

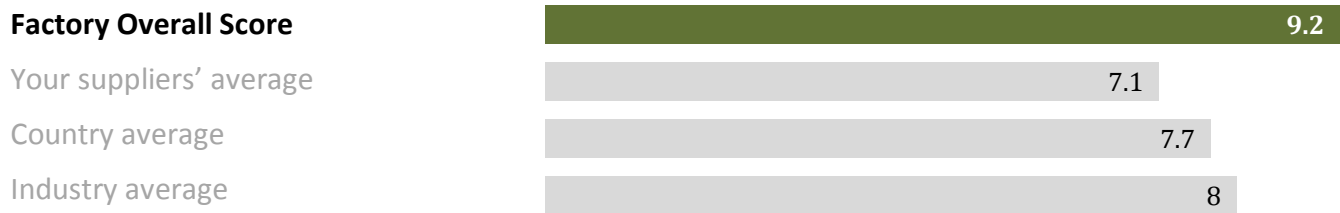


Ethical Audit Report



Client	ATS audit	AI Service No	R-us6-16399227
Supplier	Forever Standing Stationery Co.ltd	Auditor	Yunliang Zhang
Factory	Forever Standing Stationery Co. Ltd	Date	02-Dec-2016
Industry	Printing & Packaging	Country	China

Factory Overall Score **9.2** of a possible 10



Audit Rating **Green** Approved

		Critical NC	Major NC	Minor NC	Score out of 10
Health & Safety, Hygiene	35%	0	3	2	8.7
Waste Management	20%	0	0	1	9.4
Child Labor	15%	0	0	0	10.0
Hours, Wages & Benefits	20%	0	1	1	8.7
Labor Practices	10%	0	0	0	10.0
Total		0	4	4	9.2

NC: Non-Compliances

Valid until: 02-Dec-2017



Description of audited plant

There were one 5-storey building office building, one 4-storey dormitory in the factory and one 3-storey production building (1st floor of the production building was used as cutting, sewing, assembly and packing, warehouse, the 2nd floor used as gluing and handwork process, the 3rd floor of production building and 4th floor of dormitory building were rented to Dongguan Taite Electronic Co., Ltd.), the factory had provided leasing contract for review during the audit.

The main products were wine boxes, gift boxes, etc in the factory.

The production process is raw material, cutting, sewing, gluing and handwork-assembly and packing.

Important remarks

Part 1 Health, Safety And Hygiene

1. The building safety and fire safety in the factory were in good condition. Sufficient firefighting equipments (e.g. fire extinguishers, emergency lighting, fire alarm, fire hydrant, etc.) were installed in the factory. All fire extinguishers were properly maintained and the inspection record was posted nearby. The facility also obtained the fire inspection certificate.
2. There were sufficient emergency exits for all the work floors which installed with emergency lighting and exit sign. And evacuation map was posted for all the work floors.
3. Hazardous chemicals were stored in a designated area. Chemical MSDS was available in place.
4. The first aid kit with sufficient suppliers for the work floors and 1 qualified first aider was also presented.
5. The employees were provided with proper PPE and drinking water. Workers were trained in the use of PPE.
6. The facility had provided the employees with safety dormitory with sufficient fire fighting equipments.
7. No smoke detector was installed in all workshops/warehouses.
8. There was one elevator used in the factory, the annual inspection report of one elevator was expired on 14-Nov-2016.
9. Based on onsite observation, no needle guard was installed for 3 out of 8 sewing machines, and no pulley guard was installed for 2 out 8 sewing machines.
10. Based on onsite observation, no safety label was available for all chemicals used in workshops such as thinner, yellow glue etc, only chemical name was available.
11. No permit was available for canteen and kitchen in the factory.

Part 2 Waste Management

1. The facility had a valid Approval Report of Environmental Impact Assessment. The environment policy was also established.
2. The facility had provided the air quality test report for review which can meet the standard.
3. There was no industrial waste water generated from the facility. The domestic waste water was discharged to municipal sewage pipe network.
4. The factory had transferred the hazardous waste to qualified vendor, related handling contract and records were provided for review.
5. The factory had monitored water use, but not takes actions to reduce water use.

Part 3 Child Labour

1. All employees' personal files with ID cards copies were provided for review. No child labor or young worker was identified during this factory audit.
2. The factory signed labor contracts with all employees and gave a copy to each employee. Written child labor and young worker policy was established.
3. Legal minimum age was 16 years old, and the youngest worker was 20 years old in the factory who born on 12-Jan-1996 and hired on 22-Nov-2016.

Part 4 Working Hours, Wages and Benefits

1. Based on management interview and attendance records review, no peak season in the factory. Attendance records from Nov.2015 to audit day were provided, of Oct. 2016 (current month), Jul.2016 and Dec.2015 were taken as primary samples. All workers had 1 day off per 7 days. The maximum total weekly working hour for 10 sample employees were up to 60 hours.
2. The factory has provided the payroll from Nov.2015 to Oct.2016 and time records from Nov.2015 to audit day. Then the time record and payroll in October 2016 (current month), July 2016 (random month) and December 2015 (random month) were taken as primary sample. The overtime working is voluntary and all workers were paid by hourly rate.
3. The factory paid the employees monthly around 30th for the wage of previous month by cash. Minimum wage was guaranteed by the factory to the employees. Sufficient overtime working compensation and paid holiday wage was also paid.
4. The factory did not ensure overtime hours comply with legal requirement. Based on attendance records from Nov.2015 to audit day, except Feb.2016, 80% workers overtime hours exceeded 36 hours per month, the maximum overtime hours were 86 hours, occurred in Jan.2016.
5. The social insurance was no insufficient to all workers as per legal requirement. Total 99 employees in the factory, the factory provided retirement insurance and unemployment insurance to 27 workers, provided medical insurance to 34 workers, provided injury insurance to 35 workers.

Part 5 Labour Practices

No violations about discrimination/forced labor/prison labor were identified. No monetary deduction used as disciplinary practices were identified. Evidence shows that work is conducted in voluntary basis, with no threat of penalty or sanctions, and the factory do not use forced, bonded or involuntary prison labor.

Home Workers and Subcontractors

Is there any home workers used by factory? **No**

If yes, description: N/A

Is there any subcontractor used by factory? **No**

If yes, description: N/A

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Number of days spent: 1 man day



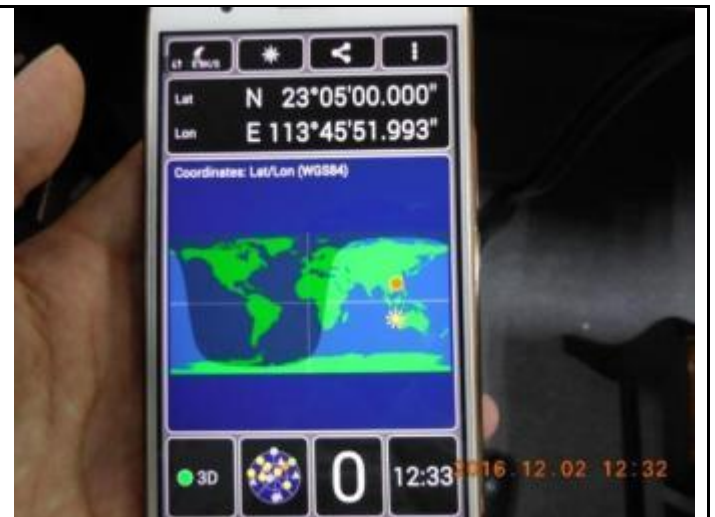
Auditor 1: Yunliang Zhang

Supervisor: Lalit Gupta

Departure time from home / office	Arrival time at Factory	Departure time from Factory
7:30am	9:40am	17:30pm



GPS Location Map



GPS Location



Factory Gate



Factory Building



Cutting workshop



Sewing workshop



Gluing and handwork



Assembly and packing



Sample Room



Office



Business license



Workers on gluing station



Workers on assembly station



Raw material in the factory



Final product

A. Observation & Questions

Basic Factory Profile

Item		Finding	Comments
1	Date of formation	28-Nov-2006	
2	Legal status	Private	
3	Location	2# YiHeng Road Hengjiao village, Shijie Town, Dongguan City, Guangdong Province, China	
4	GPS Location	23°05'00" N, 113°45'51" E	
5	Area (m2)	9800m2	
6	Owner	Mr. Yong Chengxiang	
7	Total staff in the factory	99	
8	Total office staff	16	
9	Total Management staff	11	
10	Number of workers	72	
11	Factory Manager	Mr. Yong Wenjing	
12	Health and Safety Manager	Mr. He Dong	
13	Main products	Wine boxes, gift boxes	
14	Main markets	USA, Canada, Europe	
15	Annual turnover	12,000,000 USD	
16	Business license	Date of issue: 28-Nov-2006	No: 91441900796237440T
		Expiry date: Long Term	
17	Payroll records of all employees	12 months' payroll records from November 2015 to October 2016.	October 2016, July 2016 and December 2015 were taken as samples
18	Time cards for all employees	13 months' attendance records from November 2015 to November 2016.	October 2016, July 2016 and December 2015 were taken as samples
19	Subcontractors	No subcontractor was used.	
20	Communication equipment	Telephone	086-0769- 23064614
		Fax	086-0769-22685774
		Computer	sales@fssdg.com
		Internet	NA
		Homepage	NA
		Digital camera	NA

Part 1 Health & Safety, Hygiene

1. General

Item No	Requirement	Result	Comments
1.1	Is a risk analysis conducted to identify the risks associated with production and is this risk analysis reviewed regularly and updated when necessary?	Pass	The facility had conducted the risk analysis associated with the production.
1.2	Is there a senior management representative for Health & Safety?	Pass	There was a senior management representative for Health & Safety/ Mr. He Dong.
1.3	Does the factory arrange health and safety training for new workers and for everyone who changes working roles?	Pass	The factory arranged health and safety training for new workers within one week while recruited.
1.4	Does the factory have a working environment that is well-ventilated, comfortable temperature, decent lighting, clean, tidy and enough room for each worker? If there are any possible issues that would impact the health of the worker, please give details.	Pass	The work environment is well ventilated, comfortable temperature, clean and decent lighting for workers.
1.5	Are all serious work-related accidents reported and recorded and corrective actions taken to prevent recurrence of work-related accidents?	Pass	All the work-related injuries were reported and records, and no injury was occurred in latest year.
1.6	Is appropriate and adequately maintained personal protective equipment (PPE) provided by the factory?	Pass	Active carbon masks were provided to gluing employees by the factory.
1.7	Have workers been trained in the use of PPE and are using provided equipment correctly?	Pass	The facility has trained the employees for using PPE.
1.8	Do workers have access to an adequate amount of fresh drinking water?	Pass	The facility had provided the employees with drinking water and the testing report was also provided for review.
1.9	Is there an adequate number of first aid kits?	Pass	The facility had provided the first aid kit for the work floors and there were 6 first aid kits totally.
1.10	Are first aid kits easily accessible and clearly marked and the content within the expiry date, applicable and replaced when used?	Pass	First aid kits were easily accessible and clearly marked.
1.11	Are adequate workers trained on first aid? Specify the number of trained personnel at the factory	Pass	There was 1 trained first aider in the factory.
1.12	Are lavatory and or washroom facilities, clean, well maintained, adequate in number, separated by sex, and with relevant privacy?	Pass	The lavatory and washrooms were clean, well maintained, adequate in number, separated by sex, and with relevant privacy. Total 8 toilets for males, 10 toilets for female.

Picture(s)



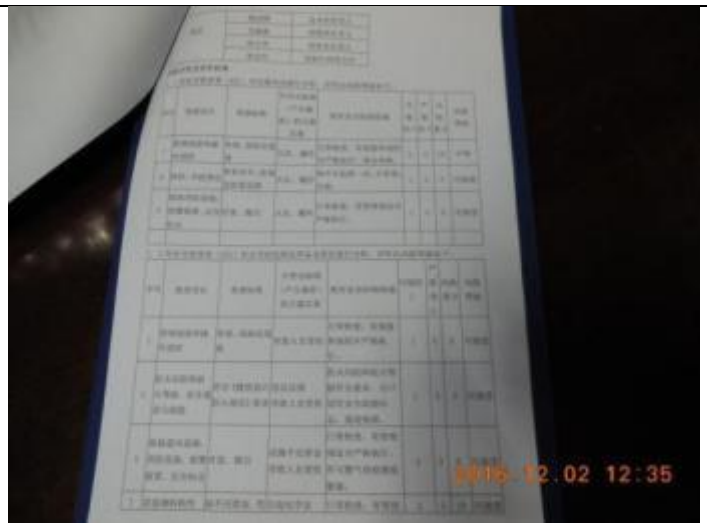
First aid kit

First aider



Drinking water test report

Drinking water provided



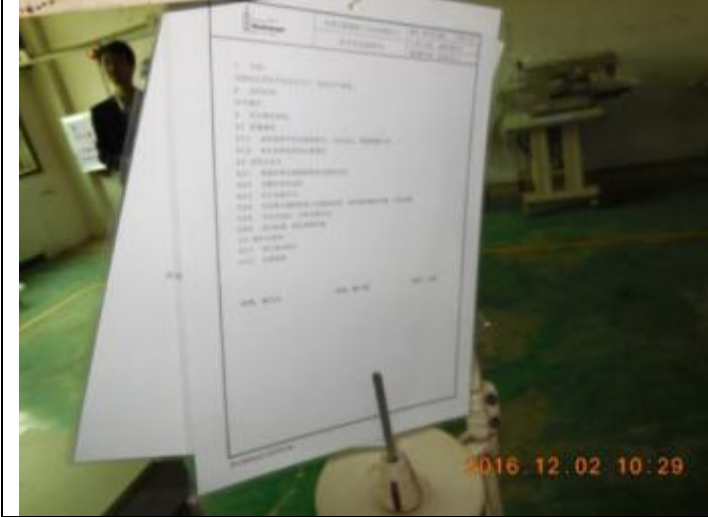
Risks analysis with production

Risks analysis with production



Procedure for Health & Safety

Health and safety training content



Instruction for operation

Employees wear PPE

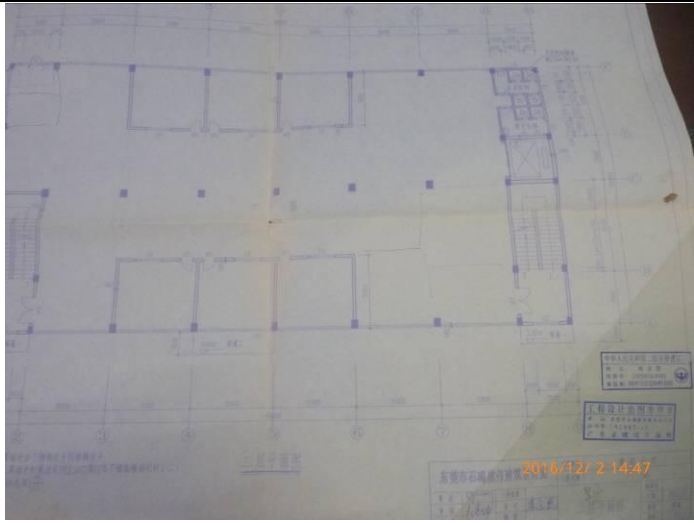

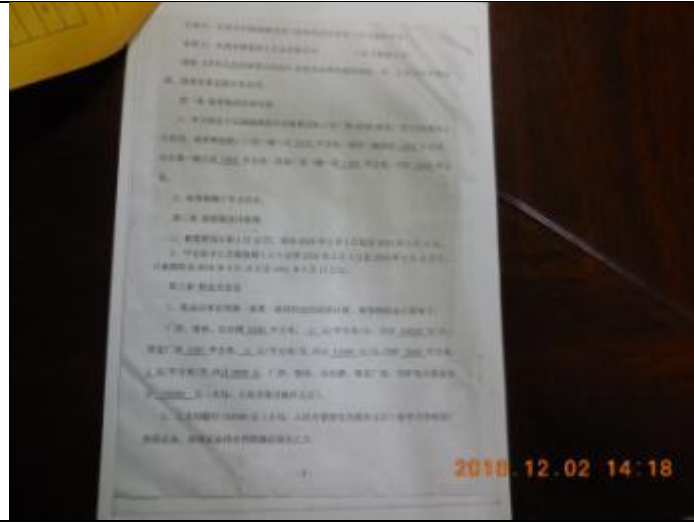
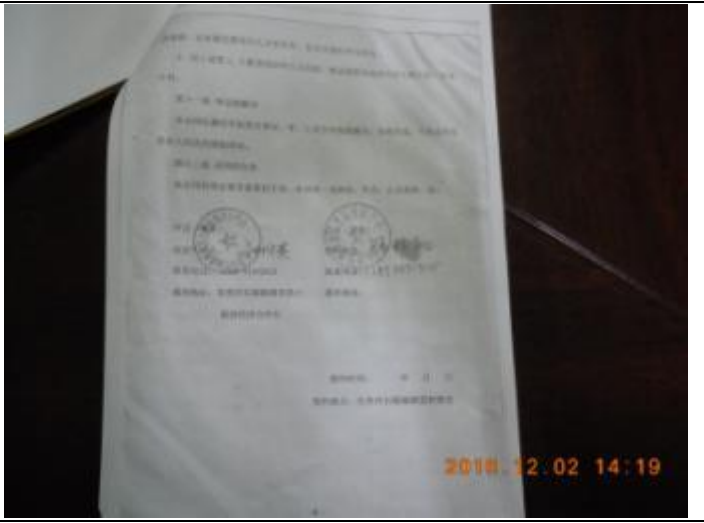


Safety supervisor

Toilet

2. Building Safety



Item No	Requirement	Result	Comments
1.13	Are legal construction certificates (building structure) available?	Pass	The buildings in the factory were completed in 2002 and the certificate was provided for review.
1.14	Are all site buildings, including dormitories maintained in good condition without posing a threat to the health of workers?	Pass	All site building seems to be maintained in good condition without posing a threat to the health of workers.

Picture(s)	
	
Building acceptance drawing	Building leasing contract
	
Building leasing contract	Building leasing contract

3. Fire Safety

Item No	Requirement	Result	Comments
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1.15	Does the factory have adequate unblocked fire exits for every factory workshop/floor?	Pass	At least 2 fire exits for every workshop and warehouse.
1.16	Has the factory been certified by the local fire bureau, and made efforts to comply with recommendations from audits?	Pass	The facility had obtained fire service inspection report from local fire bureau in Sep.2016.
1.17	Are there an adequate number of fire extinguishers and or other fire extinguishing systems in each building (including the dormitories)?	Pass	There are sufficient fire extinguishers and fire hoses in the production area. The total amount of fire extinguishers is 180 and fire hydrant is 10.
1.18	Are all fire extinguishing systems (including fire hoses) inspected, maintained properly and ready to use at all times?	Pass	The facility has periodically (monthly) maintained the fire extinguishers, fire hoses and fire alarm. And the maintenance record was posted nearby and the latest checking was in Nov.2016.
1.19	Are fire drills conducted regularly?	Pass	The facility has conducted fire drill once per year and the latest drill was conducted on 8-Nov-2016.
1.20	Are there fire alarms on each floor and adequate emergency lighting above exits and in working order?	Pass	The facility has installed the fire alarm for the work floors. The facility also installed the emergency lights for the emergency exits.
1.21	Are there fire/evacuation procedures in place with relevant evacuation plans posted in every workshop?	Pass	Evacuation map was posted on the work floors. Evacuation line was also clearly marked on each work floors.
1.22	Are smoke detectors/sprinklers installed in all workshops/warehouses?	Minor	No smoke detector was installed in all workshops and warehouses.

Picture(s)	
	
Fire safety certificate	Fire safety certificate



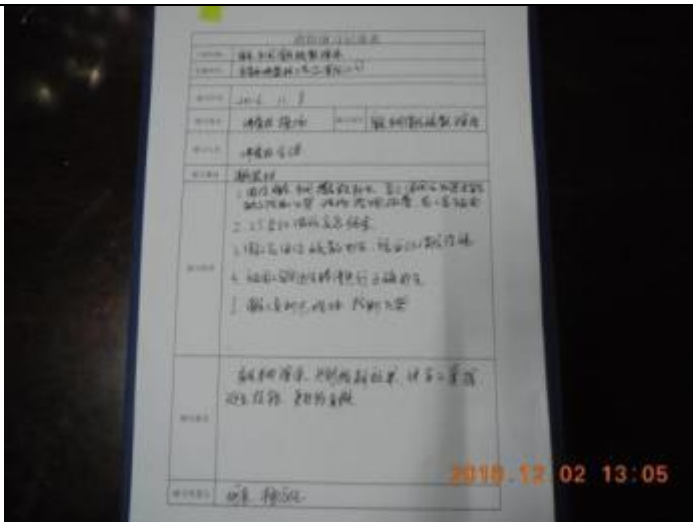
Exit sign and emergency lighting

Fire alarm and fire hydrant



Fire extinguisher with inspection records

Evacuation map



Fire drill records

Fire drill records



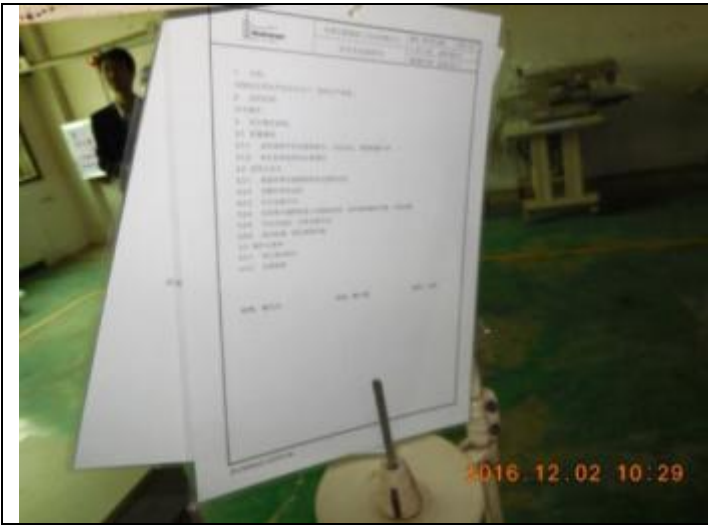
Fire drill records

No smoke detector was installed in the factory.

4. Machines/Installations

Item No	Requirement	Result	Comments
1.23	Does the factory have appropriate maintenance/inspections for boilers, elevators, pressure vessels and other equipment per local regulation?	Major	There was one elevator used in the factory, the annual inspection report of one elevator was expired on 14-Nov-2016.
1.24	Are adequate guarding or devices installed for moving/rotating parts of machine, pulleys and belts or any other dangerous parts of machines?	Major	Based on onsite observation, no needle guard was installed for 3 out of 8 sewing machines, and no pulley guard was installed for 2 out of 8 sewing machines.
1.25	Are all electricians, welding operators and forklift drivers and other employees who operate special equipment trained and qualified per local regulations?	Pass	One qualified electrician to deal with the electricity, 1 elevator operator for elevator.
1.26	Are all electrical wires in the facility adequately protected?	Pass	The electrical wires were adequately protected.
1.27	Are there appropriate warning signs and written instructions for the operators of machinery?	Pass	Warning signs and written instructions are posted for the operators of machinery.
1.28	Do operators of machinery get training about safety regulations and operating procedures?	Pass	Workers operate machines are provided with training safety regulations and operating procedures.

Picture(s)



Machine instruction

Machine maintenance records



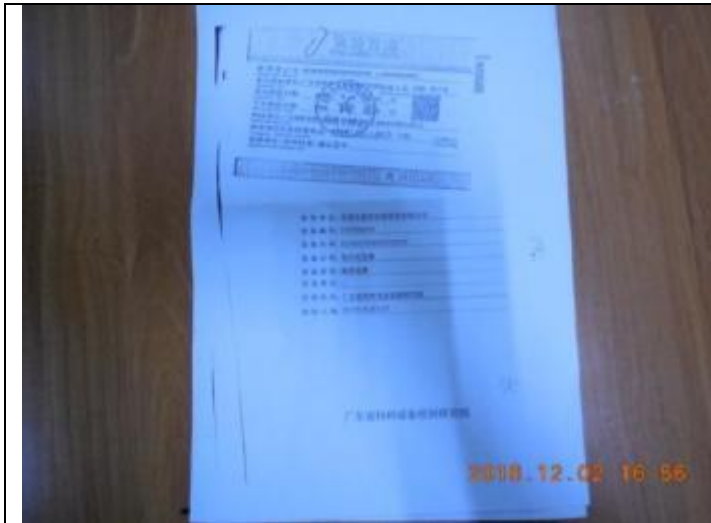
Warning sign for machine

Electrician certificate



Elevator operator certificate

Elevator operator certificate



Expired annual inspection report

Expired annual inspection report



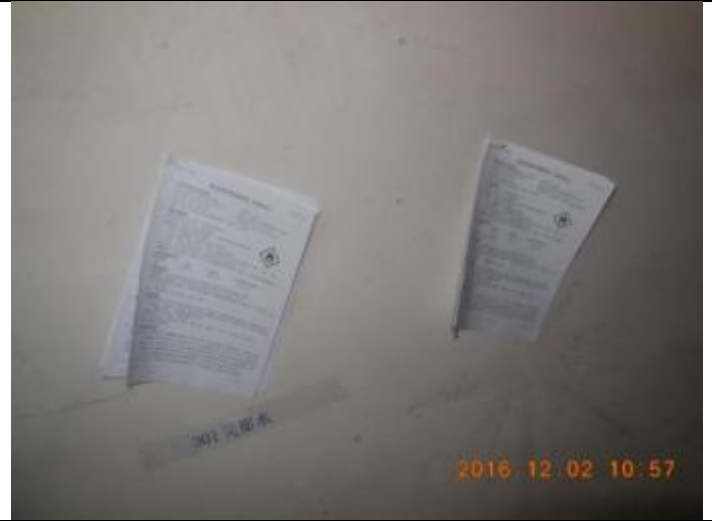
No needle guard was installed for 3 out of 8 sewing machines

No pulley guard was installed for 2 out 8 sewing machines

5. Hazardous Materials

Item No	Requirement	Result	Comments
1.29	Are hazardous materials / chemicals properly stored, with relevant container and secondary container?	Minor	Chemicals were stored with secondary containment. Based on onsite observation, no safety label was available for all chemicals used in workshops such as thinner, yellow glue etc, only chemical name was available.
1.30	Does the factory have MSDS and warning / "No Smoking" signs for each chemical products?	Pass	Chemical MSDS was available for chemical product in the warehouse and workshop.
1.31	Are these materials only accessible to competent employees ?	Pass	The chemicals were controlled by the warehouse keeper.
1.32	Are the designated employees properly trained for the handling of these hazardous materials ?	Pass	The chemical use training was conducted at least once per year. The latest date was on 4-Aug-2016.

Picture(s)



Chemicals were stored with secondary containment.

MSDS for chemicals



Eye washing facility

Chemical safe training records



No safety label was available for all chemicals used in workshops such as thinner, glue etc, only chemical name was available.

No safety label was available for all chemicals used in workshops such as thinner, glue etc, only chemical name was available.

6. Canteen and Dormitories (if Applicable)

Item No	Requirement	Result	Comments
1.33	Are the factory kitchen and canteen clean and hygienic with adequate facilities and the required permits and certificates, including canteen staff health certificate?	Major	No permit license was available for canteen and kitchen in the factory. 1 kitchen staff had health certificate.
1.34	Are workers' dormitories separated from production's building and/or warehouse?	Pass	There was one 4-storey dormitory building in the factory, and 1st floor was used as kitchen and canteen. And no workshop or warehouse in the dormitory building.
1.35	Are all exits unblocked and unlocked at all times for emergency evacuation in dormitories?	Pass	All the emergency exits are unblocked and unlocked.
1.36	Are workers free to exit & re-enter dormitory freely? Please provide details of any limitations.	Pass	The employees are freely exit or re-enter the dormitory. Confirmed by workers interviews.
1.37	Does each worker have adequate living space? Please indicate the space per worker and number of workers per room.	Pass	All the employees are having sufficient space and about 2 to 3 employees share one room. Each room was about 25 m2.
1.38	Are the dormitories clean? Are there adequate toilets with hand basins available to workers at adequate distance at dormitory? Are there adequate bathrooms available to workers at dormitory? Are sanitary areas clean and hygienic with available washing facilities.	Pass	The dormitory is clean and every room and toilet and bathroom was also provided.
1.39	Are there recreation areas for the workers?	Pass	Basketball playground

Picture(s)



Dormitory building and basketball playground

Dormitory corridor and fire facilities in dormitory



Drinking water in dormitory

Evacuation amp in dormitory



Dormitory room

Toilet in dormitory



Kitchen

Canteen



Health certificate for worker in kitchen

basketball playground

Special Remarks on this section

1. The building safety and fire safety in the factory were in good condition. Sufficient firefighting equipments (e.g. fire extinguishers, emergency lighting, fire alarm, fire hydrant, etc.) were installed in the factory. All fire extinguishers were properly maintained and the inspection record was posted nearby. The facility also obtained the fire inspection certificate.
2. There were sufficient emergency exits for all the work floors which installed with emergency lighting and exit sign. And evacuation map was posted for all the work floors.
3. Hazardous chemicals were stored in a designated area. Chemical MSDS was available in place.
4. The first aid kit with sufficient suppliers for the work floors and 1 qualified first aider was also presented.
5. The employees were provided with proper PPE and drinking water. Workers were trained in the use of PPE.
6. The facility had provided the employees with safety dormitory with sufficient fire fighting equipments.
7. No smoke detector was installed in all workshops/warehouses.
8. There was one elevator used in the factory, the annual inspection report of one elevator was expired on 14-Nov-2016.
9. Based on onsite observation, no needle guard was installed for 3 out of 8 sewing machines, and no pulley guard was installed for 2 out 8 sewing machines.
10. Based on onsite observation, no safety label was available for all chemicals used in workshops such as thinner, yellow glue etc, only chemical name was available.
11. No permit was available for canteen and kitchen in the factory.

Critical NC	Major NC	Minor NC	Score /10
0	3	2	8.7/10

Part 2 Waste Management

1. Legal Authorizations

Item No	Requirement	Result	Comments
2.1	Does factory have a valid Environmental Impact Assessment (where applicable)?	Pass	The factory had provided the Environmental Impact Assessment report for review issued in Jun.2007.
2.2	Does factory have a valid Approval Report of Environmental Impact Assessment, or relevant legal document to start operations?	Pass	The facility had provided the Approval of EIA report for review.
2.3	Does factory maintain a valid Pollutant Discharge Permit or equivalent, where applicable?	NA	Not applicable, no obvious pollutant discharge from the facility.

Picture(s)



Environmental Impact report

Environmental Impact report



Environmental Impact report

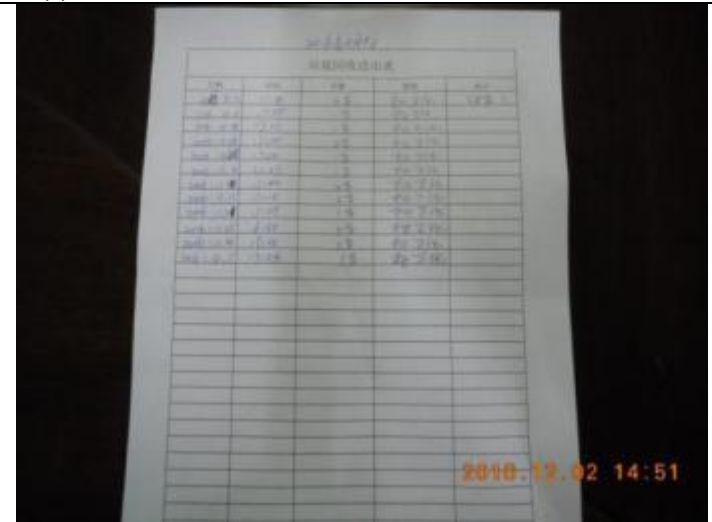
Environmental protection approval report

2. Solid and Hazardous Wastes

Item No	Requirement	Result	Comments
2.4	Does factory inventory all solid wastes, including kind, sources, and quantities?	Pass	The facility had an inventory all solid wastes including kind, sources, and quantities

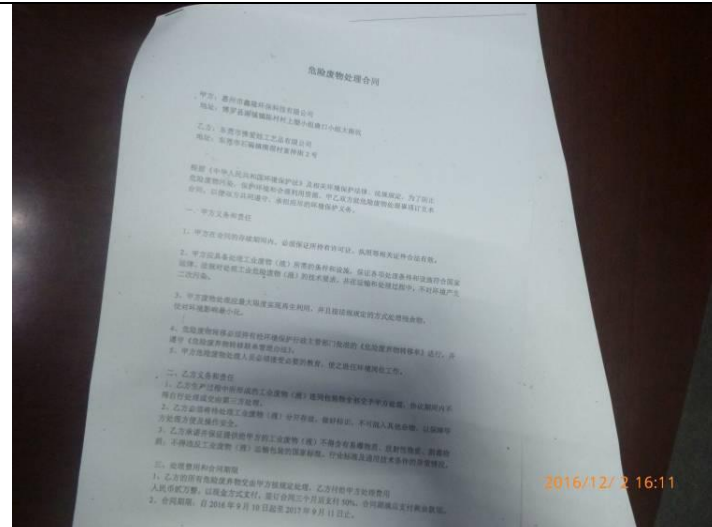
2.5	Does factory adequately separate recyclable from non-recyclable wastes in workshops/warehouses?	Pass	The factory adequately separates recyclable from non-recyclable wastes in workshops/warehouses.
2.6	Can factory prove that they have taken actions to reduce/recycle/re-use solid wastes as much as possible?	Pass	The facility has established the environment policy. And the facility has recycled the metal scrap for re-used by the third party.
2.7	Does factory inventory all hazardous wastes, including kind, sources, and quantities?	Pass	The factory had provided the inventory of all hazardous wastes, including kind, sources, and quantities.
2.8	Does factory store hazardous wastes in a relevant ways, closed, with control access and ensure it cannot spill?	Pass	Hazardous wastes were stored in the designed area with control access and closed container.
2.9	Is factory able to prove that hazardous wastes are transferred to 3rd party with relevant certifications, and keep records of wastes transfer including quantities?	Pass	The factory had transferred the hazardous waste to qualified vendor related handling contract and records were provided for review.

Picture(s)



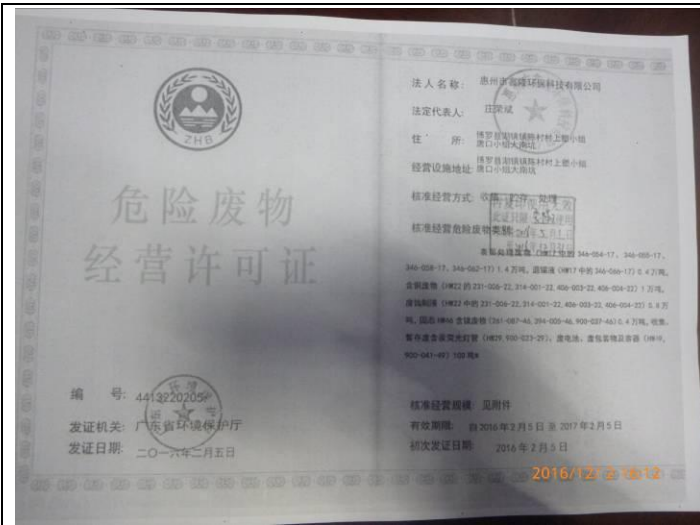
Solid wastes inventory

Solid wastes records



Non-recyclable wastes bins

Hazardous waste handling contract



Hazardous waste handling license

Hazardous waste transport license

3. Waste Water, Air Emissions and Noise

Item No	Requirement	Result	Comments
2.10	Does factory inventory all waste water, including domestic waste water and industrial waste water, with sources and quantities?	Pass	The waste water inventory was available. Only domestic waste water was produced by the facility. No production waste water was detected.
2.11	If applicable, is factory able to demonstrate that waste water is treated adequately before discharge, with relevant equipment and trained staff?	Pass	Only domestic waste water was produced by the facility. No production waste water was detected.
2.12	Is factory able to demonstrate that waste water at discharge point is meeting the local standards requirement (through lab testing reports)?	Pass	Only domestic waste water was produced by the facility. No production waste water was detected.
2.13	When observing waste water discharge point, does water seem to have color or odor on audit day?	Pass	Only domestic waste water was produced by the facility. No production waste water was detected.
2.14	Does factory inventory all air emissions, with sources and identification of treatment needed?	Pass	The inventory all air emissions, with sources and identification was provided for review.
2.15	Is factory able to demonstrate that air quality at factory's boundaries is meeting the local standards requirement (through lab testing reports)?	Pass	The boundary air quality test report was conduct in Jul.2016 to meet the local standards requirement.
2.16	On audit day, is there any smell, fog, or dust observed by auditor on factory's direct environment, linked to factory's activity?	Pass	No smell, fog, or dust observed by auditor on factory's direct environment.
2.17	Is factory able to demonstrate that noise level at factory's boundaries is meeting the local standards requirement (through lab testing reports)?	NA	No obvious noise was occurred by the factory.

Picture(s)

Environment monitor report	Environment monitor report
	NA
Environment monitor report	NA

4. Energy and Water reduction

Item No	Requirement	Result	Comments
2.18	Can factory demonstrate that energy use is monitored and that actions have been taken to reduce energy use?	Pass	The factory had monitored energy use and takes some actions to reduce energy use. For example, marking shut down power switch timely.
2.19	Can factory demonstrate that water use is monitored and that actions have been taken to reduce water use?	Minor	The factory had monitored water use, but not takes actions to reduce water use.

Picture(s)



Energy and water consumption records

Energy and water consumption records

Special Remarks on this section

1. The facility had a valid Approval Report of Environmental Impact Assessment. The environment policy was also established.
2. The facility had provided the air quality test report for review which can meet the standard.
3. There was no industrial waste water generated from the facility. The domestic waste water was discharged to municipal sewage pipe network.
4. The factory had transferred the hazardous waste to qualified vendor, related handling contract and records were provided for review.
5. The factory had monitored water use, but not takes actions to reduce water use.

Critical NC	Major NC	Minor NC	Score /10
0	0	1	9.4/10

Part 3 Child Labour

1. Child Labour

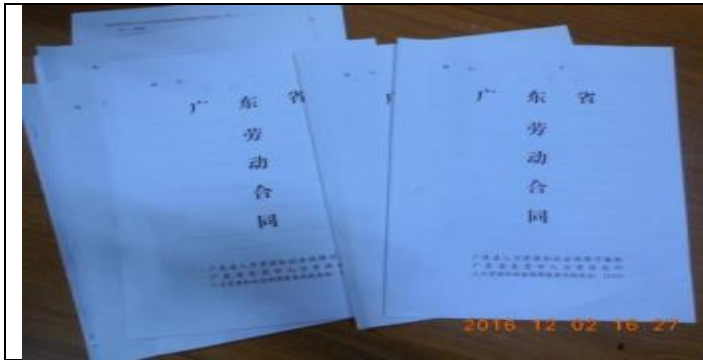
Item No	Requirement	Result	Comments
3.1	Does the factory complies with the legal minimum age ? Please note the age of the youngest worker found.	Pass	16 years old with restriction and the youngest employee is 20 years old in the factory who born on 12-Jan-1996 and hired on 22-Nov-2016.
3.2	Does the factory have effective procedures such as verifying suspected young worker documents to confirm the correct age of the worker at the time of recruitment?	Pass	The facility has established the procedure to verify the age of employees. Age document was checked together with the employee statement before recruitment.
3.3	Does the factory sign contracts with all workers and keep copies or records of ID documents of workers or similar way to check age?	Pass	The factory signs contracts with the workers and keeps copies or records of ID documents of workers to check age.
3.4	Does the factory have understand the requirements of laws and regulations on child labour and young workers? If so, is there a written child labor policy?	Pass	The factory understands the requirements of laws and regulations on child labour and young workers. The procedure was also established.

2. Young Workers

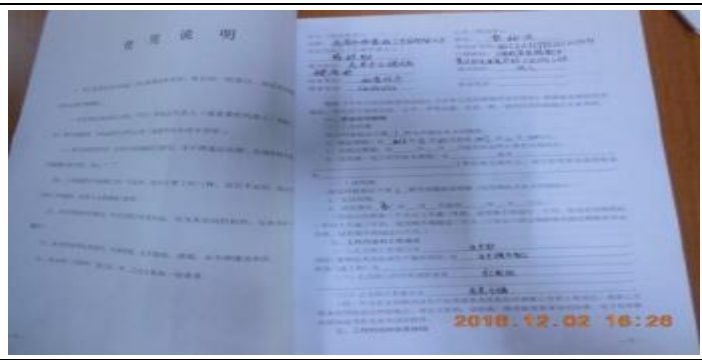
Item No	Requirement	Result	Comments
3.5	Are young workers exempted from hazardous work?	N/A	No young worker was found in the facility.
3.6	Are young workers exempted from night shift?	N/A	No young worker was found in the facility.
3.7	Are young workers exempted from overtime?	N/A	No young worker was found in the facility.
3.8	Are young workers registered and given annual health checks?	N/A	No young worker was found in the facility.

Picture(s)

Personal file	Personal file



Labor contract



Labor contract



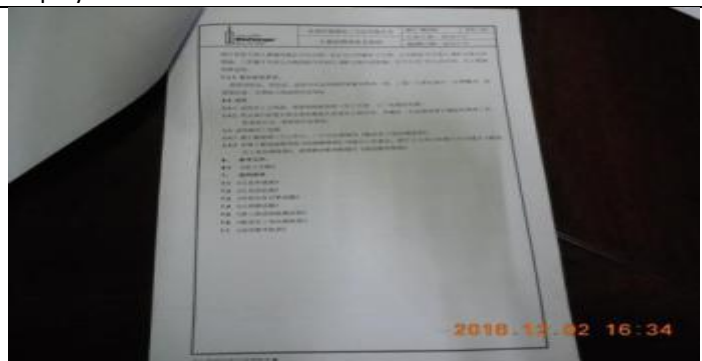
Labor contract



Employees manual



Recruitment procedure



Recruitment procedure

Special Remarks on this section

1. All employees' personal files with ID cards copies were provided for review. No child labor or young worker was identified during this factory audit.
2. The factory signed labor contracts with all employees and gave a copy to each employee. Written child labor and young worker policy was established.
3. Legal minimum age was 16 years old, and the youngest worker was 20 years old in the factory who born on 12-Jan-1996 and hired on 22-Nov-2016.

Critical NC	Major NC	Minor NC	Score /10
0	0	0	10/10

Part 4 Working Hours, Wages and Benefits

1. Working Hours

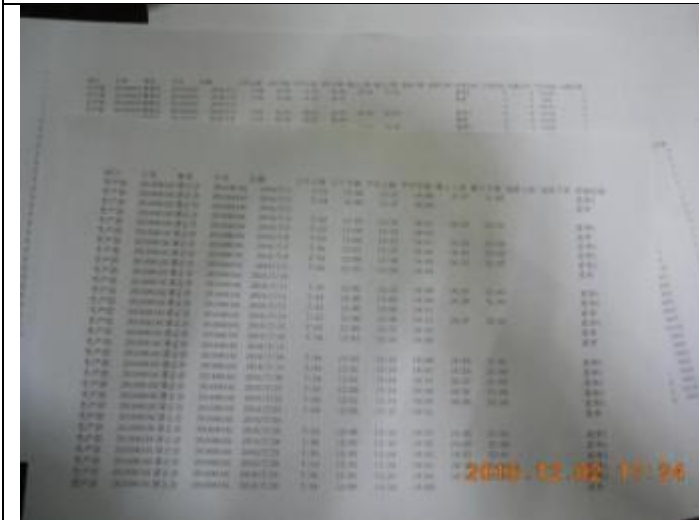
Item No	Requirement	Result	Comments
4.1	Do the working hours of individual workers comply with local regulation? Do the working hours exceeds the international recommendation of 60 hours / week ?	Minor	<p>Legal normal working hours: 8 hours/day, 40 hours/week Legal overtime hours: 3 hours/day, 36 hours/month</p> <p>Based on management interview and document review, no peak season in the factory.</p> <p>Attendance records from Nov.2015 to audit day were provided, of Oct. 2016 (current month), Jul.2016 and Dec.2015 were taken as samples.</p> <p>The daily overtime working was detected for 10 sample employees in Oct. 2016 (current month), Jul.2016 and Dec.2015, with the maximum daily overtime up to 3 hours respectively.</p> <p>The total weekly working hour for 10 sample employees in Oct. 2016 (current month), Jul.2016 and Dec.2015, with the maximum weekly working hours were 60 hours respectively.</p> <p>The factory did not ensure overtime hours comply with legal requirement. Based on attendance records from Nov.2015 to audit day, except Feb.2016, 80% workers overtime hours exceeded 36 hours per month, the maximum overtime hours were 86 hours, occurred in Jan.2016.</p>
4.2	Do workers have 1 day off within 7 days (or 2 days off within 14 days where applicable)?	Pass	All workers had 1 day off within 7 days.
4.3	Does the factory record the working hours of individual workers in a reliable manner?	Pass	The factory had electronic attendance system to record the working hours.
4.4	Are workers given reasonable time for lunch and rest breaks?	Pass	All employees were working in 1 shift. The normal working hours was 8 hours per day, 8:00 to 18:00 with 2 hours lunch time from 12:00 to 14:00 from April to September, and 8:00 to 17:30 with 1.5 hours lunch time from 12:00 to 13:30 from October to March.
4.5	Are workers assigned overtime on a voluntary basis?	Pass	As per the interviewed employees, overtime was conducted on a voluntary basis.
4.6	Do workers have legal vacation, national holidays and paid leave?	Pass	The employees can enjoy their legal vacation and national holiday.

Picture(s)



Electronic attendance machine

Attendance records



Attendance records

Attendance records

2. Wages and Benefits

Item No	Requirement	Result	Comments
5.1	Is there any evidence that the legal minimum wage is not paid for regular working hours? Please specify	Pass	Local legal minimum wage was RMB1510 per month which equivalent to 8.68 per month after 1-May-2015. Per document review, 12 months' payrolls records from Nov.2015 to Oct.2016, and 100% employees' basic wage were meet with local minimum wage requirement.
5.2	Are overtime hours paid with legal premium?	Pass	Overtime hours were paid with legal premium. 150% of normal wages for overtime on weekdays 200% of normal wages for overtime on rest days No overtime work on holidays.
5.3	Does the factory have written employment conditions on compensation, compensation methods and benefits that is communicated to and understood by all workers?	Pass	The factory has a clear written employment conditions on compensation, compensation methods and benefits that is communicated to and understood by all workers.
5.4	Is the payment paid at a reasonable and legal frequency (monthly), and in a form convenient for workers (cash, bank,...)?	Pass	The payrolls were calculated by hourly rate and paid at the 30th of each month. The workers were paid by cash.

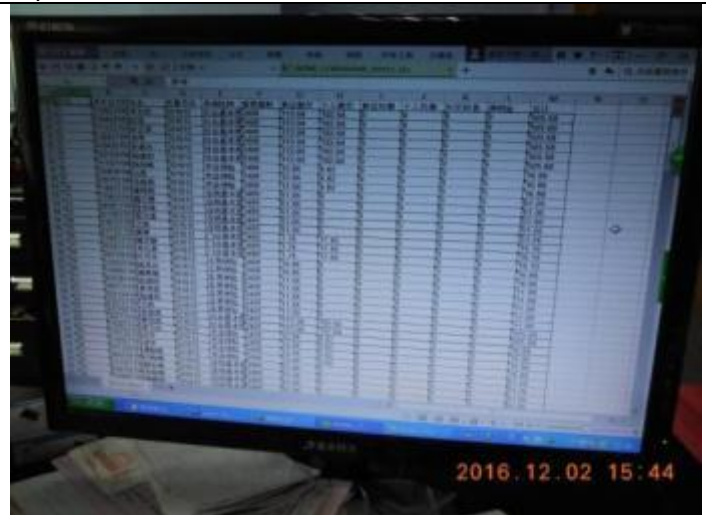
5.5	Do workers receive a pay slip to sign that has information that will allow them to confirm their wages and see all deductions and bonuses?	Pass	The factory has a clear written employment conditions on compensation, compensation methods and benefits that was communicated to and understood by all workers.
5.6	Are deductions fair, reasonable and legal (such as social insurance or other tax)?	Pass	Deductions are fair and reasonable. Social insurance and personal income tax were deducted from wage.
5.7	Are all workers provided social insurance as per local legal requirements? If no, please specify what is the percentage of employees without social insurance scheme.	Major	Total 99 employees in the factory, the factory provided retirement insurance and unemployment insurance to 27 workers, provided medical insurance to 34 workers, provided injury insurance to 35 workers.
5.8	Is maternity and paid leaves paid as per regulations?	Pass	Maternity and paid leave are paid as per regulation.
5.9	If deductions as disciplinary practices are used, are they falling under regulatory rules?	Pass	No disciplinary deduction was reported or detected.

Picture(s)



Payroll records

Payroll records



Payroll records

Social insurance name list

Social insurance records

Social insurance records

Special Remarks on this section

1. Based on management interview and attendance records review, no peak season in the factory. Attendance records from Nov.2015 to audit day were provided, of Oct. 2016 (current month), Jul.2016 and Dec.2015 were taken as primary samples. All workers had 1 day off per 7 days. The maximum total weekly working hour for 10 sample employees were up to 60 hours.
2. The factory has provided the payroll from Nov.2015 to Oct.2016 and time records from Nov.2015 to audit day. Then the time record and payroll in October 2016 (current month), July 2016 (random month) and December 2015 (random month) were taken as primary sample. The overtime working is voluntary and all workers were paid by hourly rate.
3. The factory paid the employees monthly around 30th for the wage of previous month by cash. Minimum wage was guaranteed by the factory to the employees. Sufficient overtime working compensation and paid holiday wage was also paid.
4. The factory did not ensure overtime hours comply with legal requirement. Based on attendance records from Nov.2015 to audit day, except Feb.2016, 80% workers overtime hours exceeded 36 hours per month, the maximum overtime hours were 86 hours, occurred in Jan.2016.
5. The social insurance was no insufficient to all workers as per legal requirement. Total 99 employees in the factory, the factory provided retirement insurance and unemployment insurance to 27 workers, provided medical insurance to 34 workers, provided injury insurance to 35 workers.

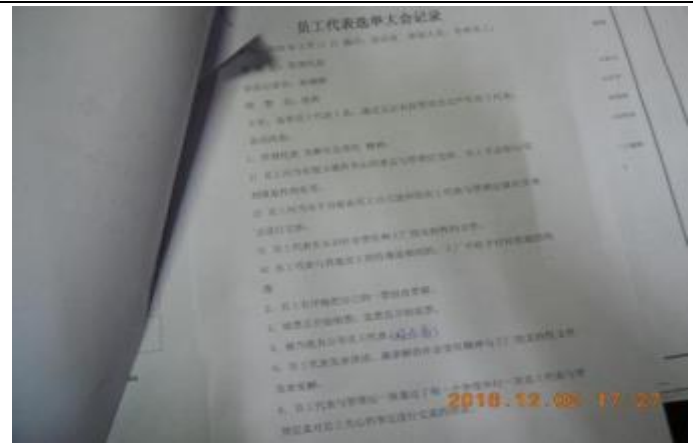
Critical NC	Major NC	Minor NC	Score /10
0	1	1	8.7/10

Part 5 Labour Practices

1. Ability for Workers to be represented towards management

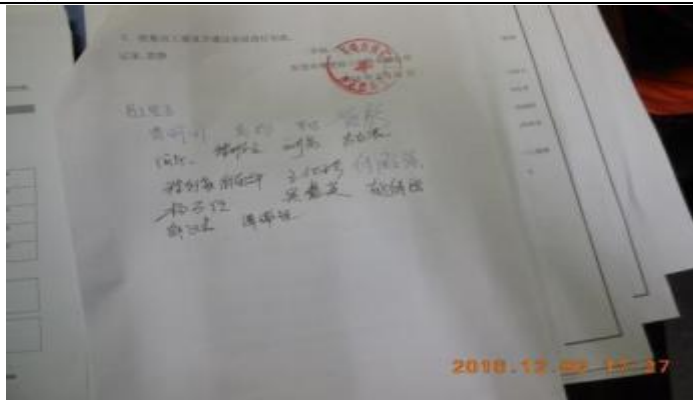
Item No	Requirement	Result	Comments
6.1	If applicable by Local Law, do workers have the right to join or for trade unions and bargain collectively, without interference of employer?	Pass	Workers had the right to join or for trade unions and bargain collectively, without interference of employer.
6.2	If there is no union, are there fair and effective parallel means to resolve grievances of workers (workers representatives,...)?	Pass	There was no independent union established. And the employees were freely to join any union as they want. There were 5 employee representatives in the facility who was elected by the employees freely. The employee representatives periodically have meeting for every month. And suggestion box was also installed for the employees.
6.3	Is there evidence that workers cannot efficiently communicate grievances to management out of direct supervisors?	Pass	The employees could use suggestion boxes or hotline to efficiently communicate grievances to senior management.

Picture(s)



Suggestion box

Employees representative election records



Employees representative election records

Workers complaint procedure

2. Forced Labour

Item No	Requirement	Result	Comments
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7.1	Is there evidence that work is conducted in voluntary basis, with no threat of penalty or sanctions, and the factory do not use forced, bonded or involuntary prison labour?	Pass	Evidence showed that work is conducted in voluntary basis, with no threat of penalty or sanctions, and the factory do not use forced, bonded or involuntary prison labour.
7.2	Is there evidences that factory do not require workers to lodge deposits or original documents such as work permits/ID papers, cards, training certificates, etc.?	Pass	The factory did not require workers to lodge deposits or original documents such as work permits/ID papers, cards, training certificates, etc.
7.3	Are workers free to quit their jobs within the legal framework and without debts forcing them to continue working for the factory?	Pass	Workers were free to quit their jobs within the legal framework and without debts forcing them to continue working for the factory.
7.4	The factory doesn't withhold any part of workers salary or benefits in order to force such worker to continue working for the factory?	Pass	The factory did not withhold any part of workers salary or benefits in order to force such worker to continue working for the factory.
7.5	Are workers allowed to leave the factory compound after work at any time and freely move about during a shift (attend to hygiene etc)? If not, please specify.	Pass	Workers were allowed to leave the factory compound after work at any time and freely move about during a shift.

Picture(s)	
	
Prohibit Forced Labour procedure	Prohibit Forced Labour procedure

3. Discrimination

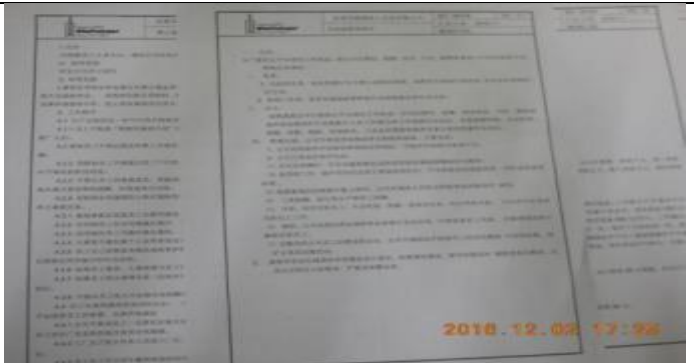
Item No	Requirement	Result	Comments
8.1	Is non-discrimination guarantee in term of employment, promotion, compensation, welfare, dismissal and retirement, etc. within the company based on criteria of race, birth, religion, national or social origins, sex, family responsibilities, marital status, handicap, sexual orientation or political opinions?	Pass	No negative evidence of discrimination in gender was identified during the audit. And the discrimination procedure was available in the factory.
8.2	The factory doesn't insist on blood tests, pregnancy or virginity tests before hiring?	Pass	The factory did not require blood tests, pregnancy or virginity tests before hiring.
8.3	Is there a written anti-discrimination policy?	Pass	There was a written anti-discrimination policy.

Picture(s)

	<p>Nil</p>
<p>Anti-discrimination procedure</p>	<p>NA</p>

4. Disciplinary Practices

Item No	Requirement	Result	Comments
9.1	Is mental / physical /sexual coercion forbidden and avoided in the factory? If not, please give details of the situation.	Pass	There was no mental / physical /sexual coercion forbidden and avoided in the factory.
9.2	Does the factory have documented disciplinary rules that are clearly communicated to all workers?	Pass	The factory documented disciplinary rules that was clearly communicated to all workers
9.3	Does the company keep a record of fines/disciplinary actions?	Pass	No fines/disciplinary actions were found in the factory.
9.4	Are the complaint and appeal methods defined and proved to be efficient?	Pass	The employees could use suggestion boxes and hotline to complaint and appeal methods, and the management would solve it every week.

Picture(s)	
	<p>Nil</p>
<p>Prohibit disciplinary procedure</p>	<p>NA</p>

Special Remarks on this section

No violations about discrimination/forced labor/prison labor were identified. No monetary deduction used as disciplinary practices were identified. Evidence shows that work is conducted in voluntary basis, with no threat of penalty or sanctions, and the factory do not use forced, bonded or involuntary prison labor.

Critical NC	Major NC	Minor NC	Score /10
0	0	0	10/10

B. Employee's interview

Interview Nb	Dept.	Comments*
1	Cutting	No apparent concern
2	Sewing	No apparent concern
3	Gluing and handwork	No apparent concern
4	Gluing and handwork	No apparent concern
5	Assembly and packing	No apparent concern
6-7-8	Assembly and packing	No apparent concern

* Comments:

During the interviews, if any data is found that contradicts findings of Audit Part A (such as: fake birth date or fake date of hire), the whole related section in Audit Part A must be scored 0. No details of employees interviews are available in report in order to protect employees confidentiality. It can provided upon request

C. Corrective Action Plan

Client	ATS-Audit	AI Service No	R-us6-16399227
Supplier	Forever Standing Stationery Co.ltd	Auditor(s)	Yunliang Zhang
Factory	Forever Standing Stationery Co. Ltd	Date	02-Dec-2016
Industry	Printing & Packaging	Country	China
Audit Type	Initial Audit		

Item No	Result	Finding/Violation	Corrective Action	Factory estimated date for Completion
1.22	Minor	No smoke detector was installed in all workshops/warehouses. 企业车间和仓库没有安装烟感。	The factory should provide install smoke detector in all workshops/warehouses.	2-Jan-2017
1.23	Major	There was one elevator used in the factory, the annual inspection report of one elevator was expired on 14-Nov-2016. 企业有一台电梯,但电梯年检报告于 2016 年 11 月 14 日过期。	The factory should provide annual inspection report for elevator.	2-Jan-2017
1.24	Major	Based on onsite observation, no needle guard was installed for 3 out of 8 sewing machines, and no pulley guard was installed for 2 out of 8 sewing machines. 企业 8 台针车中有 3 台针车没有安装护指器, 8 台针车中有 2 台没有安装皮带轮防护罩。	The factory should install needle guard and pulley guard for all sewing machines.	2-Jan-2017
1.29	Minor	Based on onsite observation, no safety label was available for all chemicals used in workshops such as thinner, yellow glue etc, only chemical name was available. 车间使用的化学品如白电油和黄胶等没有安全标签, 仅标识了化学品名字。	The factory should stick safety label for all chemicals used in workshops.	2-Jan-2017
1.33	Major	No permit was available for canteen and kitchen in the factory. 企业的餐厅食堂没有证件。	The factory should apply for permit for canteen and kitchen.	2-Jan-2017
2.19	Minor	The factory had monitored water use, but not takes actions to reduce water use. 企业没有采取措施减少水的使用。	The factory should take actions to reduce water use.	2-Jan-2017
4.1	Minor	The factory did not ensure overtime hours comply with legal requirement. Based on attendance records from Nov.2015 to audit day, except Feb.2016, 80% workers overtime hours exceeded 36 hours per month, the maximum overtime hours were 86 hours, occurred in Jan.2016. 企业没有保证员工的加班时间符合法规要求。根据工厂提供的 2015 年 11 月到审核当日的考勤记录,除了 2016 年 2 月, 80%员工的加班时间超过 36 小时, 员工的最大月加班时间为 86 小时, 在 2016 年 1 月。	The factory should reduce the overtime hours to ensure it is within 36 hours per month.	2-Jan-2017
5.7	Major	Total 99 employees in the factory, the factory provided retirement insurance and unemployment insurance to 27 workers, provided medical insurance to 34 workers, provided injury insurance to 35 workers. 企业没有按照法规为所有员工提供社保。审核中发现企业的 99 个员工中, 工厂为 27 名员工提供了养老和失业保险, 为 34 名员工提供了医疗保险, 为 35 名员工提供了工伤	The factory should provide social insurance to all workers as per legal requirement.	2-Jan-2017

	保険.		
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Asia Inspection maximum suggested timings for implementation of Corrective Actions are:

- 7 Days to submit Action Plan + 30 Days to book a follow-up audit for Critical NCs
- Audit date + 30 days for Major NCs
- Audit date + 90 days for Minor NCs

IMPORTANT NOTES

THE ABOVE RESULT(S) REFLECT(S) ASIANSPECTION LIMITED'S FINDINGS AT THE TIME AND PLACE OF AUDIT.

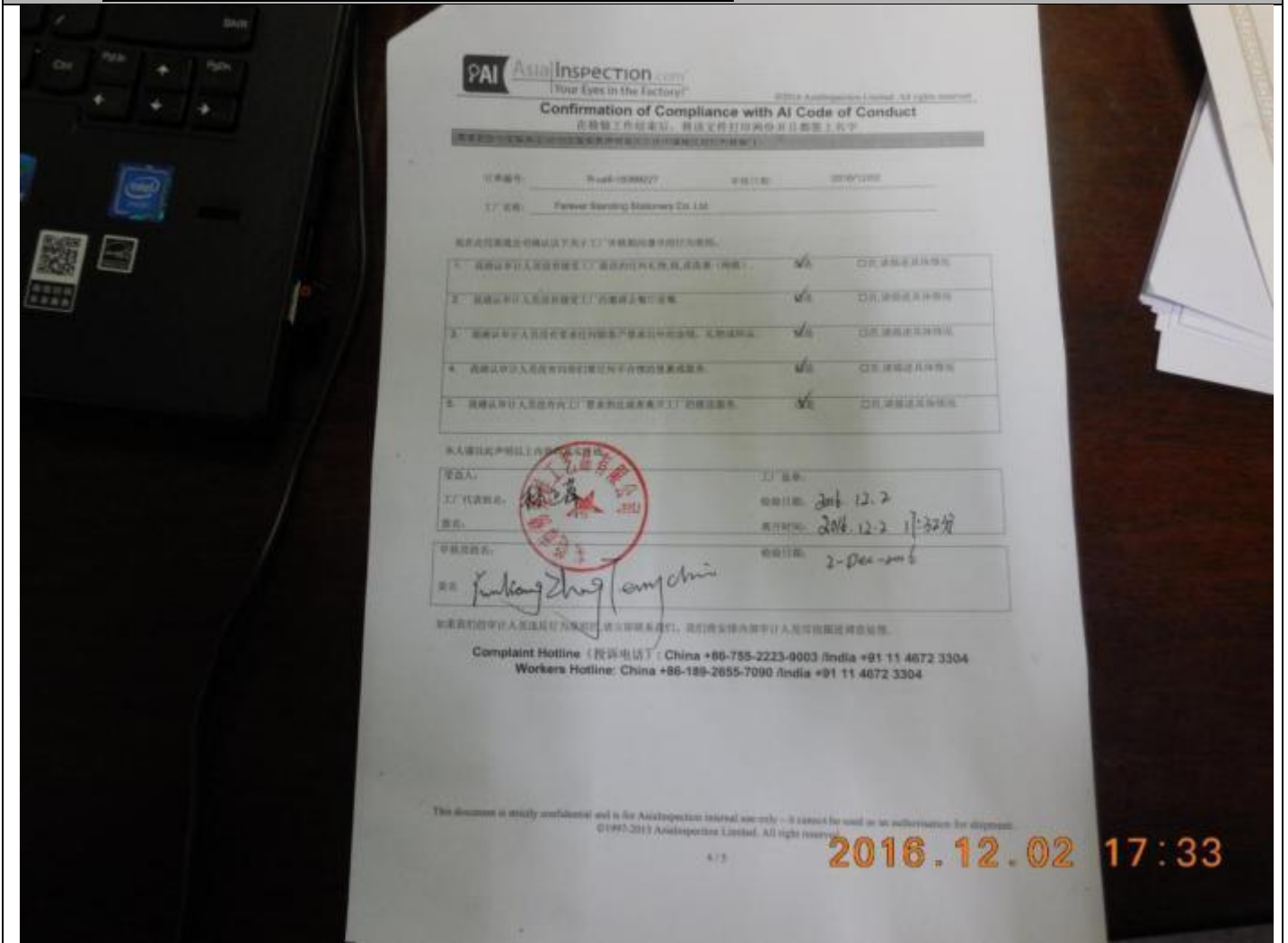
WITH REGARD TO THE RANDOM SAMPLE CHARACTER OF THE AUDIT, IT SHOULD BE NOTED THAT ADDITIONAL NONCONFORMITIES MAY EXIST, WHICH WERE NOT FOUND DURING THE AUDIT. THE AUDITOR'S FINDINGS DO NOT RELIEVE THE AUDITEE OF ITS RESPONSIBILITY TO ENSURE THAT THE REQUIREMENTS OF THE STANDARD ARE FULFILLED AND CONSTANTLY ADHERED TO.

Factory Disclaimer



Original signature of the Factory Representative accepting AsiaInspection policy including bribery issues.

Confirmation of Compliance with AI Code of Conduct



Original signature of the Factory Representative confirming that auditor respected AI Code of Conduct.

Corrective Action Plan

Corrective Action Plan

Client: AT5 No. of visits: 8456-16199227

Inspector: Forever Standing Stationery Co. Ltd Auditor: Yunliang Zhang

Factory: Forever Standing Stationery Co. Ltd Date: 02-Dec-2016

Industry: Packaging Industry Country: China

Audit Type: Initial

Item No	Result	Finding/Violation	Corrective Action	Factory estimated date for Completion
1.22	Minor	No smoke detector was installed in all workshops/warehouses. 工厂车间仓库没有安装烟感。	The factory should provide install smoke detector in all workshops/warehouses.	1个月
1.23	Major	There was one elevator used in the factory, the annual inspection report of one elevator was expired on 15-Aug-2016. 工厂有一台电梯, 但电梯年检报告已于2016年8月14日过期。	The factory should provide annual inspection report for elevator.	1个月
1.24	Major	Based on onsite observation, no needle guard was installed for 1 out of 8 sewing machines, and no pulley guard was installed for 2 out of 8 sewing machines. 工厂共有8台缝纫机, 其中1台没有安装针护罩, 另外2台没有安装皮带护罩。	The factory should install needle guard and pulley guard for all sewing machines.	1个月
1.29	Minor	Based on onsite observation, no safety label was available for all chemicals used in workshops such as thinner, yellow glue etc, only chemical name was available. 车间使用的化学用品如白电油、黄胶等没有安全标签, 只标注了化学品名字。	The factory should stick safety label for all chemicals used in workshops.	1个月
1.33	Major	No permit was available for canteen and kitchen in the factory. 工厂的餐厅厨房没有证件。	The factory should apply for permit for canteen and kitchen.	1个月
2.19	Minor	The factory had monitored water use, but not takes actions to reduce water use. 工厂没有采取有效措施减少水的使用。	The factory should take actions to reduce water use.	1个月
4.1	Minor	The factory did not ensure overtime hours comply with legal requirement. Based on attendance records from Nov-2015 to audit day, except Feb-2016, 80% workers overtime hours exceeded 36 hours per month, the maximum overtime hours were 86 hours, occurred in Jan-2016.	The factory should reduce the overtime hours to ensure it is within 36 hours per month.	1个月

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Original signature of the Factory Representative agreeing with the Audit Findings and Corrective Action Plan defined.

END