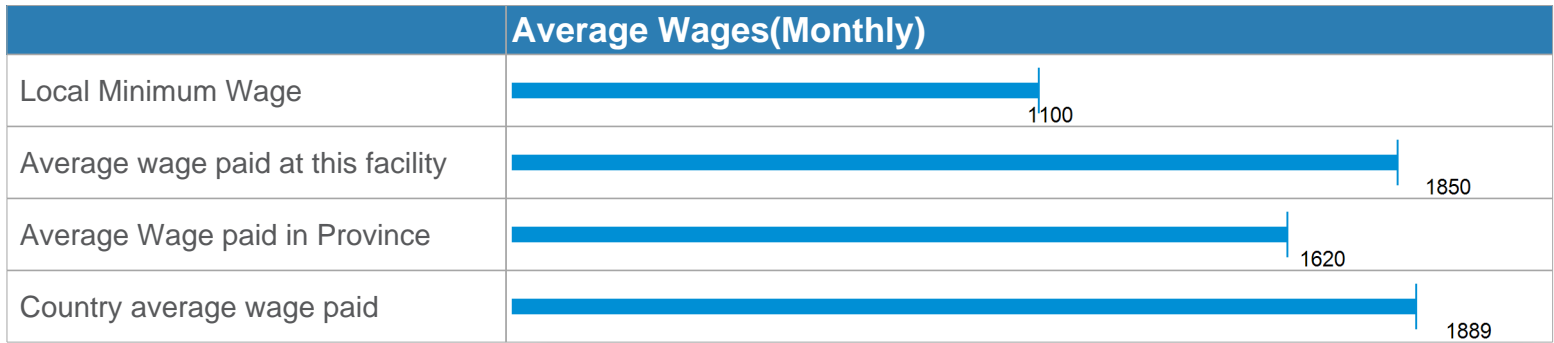
V. Working Hours and Wages

Average Total Hours Worked - Weekly

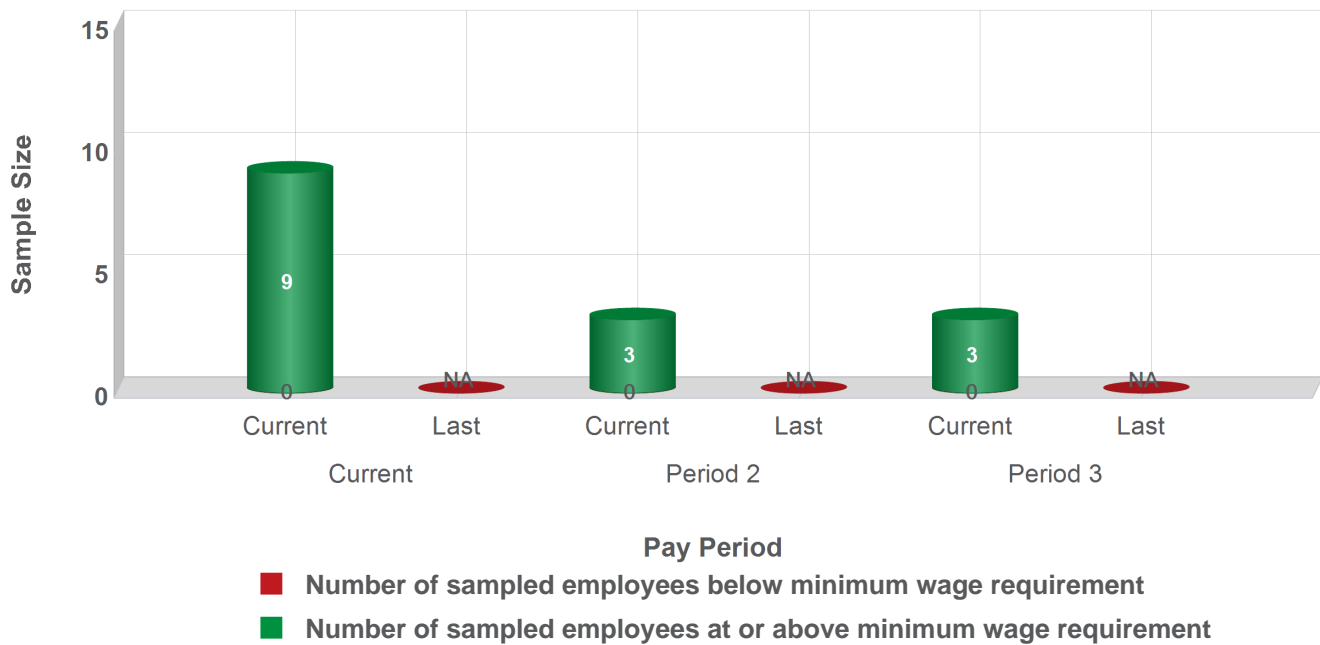


	From (Day-Month-Year)	To (Day-Month-Year)	Peak Season
Current Period Dates	01-02-2013	28-02-2013	NA
Period 2 Dates	01-11-2012	30-11-2012	NA
Period 3 Dates	01-06-2012	30-06-2012	NA

Average Wages Paid in Local Currency (RMB)



Wage Analysis- Sampled Records



	From (Day-Month-Year)	To (Day-Month-Year)	Peak Season
Current Period Dates	01-02-2013	28-02-2013	NA
Period 2 Dates	01-11-2012	30-11-2012	NA
Period 3 Dates	01-06-2012	30-06-2012	NA

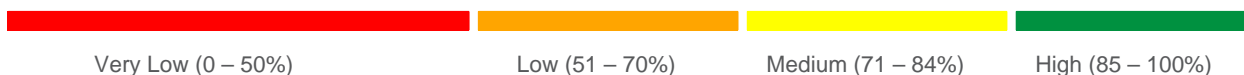
VI Key Strengths and Challenges

Facility Strengths	Rating	Global Freq. of Compliance%
Fire sprinkler is properly installed throughout the facility and regularly maintained.	Moderate	40%
Smoke detector properly installed throughout the facility and regularly maintained.	Moderate	48%

Facility Challenges	Rating	Global Freq. of Compliance%
Toilets at the facility are not clean and properly stocked with supplies	Minor	97%
Noise level at the facility is not acceptable	Minor	93%
The facility does not monitor the employees to ensure personal protective equipment (PPE) required to control machine safety hazards is correctly used	Moderate	91%
Points of operation and other potentially dangerous parts are not operated with proper machine safeguards	Moderate	83%
The facility does not have appropriately defined and documented responsibilities and authorities for managers, supervisors and employees	Minor	74%
Construction projects do not have the proper fire service inspection certificate	Moderate	72%
The facility does not provide social security, pensions, healthcare and/ or other insurance to employees as per legal requirement.	Moderate	72%
The facility does not conduct and/ or pay for regular occupational health examinations for employees when applicable	Minor	71%
The facility does not have some required permits, licensees and / or registrations for discharge/disposal or they are not current	Moderate	69%
The facility provides appropriate training for managers on how to implement its social compliance policies and procedures, however, incomplete training records or no training records are maintained.	Minor	65%

VII. Opportunities for Improvement

Performance Rating



74%

Section: Wages & Hours

SubSection: Working Hours

Current (22-Apr-2013)	Last (NA)	ID	Findings	Global Freq. of Compliance %
Moderate	N/A	115.00	Total overtime hours exceeds allowable limits under applicable law or agreement. People's Republic of China Labor Law Article 41 <i>It was noted that the monthly overtime hours of 9 out of 9 randomly selected employees were 50 hours in February 2013 (Most current month), 3 out of 3 were 84 hours in November 2012 (Randomly selected month) and 3 out of 3 were 78-80 hours in June 2012 (Randomly selected month).</i>	56%

SubSection: Wages and Benefits

Current (22-Apr-2013)	Last (NA)	ID	Findings	Global Freq. of Compliance %
Moderate	N/A	144.00	The facility does not provide social security, pensions, healthcare and/ or other insurance to employees as per legal requirement. People's Republic of China Labor Law Article 72 amd 73 <i>It was noted that only 15 out of 73 employees had participated in basic retirement insurance; disability caused by work-related injury or occupational disease insurance, basic illness or injury insurance, unemployment insurance and child-bearing insurance without any written waiver obtained from the local social insurance bureau.</i>	72%

75%

Section: Health & Safety

SubSection: General Work Facility

Current (22-Apr-2013)	Last (NA)	ID	Findings	Global Freq. of Compliance %
Minor	N/A	166.00	Noise level at the facility is not acceptable <i>It was noted that the facility did not conduct the occupational hazards factors testing (for example, punching department)</i>	93%
Minor	N/A	168.00	Toilets at the facility are not clean and properly stocked with supplies	97%

SubSection: Emergency Preparedness

Current (22-Apr-2013)	Last (NA)	ID	Findings	Global Freq. of Compliance %
Moderate	N/A	191.00	Construction projects do not have the proper fire service inspection certificate People's Republic of China Fire Control Law Article 11 and 13 <i>It was noted that no fire service inspection certificate or record was provided by the facility.</i>	72%

SubSection: Occupational Injury

Current (22-Apr-2013)	Last (NA)	ID	Findings	Global Freq. of Compliance %
Minor	N/A	207.00	The facility does not conduct and/ or pay for regular occupational health examinations for employees when applicable	71%
			People's Republic of China Law of Prevention and Control of Occupational Diseases Article 32	
			<i>It was noted that all employees in punching department working with noise have not ever conducted occupational health examination since they have joined the facility.</i>	

SubSection: Machine Safety

Current (22-Apr-2013)	Last (NA)	ID	Findings	Global Freq. of Compliance %
Moderate	N/A	218.00	Points of operation and other potentially dangerous parts are not operated with proper machine safeguards	83%
			Safety Manufacturing Law Article 29	
			<i>It was noted that the gap of safety guard equipped to one fan located in welding department was too large, which would injure the finger.</i>	
Moderate	N/A	222.00	The facility does not monitor the employees to ensure personal protective equipment (PPE) required to control machine safety hazards is correctly used	91%
			Law of the PRC on Work Safety article 37	
			<i>It was noted that the employees working with noise such as turning department did not wear their earplugs although the facility provided to them.</i>	

89%

Section: Management Systems

SubSection: Management Systems

Current (22-Apr-2013)	Last (NA)	ID	Findings	Global Freq. of Compliance %
Minor	N/A	297.00	There are no written records (correspondence, report, meeting minutes, etc) of a regular management review of the social compliance system	56%
			<i>There are no written records (correspondence, report, meeting minutes, etc) of a regular management review of the social compliance system.</i>	
Minor	N/A	298.00	Some responsibilities for labor or health & safety are not defined or documented	74%
			<i>Some responsibilities for social compliance were not defined or documented.</i>	
Minor	N/A	300.00	The facility does not provide appropriate training for managers on how to implement its social compliance policies and procedures.	65%

67%

Section: Environment

SubSection: Environment

Current (22-Apr-2013)	Last (NA)	ID	Findings	Global Freq. of Compliance %
Minor	N/A	316.00	The facility does not have any environmental management system in place	63%
Moderate	N/A	318.00	The facility does not have some required permits, licensees and / or registrations for discharge/disposal or they are not current	69%
			<p>People's Republic of China Law on Environmental Protection Article 27</p> <p><i>1. In accordance with the PRC Environmental Impact Assessment Law Article 16, It was noted that the Construction units did not compile Environmental Impact Report, Environmental Impact Report Form or fill out Environmental Impact Registration Form as per the above mentioned rules. It is recommended that the Construction units should compile Environmental Impact Report, Environmental Impact Report Form or fill out Environmental Impact Registration Form as per the above mentioned rules.</i></p> <p><i>2. In accordance with The PRC Environmental Impact Assessment Law article 22, It was noted that the facility did not obtain environmental impact assessment approval according to national regulations. It was noted that the environmental impact assessment documents provided by facility were not examined and approved by authorized environmental protection department.</i></p>	

Recommendation for Improvement Plan Timeline

Finding Rating	Improvement Timeline
Zero Tolerance	Take immediate action to make necessary improvements
Major	Take action within 0 ~ 1 month to make necessary improvements
Moderate	Take action within 0 ~ 3 months to make necessary improvements
Minor	Take action within 0 ~ 6 months to make necessary improvements



VIII. Good Practices

Section	Sub-Section	ID	Good Practice Description
Labor	Discrimination	57.00	The facility has written policies that prohibit discrimination
Wages & Hours	Working Hours	124.00	The facility has written procedures in place to determine, manage and control overtime
Health & Safety	Occupational Injury	204.00	For any work-related injuries in the past three years, the facility has performed investigations to determine root cause(s) and implement corrective actions
Management Systems	Management Systems	301.02	The facility communicates with employees using an employee committee
		301.03	The facility communicates with employees using a suggestion box
Environment	Environment	321.00	The facility has made progress in reducing or eliminating pollution, waste and conserving resources

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