

Workplace Conditions Assessment Report

Measured Results —Improved Performance



JINJIANG YUXIN ARTS & CRAFTS CO., LTD.

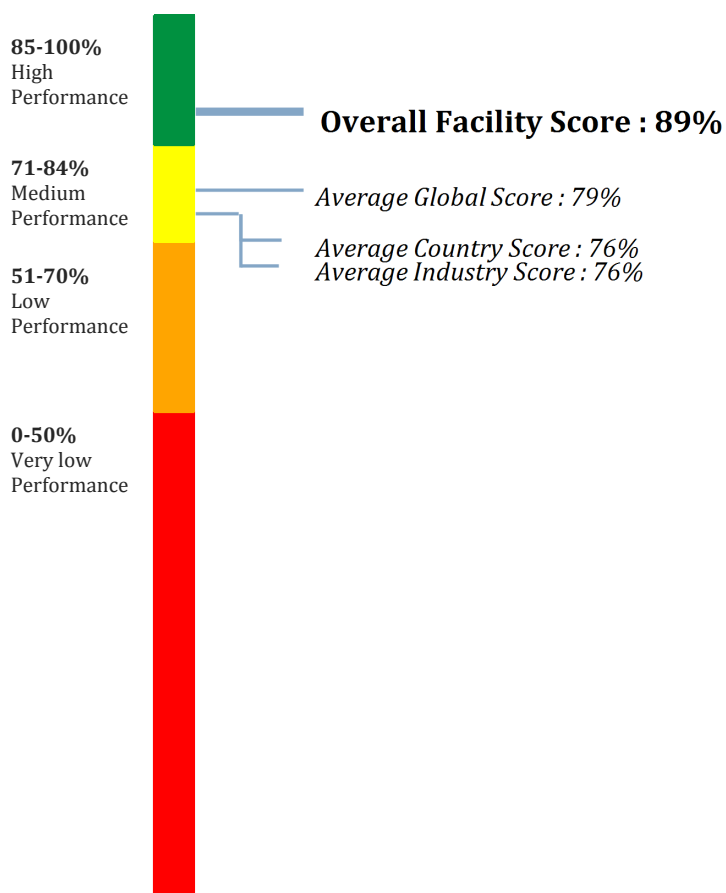
GENERAL INFORMATION

Overall Facility Score : **89%**

Report No :	F_IAR_128923	City :	Jinjiang
Audit Date :	Apr 29, 2021	Country :	China
Last Audit :	NA	Auditors :	Primary: Mika Huang
Assessment Stage :	Initial		Secondary: Sunny Zhang
Schedule Type :	Announced	Service Provider:	Intertek

WORKPLACE PERFORMANCE INDEX AND SUMMARY

Participating facilities: 35378



Assessment area	Score results	Number of non-compliances by rating				
		Zero Tolerance	Major	Moderate	Minor	Notscored
Overall	89%	-	-	3	7	-
Labor	100%	-	-	-	-	-
Wages & Hours	73%	-	-	2	-	-
Health & Safety	91%	-	-	1	2	-
Management Systems	81%	-	-	-	5	-
Environment	100%	-	-	-	-	-

A. FACILITY PROFILE

A1. FACILITY INFORMATION

Facility Name:	Jinjiang Yuxin Arts & Crafts Co., Ltd.	Facility Legal Status:	Privately owned
Facility Legal Name:	Jinjiang Yuxin Arts & Crafts Co., Ltd.	Year facility began operations:	2012
Audit Location:	No.189, Jingbian Industry Zone, Cizao, Jinjiang City, Fujian Province, China	Located in special economic zone:	No
City:	Jinjiang	Person responsible for overall social compliance issues:	Mr. Shi Nengchao
Country:	China	Valid certificate for social compliance certification program:	None
Contact Name:	Mr. Shi Nengchao	Vendor Name:	Profit Culture & Creative Group Corporation
Contact Title:	Facility Director	Security systems in place:	Yes <i>The security guards were manning at the facility entrance for access control. There were two security guards in the facility.</i>
Industry:	Hardlines		
Building Description:	The facility occupied one 7-storey production building used as office, warehouse and production floors. And one 6-storey dormitory building was used as dormitory rooms, the canteen and kitchen was located on 1/F of this 6-storey dormitory building. The total floor area occupied by the audited facility was about 34,000 square meters. The facility building was constructed by steel and concrete and finished in 2017.		
Special building type:	NA		

A2. PRODUCTION INFORMATION

Products manufactured/ Services provided:	Crafts	Time record system(s) used:	Finger print attendance recording system
Production process/ Service elements:	Heat transfer, printing, Lamination, inspection and packing	Chemicals or hazardous materials on-site:	No <i>No hazardous chemicals were used in the facility.</i>
Production capacity a week:	50,000 pieces	Current production/ Services for client:	No
Total number of machines:	20 sets		
Main machine types:	Heat transfer machines, printing machines, etc.		
Shifts and Operating hours:	The employees worked in 1 shift (08:00-11:30; 13:00-17:30).		

A3. EMPLOYEE INFORMATION

Range of total number of employees at the facility:	0-100 employees	Female Employees:	42
Union name:	None	Male Employees:	29
Employs juvenile workers:	None	Mgmt Employees:	10
Hires through employment agent:	No <i>The facility hired employee themselves directly.</i>	Production (Non-Management) Employees:	61
Employee nationalities/provinces:	There were 71 employees working in the audited facility at present. 18% employees were local workers from Fujian, 82% employees were domestic migrant workers from Jiangxi, Sichuan and Hubei. No foreign migrant workers.	Local Employees:	13
		Foreign/Migrant Employees:	58
		Languages spoken in the facility:	Chinese
		Management and employees speak same language :	Yes

A4. SUBCONTRACTOR INFORMATION

No subcontractor information given

A5. GENERAL INFORMATION

This was an initial audit conducted by Intertek Testing Services Shenzhen Ltd. The auditors arrived at the facility at 9:30 am on April 29, 2021. The purpose and procedure of the visit were explained to Mr. Shi Nengchao/ Facility Director, and the audit was permitted immediately. An opening meeting was held with Mr. Shi Nengchao/ Facility Director, and the auditors provided a brief description of the assessment process, scope and required documentation. The auditors operated a facility tour in all areas in the facility with facility management accompany. Locked areas encountered during the audit were unlocked timely. The documentation requested for review was provided timely. In generally, the facility representatives were positive and cooperative during the whole audit. Though employee interview, all the interviewees were favorable with the management and facility environment, and no negative information was raised. A closing meeting was held with the facility management, and all findings were addressed. Mr. Shi Nengchao/ Facility Director said that they would have an internal meeting to follow up and necessary changes would be made for the findings. A CIR report was also left to her.

During this audit, no ZT or major finding was detected in this facility.

Current status:

1. Labour: The facility had established a system to ensure no recruitment of child labour. The employees were hired by the Human Recourse Department of the facility but not by any other department. Employees' ID and photo would be checked. The employees without valid ID certificates should not be hired. Minimum working age of the facility was 18 years old.
2. Management system: Though the facility had established all procedures about EHS.
3. Environment: The facility had established an environmental management system. One senior manager was responsible for continuous improvements in their environmental performance. .

Best practices: None

Additional auditor remark: Facility abides by all current Federal and state regulations with respect to COVID-19. Social distancing is enforced, masks are required, employee/visitor temperature is taken upon entrance to the facility.

Verification of employee/visitor current physical condition is verified via completion of a questionnaire.

Emergency Preparedness Summary

1. The facility had good control to manage the emergency preparedness, and they had documented policy to ensure safe and hygienic working environment shall be provided.
2. The facility appointed administration manager to be responsible for the facility's health and safety condition.
3. Risk assessments including fire risk assessments had been carried out throughout the facility to ensure the working environment was safety and hygienic.
4. Employees received regular fire safety training according to law requirement.
5. Regular fire drills were conducted twice a year, and the fire drill records were kept well.
6. Evacuation plans were posted on each floor of the facility buildings.
7. Sufficient fire extinguishers and fire alarms were installed in relevant areas of the facility building.
8. Fire fighting equipment such as fire extinguishers were kept unblocked and were easily accessible in the facility.
9. There were at least 2 emergency exits on each floor of the facility building.
10. The evacuation passages and emergency exits were clear and unlocked in the facility.

A6. AUDIT PROCESS

Audit pay period provided for review

Records	From	To
12 Months Payroll	April 1, 2020	March 31, 2021
12 Months Attendance	April 1, 2020	April 28, 2021

Employee interview sampling

Individual	20 (11 females and 9 males)
Group	10 employees in 2 groups evenly (6 female and 4 male)
Total interviewed	30 (17 females and 13 males)

Payroll and attendance records sampling

Period	From	To	Peak Season	Records Reviewed
Current Period	March 1, 2021	March 31, 2021	No	20
Period 1	October 1, 2020	October 31, 2020	No	5
Period 2	July 1, 2020	July 31, 2020	No	5
Total				30

Other records reviewed

Personnel records

Security log book

Non-Production records

Legal Permits

Employee leave register

Health examination records

Machine maintenance records

Production records

Employment contracts

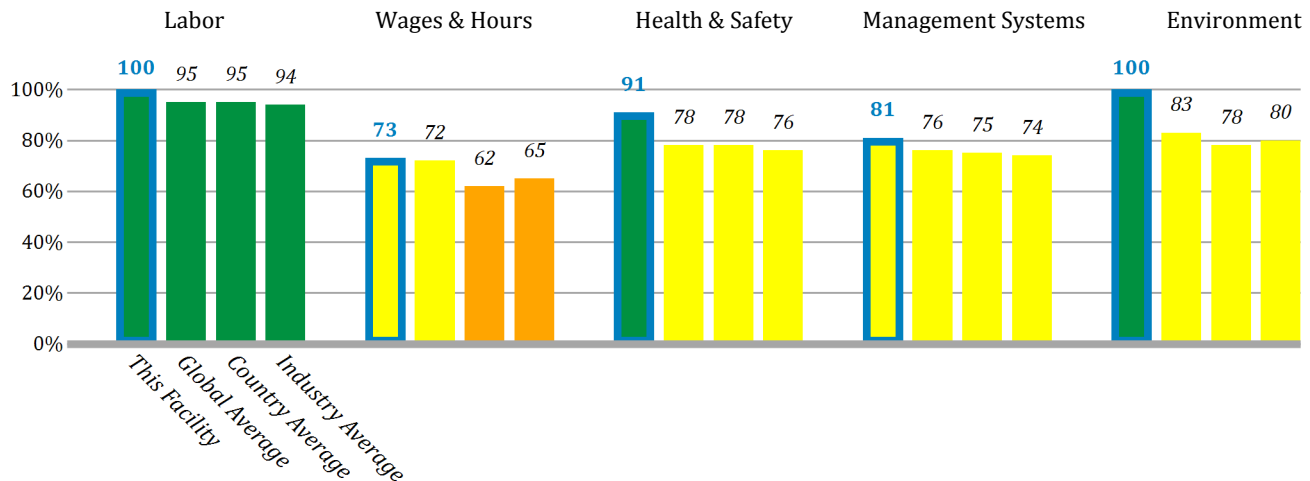
Social insurance documentation

Infirmity logs

B. KEY PERFORMANCE METRICS

B1. COMPARISON BENCHMARK

Current performance — Global average, China average, Hardlines average

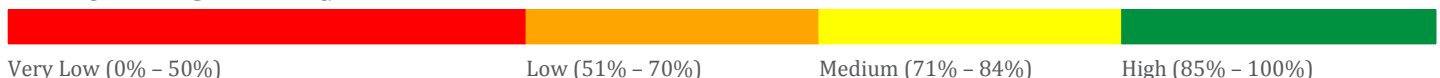


B2. PERFORMANCE TREND ANALYSIS

Section Name	Current (29-Apr-2021)	Last (Not Applicable)	First (Not Applicable)	Change (Current-Last)	Change (Current-First)
Labor	100	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Wages & Hours	73	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Health & Safety	91	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Management Systems	81	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Environment	100	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Overall Score	89	Not Applicable	Not Applicable	Not Applicable	Not Applicable

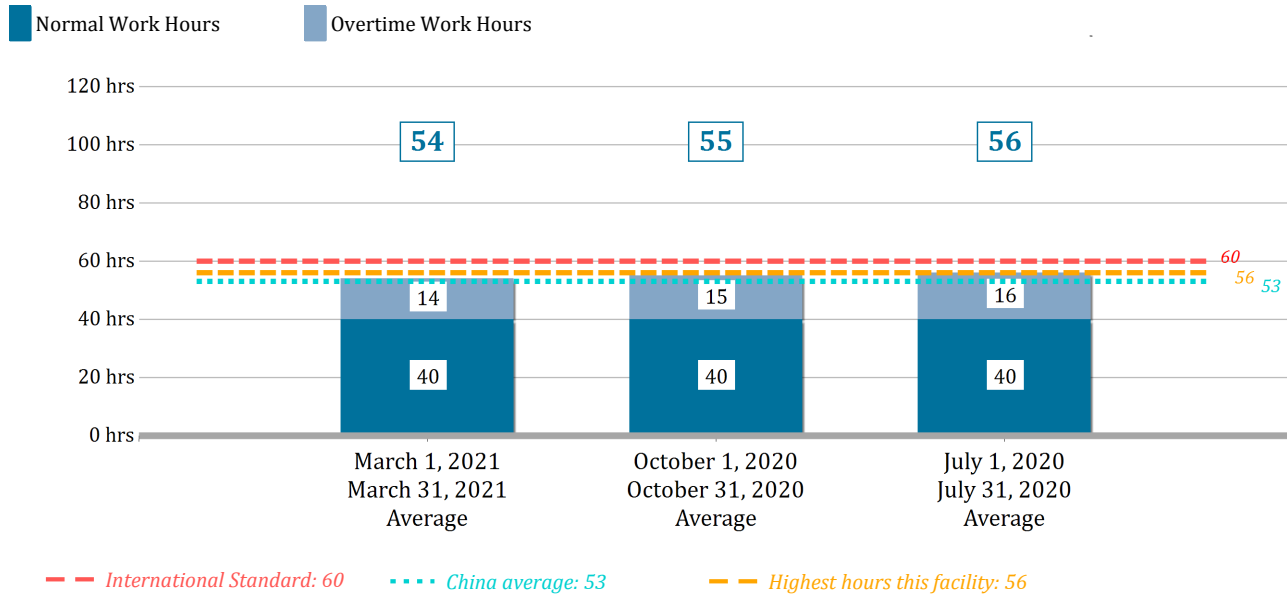
▲ Advancers ■ Constant ▼ Decliner

PERFORMANCE RATING

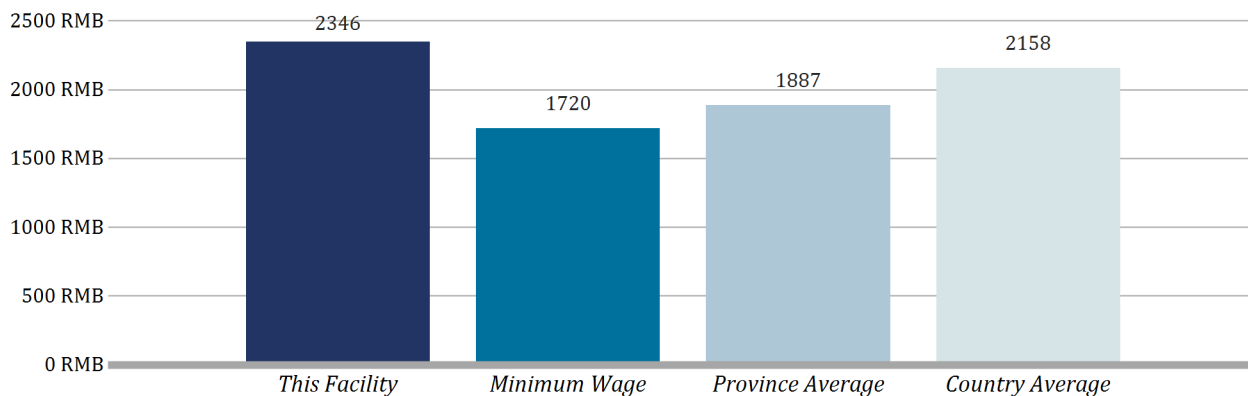


B3. WORKING HOURS AND WAGES

Average total hours worked weekly



Average wages paid in local currency (RMB)



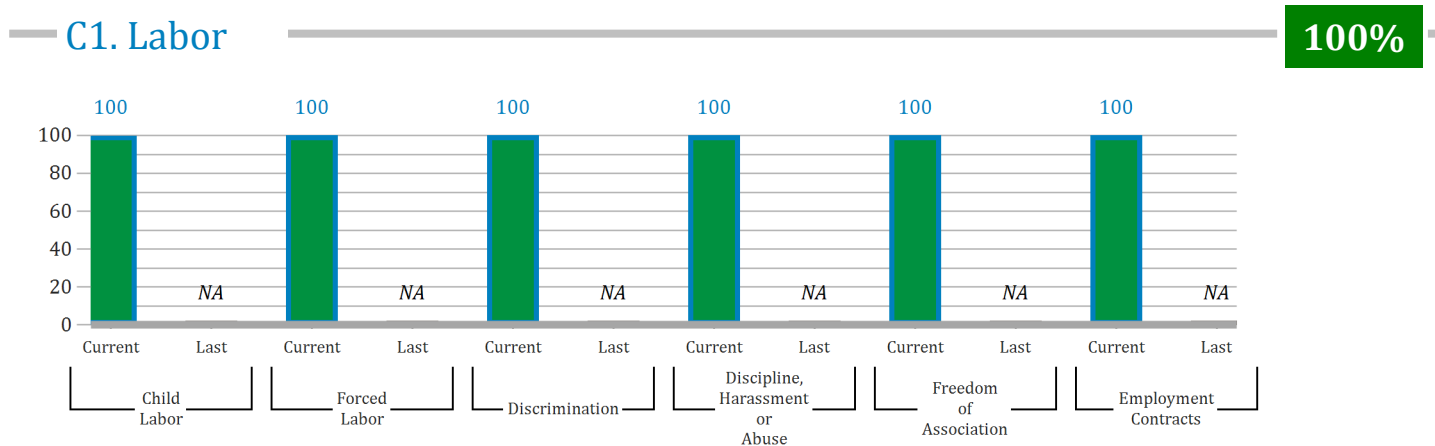
Special wage circumstances: Remark: The local minimum wage standard was set at RMB1720 per month, equivalent to RMB 9.88 (1720/21.75/8) per hour since January 1, 2020.

Wages and hours summary:

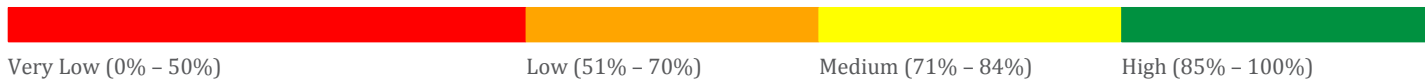
1. Employees worked for 5 days a week. The employees worked in 1 shift (08:00-11:30; 13:00-17:30).
2. The payroll records from April 2020 to March 2021 and attendance records from April 1, 2020 to April 28, 2021 were provided for review. Through reviewing 20 random employees' payroll records and attendance records in March 2021 (current month), 5 random employees' payroll records and attendance records in October 2020 (random month) and 5 random employees' payroll records and attendance records in July 2020 (random month), it was found that all these employees were paid beyond minimum wage, and all these employees were paid for overtime hour in compliance with local law, i.e. No less than 150% of normal rate for overtime worked on weekdays and no less than 200% of normal rate for overtime worked on rest days. No work was arranged on legal holidays.
3. The weekday was from Monday to Friday per week and the facility used finger print machine to record employees' working hours.
4. Just base on 20 attendance samples in March 2020, 5 attendance samples in October 2020 and 5 attendance samples in July 2020, it was noted that the max daily overtime hours reached 2 hours, 20 out of 20 random employees' monthly overtime hours ranged from 50-58 hours in March 2021 (current month), 5 out of 5 random employees' monthly overtime hours ranged from 44-52 hours in October 2020 (random month) and 5 out of 5 random employees' monthly overtime hours ranged from 48-54 hours in July 2020 (random month).
5. Maternity leave, legal holidays, annual leave, sick leave and etc. were provided for employees in accordance with local law. However, the social insurance was insufficient for the employees.
6. Production records such as daily production records, inspection records, material receiving records, production out records and etc. from January 1, 2020 to April 28, 2021 were provided for review. Cross check the production records with the attendance records, no inconsistency was found.

C. PERFORMANCE DETAILS

Current (29-Apr-2021)

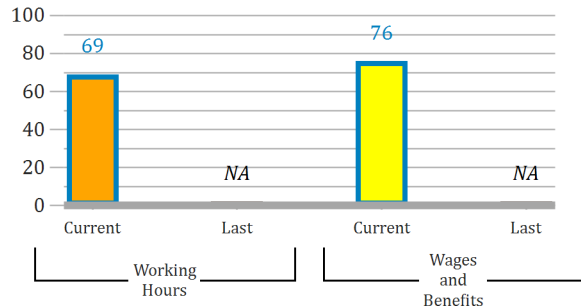


PERFORMANCE RATING



C2. Wages & Hours

73%



Sub Section: Working Hours

Status	Findings	% Global freq of compliance
● Moderate	<p>122.00 : Total overtime hours exceeds allowable limits under applicable law or agreement.</p> <p>Auditor's comment Overtime hours exceeded the legal requirement. Through reviewing sample attendance records, it was noted that 20 out of 20 random employees' monthly overtime hours ranged from 50-58 hours in March 2021(current month), 5 out of 5 random employees' monthly overtime hours ranged from 44-52 hours in October 2020(random month) and 5 out of 5 random employees' monthly overtime hours ranged from 48-54 hours in July 2020(random month).</p> <p>People's Republic of China Labor Law Article 41 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>	48%

PERFORMANCE RATING



Sub Section: Wages and Benefits

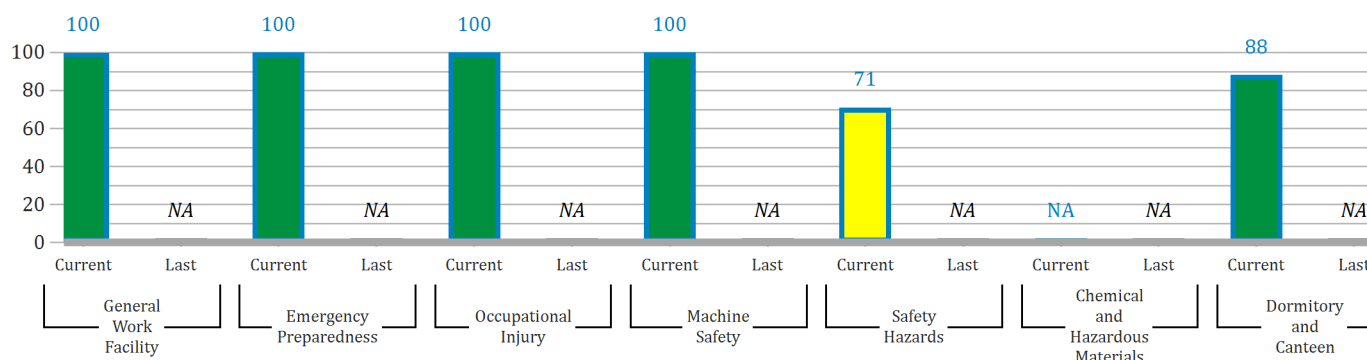
Status	Findings	% Global freq of compliance
● Moderate	<p>150.00 : The facility does not provide social security, pensions, healthcare and/ or other insurance to employees as per legal requirement.</p> <p>Auditor's comment During reviewing social insurance receipts, management interview and employees' interview, it was noted that just 5 out of 71 employees had participated in basic endowment insurance and 4 out of 71 employees had participated in unemployment insurance. No employees had participated in basic medical insurance, maternity insurance and employment injury insurance.</p> <p>Social Insurance Law of the People's Republic of China Article 33 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>Social Insurance Law of the People's Republic of China Article 53 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>Social Insurance Law of the People's Republic of China Article 10 Employees shall participate in the basic endowment insurance, and the basic endowment insurance premiums shall be jointly paid by employers and employees.</p> <p>Social Insurance Law of the People's Republic of China Article 23 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>Social Insurance Law of the People's Republic of China Article 44 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>	59%

PERFORMANCE RATING



C3. Health & Safety

91%



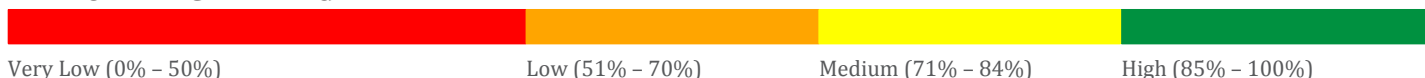
Sub Section: Safety Hazards

Status	Findings	% Global freq of compliance
● Moderate	<p>232.00 : Special appliances such as boilers, unfired pressure vessels, and furnaces have not been registered and affixed with a registration certification</p> <p>Auditor's comment 1. In accordance with Regulations on Safety Supervision of Special Appliance article 25, No registration for special appliances. During facility tour, auditor found that there was one forklift used in the facility. However, the facility could not provide the registered certificate of forklift. 2. In accordance with Regulations on Safety Supervision of Special Appliance article 28, No regular inspection for special appliances. During facility tour, auditor found that there was one forklift used in the facility. However, the facility did not provide the report of this forklift.</p> <p>Regulations on Safety Supervision of Special Appliance Article 25 The operating unit with special appliance shall apply the registration for the special appliance from the Special Appliance Quality Safety Monitoring Department of the municipality city or above, before they are used or after they have been used for 30 days. The approved registration certificate/letter for special appliance should be affixed at the relevant special appliance.</p>	85%

Sub Section: Dormitory and Canteen

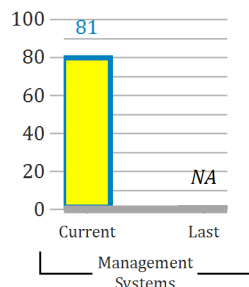
Status	Findings	% Global freq of compliance
● Minor	<p>285.00 : The facility does not maintain a valid health check for the canteen's cook</p> <p>Auditor's comment Kitchen staff did not have health certificate. During document review, one employee working in kitchen did not have health certificate.</p> <p>PRC Law on Food Safety Article 45 Personnel for food production and trading shall obtain health certificate prior to get on duty if they come into contact with ready-to-eat food, and they shall undergo a medical examination yearly.</p>	90%
● Minor	<p>286.00 : The facility does not maintain a valid hygiene certificate for the kitchen</p> <p>Auditor's comment The facility did not obtain the Food Operation Permit for its kitchen. During facility tour, auditor found that one kitchen and canteen located at 1/F of one 6-storey dormitory building. But the facility did not obtain the Food Operation Permit.</p> <p>Administrative Measures on Food Operation Permission Article 4 Food operation permission shall follow the principle of one permit for one site. Namely, one Food Operation Permit shall be obtained prior to the food operator engages in food business operations in a particular site.</p>	86%

PERFORMANCE RATING



C4. Management Systems

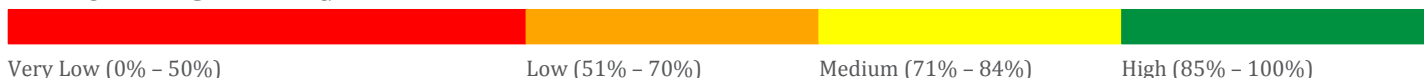
81%



Sub Section: Management Systems

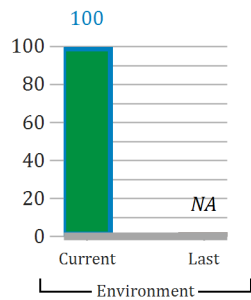
Status	Findings	% Global freq of compliance
● Minor	<p>296.04 : The facility has comprehensive working hour and wages management processes and procedures in a written manual that support adherence to social compliance requirements but they are not all being properly implemented</p> <p>Auditor's comment Findings about working hours and social insurance were found during this audit, and please refer to related section for details.</p>	48%
● Minor	<p>296.05 : The facility has comprehensive processes and procedures in the area of general facility, dormitory (if any) and/ or canteen (if any) management (e.g. cleanliness, ventilation, noise, lighting, toilets) in written manual that support adherence to social compliance requirement but they are not all being properly implemented.</p> <p>Auditor's comment Findings about general facility were found during this audit, and please refer to related section for details.</p>	76%
● Minor	<p>296.08 : The facility's written manual for processes and procedures includes a machine safety procedure but they are not all being properly implemented</p> <p>Auditor's comment Findings about machine safety were found during this audit, and please refer to related section for details.</p>	80%
● Minor	<p>299.00 : The facility has not implemented any internal accountability standards and procedures for migrant employees (domestically and/ or internationally) at the facility and within suppliers/ sub-contractors that evaluate and address the risks of human trafficking and slavery.</p> <p>Auditor's comment The facility did not implement internal accountability standards and procedures for migrant employees at the facility that evaluate and address the risks of human trafficking and slavery.</p>	79%
● Minor	<p>305.00 : The facility does not provide appropriate training for managers on how to implement its social compliance policies and procedures.</p> <p>Auditor's comment No certificate of safety production knowledge and management skill for the principal in charge in the facility. During document review, auditor found that the facility could not provide the certificate of safety production knowledge and management skill of the principal in charge for review.</p>	71%

PERFORMANCE RATING



C5. Environment

100%



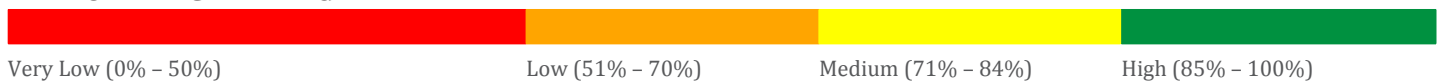
% Global Frequency of Compliance: Represents the implementation percentage performance of all suppliers participating in the WCA Community globally for each issue

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%
The facility has comprehensive employee safety processes and procedures in a written manual that support adherence to social compliance requirements and are being properly implemented	Minor	50%
Challenges: Facility performance ranks in the bottom percentile of the population	Rating	Global Freq. of Compliance%
The facility does not maintain a valid health check for the canteen's cook	Minor	90%
The facility does not maintain a valid hygiene certificate for the kitchen	Minor	86%
Special appliances such as boilers, unfired pressure vessels, and furnaces have not been registered and affixed with a registration certification	Moderate	85%
The facility's written manual for processes and procedures includes a machine safety procedure but they are not all being properly implemented	Minor	80%
The facility has not implemented any internal accountability standards and procedures for migrant employees (domestically and/ or internationally) at the facility and within suppliers/ sub-contractors that evaluate and address the risks of human trafficking and slavery.	Minor	79%
The facility has comprehensive processes and procedures in the area of general facility, dormitory (if any) and/ or canteen (if any) management (e.g. cleanliness, ventilation, noise, lighting, toilets) in written manual that support adherence to social compliance requirement but they are not all being properly implemented.	Minor	76%
The facility does not provide appropriate training for managers on how to implement its social compliance policies and procedures.	Minor	71%

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