

Monitored Party xxxxxxxxxxx,.LTD	amfori ID 156-005906-000	Address xxxxxxx China Monitoring Partner QIMA Limited
Monitoring Activity amfori Social Audit - Manufacturing	Monitoring Type Follow-up Monitoring	Submission Date 04/09/2024
Monitoring Start Date 02/09/2024	Closing Meeting Finished Date 04/09/2024	
Expiration Date 07/09/2025	Announcement Type Fully Unannounced	
Site xxxxxxxxxxx,.LTD	Site amfori ID 156-005906-002	

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OVERALL RATING



SECTION RATING

PA1: Social Management System	C	
PA 2: Workers Involvement and Protection	B	
PA 3: The Rights of Freedom of Association and Collective Bargaining	A	
PA 4: No Discrimination	A	
PA 5: Fair Remuneration	B	
PA 6: Decent Working Hours	D	

PA 7: Occupational Health and Safety	A	
PA 8: No Child Labour	A	
PA 9: Special Protection for Young Workers	A	
PA 10: No Precarious Employment	A	
PA 11: No Bonded Labour	A	
PA 12: Protection of the Environment	A	
PA 13: Ethical Business Behaviour	A	

GENERAL DESCRIPTION

Name of lead auditor: Claud Zhou: APSCA registered number: CSCA21704187.

Monitoring partner name: QIMA LIMITED. APSCA Membership Number: 11600049.

Audit schedule details: This is a Follow-up Monitoring audit, it covered the PA1, PA2, PA5, PA6 and PA7 in this audit. (Total md is 1.5MD) The audit is planned for 1 auditor x 1 day and 0.5 days for reporting.

Announcement Type: Fully Unannounced

Business partner information:

xxxxxxxxxxx,LTD (Business license registration number: xxxxxxxxxx CHINA. xxxxxxxxxx

The auditee established on May 24, 1996. The main products of the auditee were ceramics, the main production processes were raw materials, milling, shaping, handle repair, glazing, kiln, inspection and packing.

All the processes were finished in the auditee, no subcontractors were used by the auditee, and nor homeworkers were used by the auditee.

Audited location information:

The total land area was approx. 33646 SQ meters and buildings total approx. 7994 SQ meters.

The auditee occupies one flat building used as raw materials warehouse and milling and shaping workshop, one flat building as handle and glazing and kiln workshop, one flat building as raw material warehouse, one 1-storey partly 2-storey building (1F used as packing workshop, 2F used as finished goods warehouse), one 1-storey building used as transformer room, one 1-storey building used as canteen and kitchen, one 2-storey building used as office.

No dormitory was provided by the auditee.

Operating shifts and hours:

All employees worked for 8 hours per day and 5 days a week from Monday to Friday, sometimes had overtime on Saturdays and had rest on Sundays and Holidays. All employees worked in one shift (from 07:30 to 17:00 with lunch break 11:30~13:00). The peak months were not obvious. Overtime was 1 hour arranged on weekdays, and overtime were arranged on Saturdays sometimes. The auditee provided the working time records from Aug/2023 to audit day for review. Among them, 10 samples selected in Dec/2023 (random month), 10 samples selected in Apr/2024 (random month), 10 samples selected in Jul/2024 (current month) were reviewed. Based on the records, the regular working time was 8 hours per day, 5 day per week, maximum 1 hour overtime arranged on weekday and 9 hours overtime on Saturdays normally, no overtime arranged on Sundays or holidays. Found monthly overtime hours of all sampled months were exceeded legal limit. According to the provided attendance records and workers interviews, the maximum daily overtime hours was 1 hour, the maximum weekly overtime hours were 14 hours per week and the maximum monthly overtime hours were 66 hours.

Time recording system:

The auditee used electric attendance system to record workers' working time.

Salary payment details:

The local minimum wage was RMB 1820 equal to RMB 10.46 per hour since Oct 1, 2023, and RMB 1700 equal to RMB 9.77 per hour before Oct 1, 2023.

Payroll records from Aug/2023 to Jul/2024 were provided for review. 10 sampled workers' payroll records from Jul/2024 (current month), 10 sampled workers' payroll records from Apr/2024 (random month) and 10 sampled workers' payroll records from Dec/2023 (random month) were selected for checking. Workers were paid by monthly rate basis; the minimum basic wage was RMB2600 per month, which was higher than the legal requirement. Wage was released by bank transfer by 10th of the next month. The auditee paid 150% and 200% of normal rate for the overtime on regular working days and rest days respectively. Parts of the employees had participated in social insurance.

Worker number information:

Total worker number: 94 (non-production workers: 15).

Production worker number: 79, including 30 males and 49 females. All employees were permanent employees, and no employee was domestic migrant employee.

Worker organization details:

There was no labor union in the auditee currently. Two worker representatives had been elected by employees, and the auditee had conducted internal communication meetings with the worker representative regarding workplace-related issues regularly.

Circumstances:

There was no special circumstance observed during this audit. Factory management cooperate with the audit during the whole audit process.

Summary of findings:

Performance area 1:

The overall observation showed that the auditee partially fulfilled the requirement of this performance area.

- Social Management System was not implemented properly.
- Workforce capacity was not sufficient and properly assessed to match delivery order contracts or expectations.

Performance area 2:

The overall observation showed that the auditee partially fulfilled the requirement of this performance area.

- The auditee established long term goals, but found non-confirmations in some parts.
- Workers were not trained well about BSCI COC principles, so they were not quite aware of BSCI values and principles.

Performance area 5:

The overall observation showed that the auditee partially fulfilled the requirement of this performance area.

- Auditee did not identify the living cost of the workforce in the region, gap between actual remuneration and fair remuneration and potential actions.
- Parts of the employees didn't participant with social insurance.

Performance area 6:

The overall observation showed that the auditee partially fulfilled the requirement of this performance area.

- Monthly overtime hours exceeded legal requirement.

Performance area 7:

The overall observation showed that the auditee partially fulfilled the requirement of this performance area.

- Workers and worker representatives were not involved in occupational H&S issues and relevant risk assessment process then have gap in PA 7.
- Parts of the materials against with the wall directly.

Living wage calculation:

Auditee did not identify the living cost of the workforce in the region, gap between actual remuneration and fair remuneration.

Remark:

1. There was a personal data protection law in China, so the auditor had desensitized the uploaded attachment.
2. Below documents were not uploaded because:
 - 1). There are no contractors used by the auditee, which makes the contractor license/permit not applicable.
 - 2). There are no agencies used by the auditee, which makes the agency labour contract not applicable.
 - 3). There are no collective bargaining agreements set by the auditee, which makes the collective bargaining agreements not applicable.
 - 4). There is no documented valid authorization to make exemptions on working hours by the auditee, which makes the documented valid authorization to make exemptions on working hours not applicable.

SITE DETAILS

Site
xxxxxxxxxxx,.LTD

Site amfori ID
156-005906-002

GICS Classification

Sector
Consumer Discretionary

Industry Group
Retailing

Industry
Multiline Retail

Sub Industry
Department Stores

amfori Process Classifications

N.A.

NACE Classification

N.A.

GS1 Classifications

N.A.

Water Stress Situation

N.A.

METRICS

Key Metrics

Total workforce	94	Workers
Legal minimum wage in local currency	1,820	Monthly
Lowest wage paid for regular work at the site	2,600	Monthly
Calculated living wage in local currency	2,090	Monthly
Total sample	10	Workers

Other Metrics

Male workers	36	Workers
Female workers	58	Workers
Permanent workers - Male	36	Workers
Permanent workers - Female	58	Workers
Temporary workers - Male	0	Workers
Temporary workers - Female	0	Workers
Seasonal workers - Male	0	Workers
Seasonal workers - Female	0	Workers
Management - Male	2	Workers
Management - Female	3	Workers
Apprentices - Male	0	Workers
Apprentices - Female	0	Workers
Workers on probation - Male	0	Workers
Workers on probation - Female	0	Workers
Workers with night shift - Male	0	Workers
Workers with night shift - Female	0	Workers
Workers with disabilities - Male	0	Workers
Workers with disabilities - Female	0	Workers
Domestic migrant workers - Male	0	Workers
Domestic migrant workers - Female	0	Workers
Foreign migrant workers - Male	0	Workers
Foreign migrant workers - Female	0	Workers
Workers hired directly - Male	36	Workers
Workers hired directly - Female	58	Workers
Workers hired indirectly - Male	0	Workers
Workers hired indirectly - Female	0	Workers
Unionised workers - Male	0	Workers
Unionised workers - Female	0	Workers
Workers under CBA - Male	0	Workers
Workers under CBA - Female	0	Workers
Pregnant workers	0	Workers

Workers on parental leave - Male	0	Workers
Workers on parental leave - Female	0	Workers
Sample - Male	4	Workers
Sample - Female	6	Workers

FINDINGS



PA1: Social Management System

Site: xxxxxxxxxxxx,LTD | Site amfori ID: 156-005906-002

Question: 1.1 Is there satisfactory evidence that the auditee has set up an effective management system to implement the amfori BSCI Code of Conduct?

ENGLISH	LOCAL LANGUAGE
Finding	
<p>Follow-up audit (02/Sep/2024):</p> <p>The previous finding had not been corrected completely.</p> <p>The auditee partially respects this principle because the facility had established a system of social responsibility, conducted internal assessment and management review, and conformed to BSCI requirements and relevant local law requirements in most performance areas, however, according to factory tour and documents review and interviews, it was noted that some performance areas should be improvement, such as there were findings noted in PA2, PA5, PA6, PA7 etc.</p>	<p>跟进审核（2024年9月2日）：</p> <p>上次发现的问题没有全部改善。</p> <p>工厂部分遵循该准则：</p> <p>尽管工厂建立了社会责任体系,进行了内审及管理评审,在大部分执行领域符合了BSCI要求和相关的法规要求,但是审核期间根据现场巡查、文件审查和员工访谈等发现,工厂的部分领域仍需要提高,比如在PA2, PA5, PA6, PA7等有发现点。</p>

Question: 1.4 Is there satisfactory evidence that the auditee's workforce capacity is properly organised to meet the expectations of the delivery order and/or contracts?

ENGLISH	LOCAL LANGUAGE
Finding	
<p>Follow-up audit (02/Sep/2024):</p> <p>The previous finding had not been corrected completely.</p> <p>The auditee partially respects this principle:</p> <p>The auditee has established the workforce capacity analysis procedure, but documents review and interviews, it was noted that there's no satisfactory evidence to show the workforce capacity in the company is sufficient and properly planned to match delivery order contracts' expectations and excessive overtime is detected.</p>	<p>跟进审核（2024年9月2日）：</p> <p>上次发现的问题没有全部改善。</p> <p>工厂部分遵循该准则：</p> <p>被审核方已经建立了劳动力能力分析程序,但是通过文件审查和员工访谈等发现,工厂没有满意的证据证明其采取了合理的生产计划来满足订单的交货期,并且在审核期间发现了加班超时的情况。</p>



PA 2: Workers Involvement and Protection

Site: xxxxxxxxxxxx,LTD | Site amfori ID: 156-005906-002

Question: 2.2 Is there satisfactory evidence that the auditee defines long-term goals for protecting workers in line with the aspirations of the amfori BSCI Code of Conduct?

ENGLISH	LOCAL LANGUAGE
Finding	
<p>Follow-up audit (02/Sep/2024):</p> <p>The previous finding had not been corrected completely.</p> <p>The auditee partially respects this principle:</p> <p>The main auditee partially respects this principle: the auditee has established long term goals to protect workers according to the BSCI Code of Conduct, including step-by-step approach toward sustainable improvements, but still found non-confirmations in social insurance, working time and HS part.</p>	<p>跟进审核（2024年9月2日）：</p> <p>上次发现的问题没有全部改善。</p> <p>被审核方部分遵循该准则：工厂根据BSCI行为准则定义了长期目标来保护员工，以及包括按部就班的可持续改进方法等。但是本次审核中仍然发现比如社保、工时超时和部分健康安全方面的问题点。</p>

Question: 2.4 Is there satisfactory evidence that the auditee builds sufficient competence among managers, workers and workers representatives to successfully embed responsible practices in the business operation?

ENGLISH	LOCAL LANGUAGE
Finding	
<p>Follow-up audit (02/Sep/2024):</p> <p>The previous finding had not been corrected completely.</p> <p>The auditee partially respects this principle:</p> <p>The facility has posed the BSCI Code of Conduct in all areas publicly, and provided BSCI training with all employees, but according to interviews, it was noted that the workers representative and some interviewed workers were not quite aware of BSCI values and principles, such as long term goals to protect workers, living wage etc.</p>	<p>跟进审核（2024年9月2日）：</p> <p>上次发现的问题没有全部改善。</p> <p>工厂部分遵循该准则：</p> <p>工厂在所有厂区均张贴了BSCI行为准则和实施条款，并且提供了对员工的培训记录供审阅。但是根据访谈得知，员工代表和一些受访员工并不太清楚BSCI的标准和原则，比如保护员工的长期目标，生活工资等。</p>

PA 5: Fair Remuneration

Site: xxxxxxxxxxxx,LTD | Site amfori ID: 156-005906-002

Question: 5.4 Is there satisfactory evidence that the auditee provides sufficient remuneration that allows workers to meet a decent standard of living?

ENGLISH	LOCAL LANGUAGE
Finding	
<p>Follow-up audit (02/Sep/2024):</p> <p>The previous finding had not been corrected completely.</p> <p>The auditee partially respects this principle.</p> <p>The actual paid wages ensured decent living</p>	<p>跟进审核（2024年9月2日）：</p> <p>上次发现的问题没有全部改善。</p> <p>工厂部分遵循该准则：</p> <p>虽然实际的工资水平确保的体面生活标准，但是工厂没有进行基本生活工资的计算。通过文件审核和</p>

Finding	
standards. However, the factory did not conduct basic living wage calculation. Through documents review and according to interview, the factory management knew some about how to calculate the living wage but didn't provide the living wage information during audit.	访谈得知：工厂管理层部分了解生活工资，但是审核期间没有提供生活工资的计算。

Question: 5.5 Is there satisfactory evidence that the auditee provides workers with the social benefits that are legally granted?

ENGLISH	LOCAL LANGUAGE
Finding	
<p>Follow-up audit (02/Sep/2024):</p> <p>The previous finding had not been corrected completely.</p> <p>The auditee didn't respect this principle.</p> <p>Based on management interview, workers interview and document review, it was identified that, insufficient social insurance participated in the factory. There were 94 employees in the factory, including 8 retired staffs, no new staffs joined less than one month, hence total 86 staffs should be covered by four kinds of insurance, but the factory only provide basic endowment insurance, unemployment insurance, medical insurance and injury insurance for 66 employees (76.74%).</p> <p>(Reference Law: Social Insurance Act of the People's Republic of China, article 2&4).</p> <p>Remark: The auditee provided commercial accident insurance to all of the employees; it was valid from Apr 28, 2024 to Apr 27, 2025.</p>	<p>跟进审核（2024年9月2日）：</p> <p>上次发现的问题没有全部改善。</p> <p>工厂未遵循该准则：</p> <p>基于管理者访谈、员工访谈和文件审核发现，企业社会保险参与不足，企业有94名员工，包含有8名达到退休年龄的员工，没有入职不足一个月的新员工，因此共有86名员工需要参加社会保险，但是企业为66名员工（76.74%）缴纳了养老、失业、医疗和工伤保险。（参考法规：中华人民共和国社会保险法第二条、第四条）</p> <p>备注：被审核方为所有员工购买了商业意外保险，有效期从2024年4月28日至2025年4月27日。</p>

PA 6: Decent Working Hours

Site: xxxxxxxxxxxx,LTD | Site amfori ID: 156-005906-002

Question: 6.2 CRUCIAL: Is there satisfactory evidence that the auditee request of overtime is in line with the requirements of the amfori BSCI Code of Conduct?

ENGLISH	LOCAL LANGUAGE
Finding	
<p>Follow-up audit (02/Sep/2024):</p> <p>The previous finding had not been corrected completely.</p> <p>The auditee does not respect this principle. The</p>	<p>跟进审核（2024年9月2日）：</p> <p>上次发现的问题没有全部改善。</p> <p>工厂未遵循该准则：工厂加班超时。被审核方提供了从2023年8月起至审核当天的考勤记录，随机抽取了</p>

Finding	
monthly overtime in the factory exceeded legal limit. According to the attendance records from Aug/2023 to audit day, and three months were selected as sample to review: 10 samples selected in Jul/2024 (current month), Apr/2024 (random month) and Dec/2023 (current month) respectively were reviewed. Through the attendance records and interviews, it was noted that the monthly overtime hours of all the sampled workers were up to 66 hours in Dec/2023 (random month), up to 57 hours in Apr/2024 (random month) and up to 59 hours in Jul/2024 (currently month) respectively. (PRC Labor Law, Article 41)	2024年7月、2024年4月和2023年12月中各抽取了10名员工作为抽样分析。通过考勤记录和访谈得知：所有抽取的月份的月加班都超过了法律要求：所有抽取的10名员工月加班分别在2023年12月（随机月份）达到66小时，在2024年4月（随机月份）达到57小时，在2024年7月（最近月份）达到59小时。（参考法规：中华人民共和国劳动法（1994）第四十一条）

PA 7: Occupational Health and Safety

Site: xxxxxxxxxxxx,LTD | Site amfori ID: 156-005906-002

Question: 7.1 Is there satisfactory evidence that the auditee observes occupational health and safety regulations applicable for its activities?	
ENGLISH	LOCAL LANGUAGE
Finding	
Follow-up audit (02/Sep/2024): The previous finding had not been corrected completely. The auditee partially respects this principle. General observation, the facility had in observance of related occupational health and safety regulation, but through documents review and communication with workers and worker representatives, they were not involved in drafting and enforcing its internal procedure on occupational health and safety, and also gaps of following check point in this PA.	跟进审核（2024年9月2日）： 上次发现的问题没有全部改善。 工厂部分遵循该准则： 总体上企业遵守了相关的健康和安全法规，但是通过文件审核和访谈得知，员工或员工代表没有参与到拟定并执行职业健康安全内部程序，以及存在在本部分其他检查点的差距。

Question: 7.4 Is there satisfactory evidence of active cooperation between management and workers (and/or their representatives) when developing and implementing systems towards ensuring OHS?	
ENGLISH	LOCAL LANGUAGE
Finding	
Follow-up audit (02/Sep/2024): The previous finding had not been corrected completely.	跟进审核（2024年9月2日）： 上次发现的问题没有全部改善。 工厂部分遵循该准则：

Finding	
The auditee partially respects this principle. The facility conducts the risk evaluation for its health and safety regularly, but through documents review and interviewed with workers, they were not involved in that process.	企业定期组织健康安全风险评估，但根据文件审查和访谈得知，员工没有参与健康与安全的风险评估。

Question: 7.11 Is there satisfactory evidence that the auditee confirms that the equipment and buildings used for production are stable and safe?

ENGLISH	LOCAL LANGUAGE
Finding	
Follow-up audit (02/Sep/2024): The previous finding had not been corrected completely. The auditee partially respects this principle. Based on site observation, it was noted that partial finished goods in warehouse placed against the wall directly without enough gap. (Reference laws: Rules Concerning Warehouse Safety and Fire Control article 18).	跟进审核（2024年9月2日）： 上次发现的问题没有全部改善。 工厂部分遵循该准则： 在现场巡查中发现仓库中部分成品直接靠墙存放，没有足够的间隙。（参考法规：《仓库防火安全管理规则》第18条）