

Workplace Conditions Assessment Report

Measured Results — Improved Performance



QINGDAO SURPASSING ARTS & CRAFTS CO.,LTD

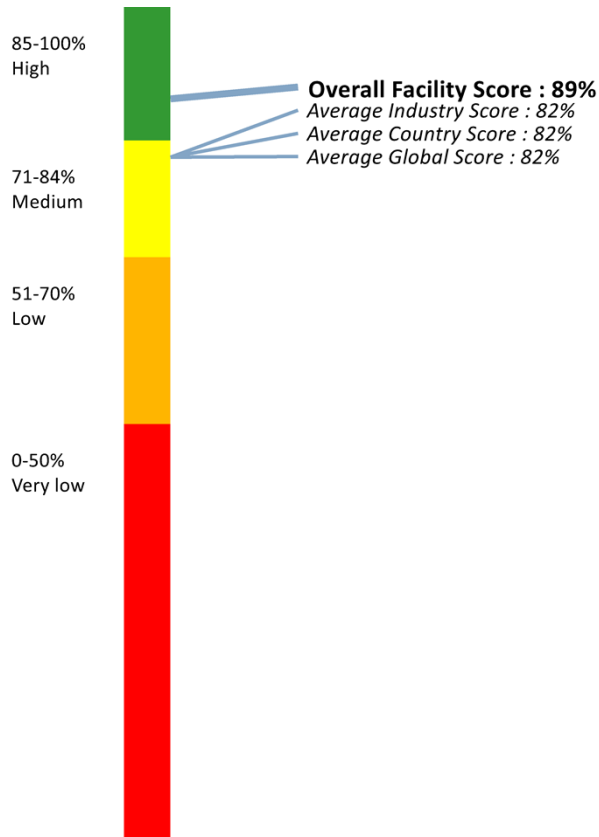
GENERAL INFORMATION

Overall Facility Score: 89%

Reg No:	F_IAR_177900	Country:	China
Audit Date:	05-Jul-2024	Assessment Stage:	Initial
Last Audit:	NA	Schedule Type:	Announced
Mandays:	1	Audit Firm:	Intertek

WORKPLACE PERFORMANCE INDEX AND SUMMARY

Participating facilities: 17447



Assessment area	Score results	Number of non-compliances by rating				
		Zero Tolerance	Major	Moderate	Minor	No Score
Overall	89%	-	-	3	7	1
Labor	97%	-	-	-	1	-
Wages & Hours	71%	-	-	2	-	-
Health & Safety	100%	-	-	-	-	1
Management Systems	70%	-	-	1	6	-
Environment	100%	-	-	-	-	-

The Performance Index Bar is used to measure and benchmark the facility's score against the other population of audit results in the database using a common scoring algorithm

A. FACILITY PROFILE

A1. FACILITY INFORMATION

Facility Name:	Qingdao Surpassing Arts & Crafts Co.,Ltd	Facility Legal Status:	Private
Facility Legal Name:	Qingdao Surpassing Arts & Crafts Co.,Ltd	Year facility began operations:	2017
Audit Location:	NO#1 Duanpolan village,Duanpolan town,Jlmo district ,Qingdao city ,shandong province ,China	Located in special economic zone:	No
City:	Qingdao	Person responsible for overall social compliance issues:	Mr. Qu Chungui/Manager
Country:	China	Valid certificate for social compliance certification program:	Not Applicable
Contact Name:	Ms. Li Weixia	Vendor Name:	Not provided
Contact Title:	Factory manager		
Industry:	Hardlines		
Service Providers:	Not Applicable		
Security systems in place:	Security guards were in place for controlling physical access to the facility.		
Building Description:	The facility consisted of one flat building used as workshop and warehouse, one flat building used as warehouse, sampling room and lab, one flat buildings used as office and one flat building used as the boss's parents living room and toilet. The total land area of the facility area was about 6,200 square meters and total structure area was about 3,200 square meters.		
Special building type:	No special building type		

A2. PRODUCTION INFORMATION

Products manufactured / Services provided:	Candle	Time record system(s) used:	Others: Finger printing
Production process/ Service elements:	Melting, Manual filling, Auto filling line, Drilling, Inspection and packing	Chemicals or hazardous materials on-site:	Yes Essence, paraffin and etc.
Production capacity a week:	62500 pieces	Current production/Services for client:	Candles
Total number of machines:	21		
Main machine types:	Drilling machines, Automatic filling machines and etc.		
Shifts and Operating hours:	1 shift All employees worked 5 days per week from Monday to Friday in one shift from 7:30 to 17:00 with 1.5 hours' lunch break from 11:30 to 13:00.		

A3. EMPLOYEE INFORMATION

Employee nationalities/provinces :	There were total 17 employees in the facility. 15 employees were local employees from Shandong Province. 2 employee was domestic migrant employee from Heilongjiang province. No foreign migrant employee was hired in the facility.	Languages spoken in the facility :	Mandarin
		Management and employees speak same language :	Yes
<hr/>			
Union/Worker committee :	Qingdao Surpassing Arts & Crafts Co.,Ltd Worker Committee		
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Hires through employment agent :	No		
<hr/>			
Recruitment and hiring process :	The facility advertise recruitment through the internet, bulletin and other ways. Employees come to apply for their own and need to provide identification card to verify their age. Employees do not have to pay any fees during the recruitment process.		

Range	Female	Male	Homeworkers	Juveniles
50 or less	12	5	0	0

	Permanent	Temporary	Agency	Total
Local	15	0	0	15
Migrant	2	0	0	2
Foreign	0	0	0	0
Total	17	0	0	17

A4. SUBCONTRACTOR INFORMATION

No subcontractor information given

A5. GENERAL INFORMATION

1. Overview of opening meeting, facility management responses: At 8:30 am on July 5, 2024, auditor entered the facility, then held an opening meeting according to WCA Program, the facility management Ms. Li Weixia/ Factory manager in the meeting. The facility management stated that they would be co operative with this audit.
2. Attitude of workers: interviewees were positive and comfortable during interview. All employees were satisfied with the factory and no negative information was raised. Employees enjoyed working in the facility. They were satisfied with the working condition and management system. They expressed that the facility gave everybody equal opportunity and salary.
3. The facility management showed a positive attitude to this audit during the whole audit. All documentation requested for the review was provided timely. All areas of the facility were allowed access for tour and a private room was arranged from for employees' interview. At the end of the audit, all the findings were accepted by the facility management. No negative information was raised by managers.
4. Peak seasons were not obvious in the facility.
5. The facility rented all buildings from the landlord (Mr. Qu). The lease contract was provided for review.

A6. AUDIT PROCESS

Auditor Information

Auditors APSCA ID : **Primary: Connie Hei**
ID#: 21700498

Auditors APSCA ID : **Secondary: NA**
ID#: NA

Audit pay period provided for review

Records	From	To
12	01-Jun-2023	31-May-2024
13	01-Jun-2023	04-Jul-2024

Employee interview sampling

Individual	3
Group	0
Total interviewed	3

Special Comments: **NA**

Payroll and attendance records sampling

Period	From	To	Peak Season	Records Reviewed
Current Period	01-May-2024	31-May-2024	No	3
Period 2	01-Jan-2024	31-Jan-2024	No	3
Period 3	01-Nov-2023	30-Nov-2023	No	3
Total				9

Other records reviewed

Personnel records

Production records

Non-Production records

Employment contracts

Legal Permits

Social insurance documentation

Employee leave register

Health examination records

Machine maintenance records

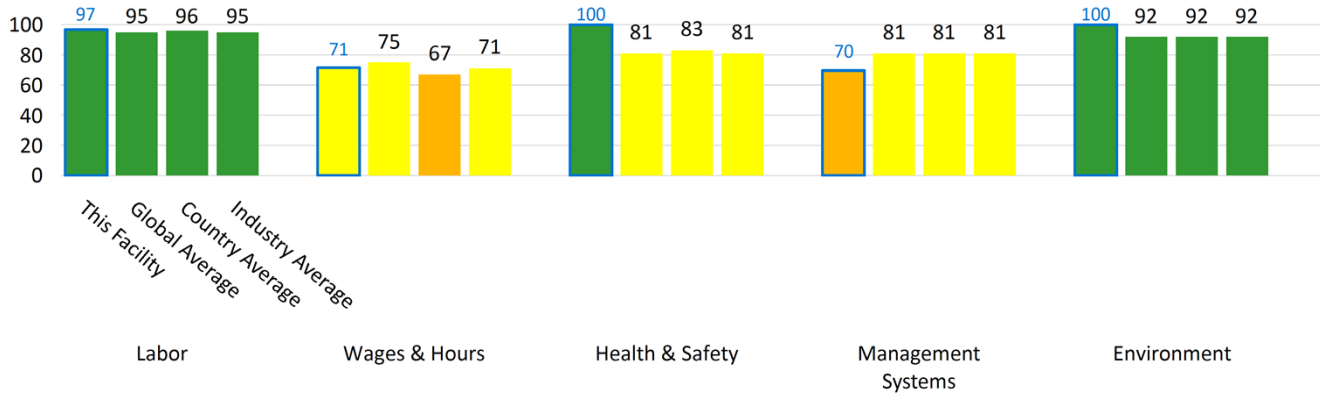
Security log book

Others: Health and safety training records etc. were reviewed.

B. KEY PERFORMANCE METRICS

B1. COMPARISON BENCHMARK

Current performance — Global average, China average, Hardlines average



The Comparison Benchmark shows at a glance how this facility is performing in each category in comparison to all other facilities in the database globally, by country and/or industry using the same scoring algorithm.

B2. PERFORMANCE TREND ANALYSIS

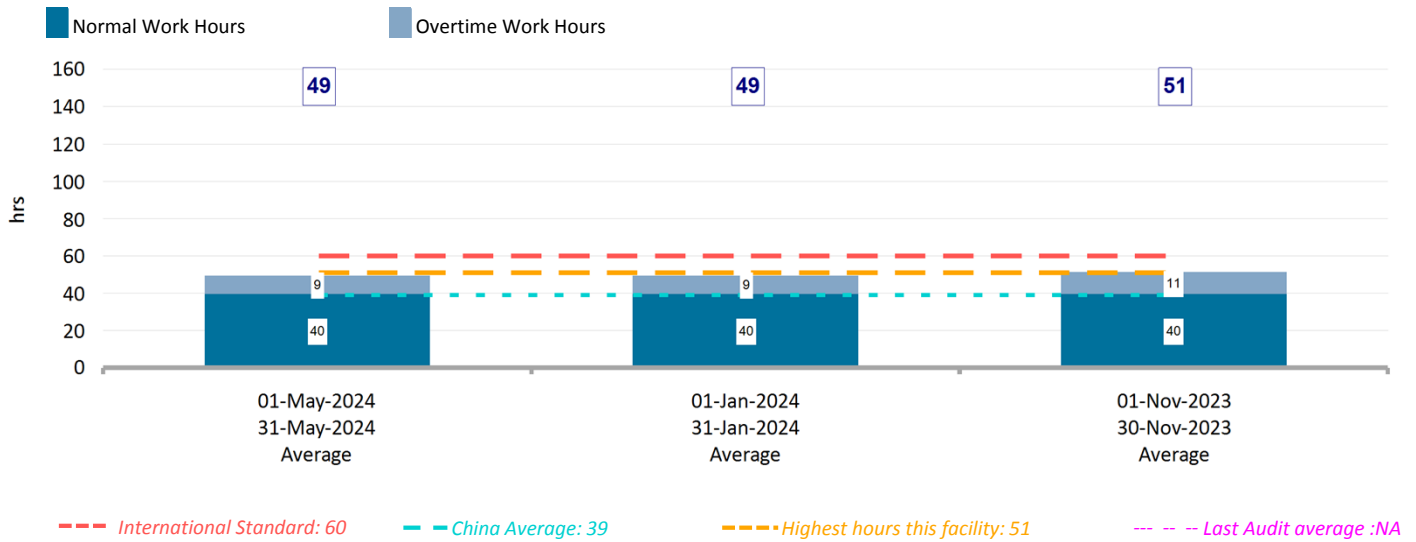
Section Name	Current (05-Jul-2024)	Last (NA)	First (NA)	Change (Current-Last)	Change (Current-First)
Labor	97	NA	NA	NA	NA
Wages & Hours	71	NA	NA	NA	NA
Health & Safety	100	NA	NA	NA	NA
Management Systems	70	NA	NA	NA	NA
Environment	100	NA	NA	NA	NA
Overall Score	89	NA	NA	NA	NA

▲ Advancers ■ Constant ▼ Decliner

Showcase of the percentage of improvement (or decline) in performance over time for this facility. The current audit result is compared against the last audit completed at this same facility which is subsequently compared to the very first audit done at the facility.

B3. WORKING HOURS AND WAGES

Average total hours worked Weekly



Average wages paid in local currency (RMB)



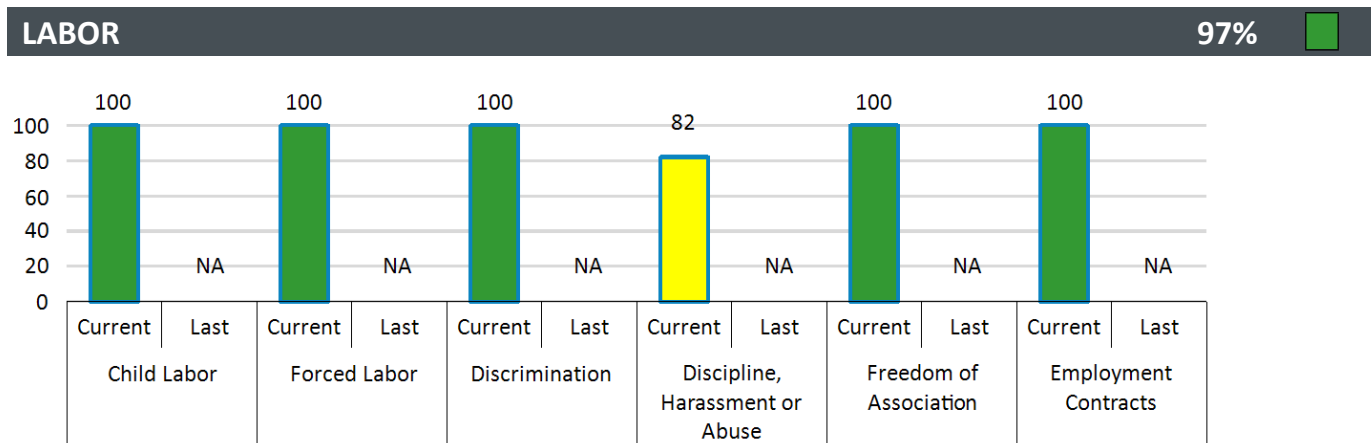
Provincial and country averages are based on average wages paid since past two years.

Special wage circumstances: The local minimum wage standard was set at RMB 2100 per month equivalent to RMB 12.07 per hour (2100/21.75/8) from October 1, 2021 to September 30, 2023 and RMB 2200 per month equivalent to RMB 12.64 per hour (2200/21.75/8) since October 1, 2023.

C. PERFORMANCE DETAILS

Current (05-Jul-2024) Last (NA)

C1. LABOR



Labor Summary: 1.All employees were recruited by the facility directly. No labor agency was used to hire employees. No temporary Employee, apprenticeship schemes or home employee was identified by the auditors.

2. No subcontractor was used by the facility.

3. All employees had received copies of signed labor contracts.

4. The effective management system was in place to identify and monitor the hiring and management of all workers. All workers were hired legally and treated equally in the facility.

5. Workers were not required to pay any recruitment fee at any stage of the recruitment process, which was confirmed by interviews with management and workers as well as reviewing of the written recruitment policy and procedure, the recruitment notice, payrolls, etc.

6. The labour contracts of all workers were available for review. The labour contracts were signed by workers themselves. The interviewed workers knew clearly the contents of the labour contracts.

Sub Section: Discipline, Harassment or Abuse

Status	Findings	% Global freq of compliance
● Minor	<p>00116: Managers and supervisors are not trained on appropriate disciplinary measures and training records are not maintained.</p> <p>Past occurrences at this facility: NA</p> <p><i>Auditor's comment</i> Through document review and management interview, auditor found that managers and supervisors were not trained on appropriate disciplinary</p>	90%

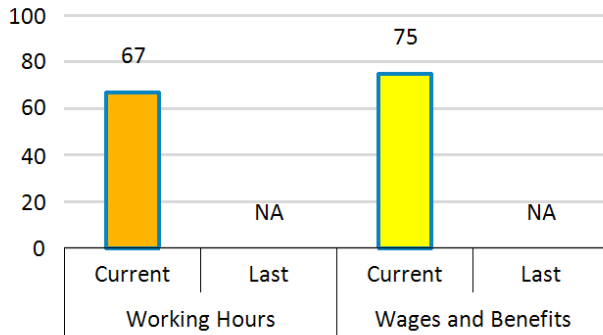


Status	Findings	% Global freq of compliance
	<p>measures. Then no relevant training records were maintained.</p> <p>WCA Standards requires that managers and supervisors are trained on appropriate disciplinary measures and training records are maintained.</p>	

C2. WAGES & HOURS

WAGES & HOURS

71%



Wages and Hours Summary: 1. 12 months' payroll records (from June 2023 to May 2024) and 13 months and 4 days' attendance records (from June 1, 2023, to July 4, 2024) were provided for review. Wages were calculated based on hourly rate basis and paid before the end of next month by cash. No illegal deduction was made from employees' salary.

2. Through employees' interview and documents review, benefits such as paid annual leave, statutory holidays etc. had been provided for employees. Employees worked overtime on voluntary basis.

3. All employees were paid above the local minimum wage for their regular working hours. Employees were equally paid for equal work.

4. Based on the payroll records provided by the facility, the facility paid 150% and 200% of normal rate for overtime on normal workdays and rest days respectively. No overtime was arranged on statutory holidays.

5. All employees stated that they worked overtime on voluntary basis. Finger print attendance system was used by the facility to record employees' attendance.

6. Through the cross check of attendance records and production records such as daily production records, inspection records, material delivery records and employees' interview, no inconsistent record was noted.

7. Based on the attendance records provided by the facility, the working hours analysis was as below:

1) In May 2024 (current month), the maximum working hours per week were 51 hours (all 3 randomly selected samples), the average working hours per week were 48.88 hours. The maximum monthly overtime hour was 45 hours (all 3 randomly selected samples); the maximum daily overtime hours were 0.5 hours per day (all 3 randomly selected samples).

2) In January 2024 (random month), the maximum working hours per week were 51 hours (all 3 randomly selected samples), the average working hours per week were 48.88 hours. The maximum monthly overtime hour was 45 hours (all 3 randomly selected samples), the maximum daily overtime hours were 0.5 hours per day (all 3 randomly selected samples).

3) In November 2023 (random month), the maximum working hours per week were 51 hours (all 3 randomly selected samples), the average working hours per week were 51 hours. The maximum monthly overtime hour was 45 hours (all 3 randomly selected samples), the maximum daily overtime hours were 0.5 hours per day (all 3 randomly selected samples).

Sub Section: Working Hours

Status	Findings	% Global freq of compliance
● Moderate	<p>O0626: Total overtime hours exceeds allowable limits under applicable law or agreement.</p> <p>Past occurrences at this facility: NA</p> <p>Auditor's comment Monthly overtime hours exceeded the legal requirement. Through document review, auditor found that the monthly overtime hours of all 3 randomly selected employees were 45 hours in May 2024 (current month); the monthly overtime hours of all 3 randomly selected employees were 45 hours in January 2024 (random month); the monthly overtime hours of all 3 randomly selected employees were 45 hours in November 2023 (random month).</p> <p>Legal Regulation 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>	42%

Sub Section: Wages and Benefits

Status	Findings	% Global freq of compliance
● Moderate	<p>O0717: The facility does not provide social security, pensions, healthcare and/or other insurance to employees as per legal requirement.</p> <p>Past occurrences at this facility: NA</p> <p>Auditor's comment Insufficient social insurance participated. Through document review, auditor found that there were total 17 employees including 12 employees had reached the retirement age worked in the facility. And based on the social insurance receipt in June 2024, only 3 had participated in 5 types of social insurances including basic endowment insurance, basic medical insurance, unemployment insurance, maternity insurance and employment injury insurance. The facility purchased employer liability insurance for all 17 employees including the employees who did not participated in 5 types of social insurances and the employees who had reached the retirement age worked with one-year valid period, which was valid to June 26, 2025 respectively.</p> <p>Legal Regulation 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. 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. 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. 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. Article 53, Employees shall participate in maternity insurance, and the maternity insurance premiums shall be paid by employers rather than</p>	59%



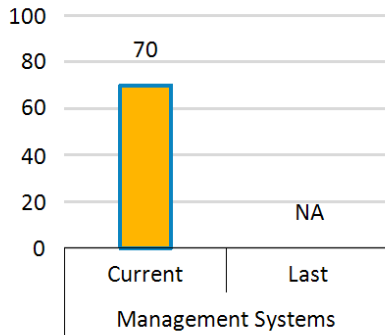
Status	Findings	% Global freq of compliance
	employees in accordance with the relevant provisions of the state.	

Status	Findings	% Global freq of compliance
<p>● No Score</p>	<p>O0328: Additional Finding/Observation - Emergency Preparedness</p> <p>Past occurrences at this facility: NA</p> <p>Auditor's comment Parts of goods in the warehouse were stacked against the walls. During facility tour, auditor noted that parts of the goods in the warehouse were stacked against the walls.</p> <p>In accordance with General Rules for Fire Safety Management of Storage Occupancies XF1131-2014 Article 6.8: The following requirements shall be met for goods or materials to be piled up in warehouse: a) The distance between the top of any stacking and the floor or flat roof shall be no less than 0.3m (for any roof truss of herringbone shape, the distance shall be calculated from the crossbeam); c) The distance between the goods or materials and the wall shall be no less than 0.5m; d) The distance between any stacking of goods or materials and any pillar shall be no less than 0.3m; e) The distance between different stacking of goods or materials shall be no less than 1m.</p>	<p>NA</p>

C4. MANAGEMENT SYSTEMS

MANAGEMENT SYSTEMS

70%



Management System Summary: 1. The facility implemented and maintained systems for WCA standard. A CSR manual was created by the facility which contained all required documents and all appropriate procedures for meeting the client’s code of conduct and the legal requirements. There was an internal audit team for internal audit of the social standards of the facility.

2. The facility was operating legally and had the correct & valid business license.

3. One designated person, Mr. Qu Chungui/Manager was responsible for Social compliance policy.

4. The facility has comprehensive processes and procedures in a written manual that support adherence to social compliance requirements but they are not all being properly implemented, some finding in relevant section was noted, refer to finding description in relevant section for detail.

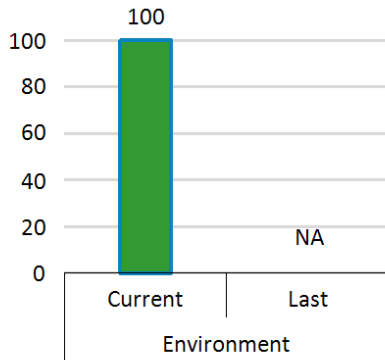
Sub Section: Management Systems

Status	Findings	% Global freq of compliance
● Minor	<p>O1499: The facility has comprehensive employment practice processes and procedures in a written manual that support adherence to social compliance requirements but they are not all being properly implemented.</p> <p>Past occurrences at this facility: NA</p> <p>Auditor's comment The facility set up employment practice procedures; however, it was not performed well, such as managers and supervisors were not trained on appropriate disciplinary measures. Then no relevant training records were maintained.</p> <p>WCA Standards requires that the facility should have comprehensive processes and procedures in a written manual to support the implementation of the written social compliance policy, including but not limited to the following: employment practice procedures.</p>	78%

Status	Findings	% Global freq of compliance
● Minor	<p>O0817: 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>Past occurrences at this facility: NA</p> <p><i>Auditor's comment</i> The facility set up working hour and wages management procedures; however, it was not performed well, such as overtime hours exceeded the legal requirement.</p> <p>WCA Standards requires that the facility should have comprehensive processes and procedures in a written manual to support the implementation of the written social compliance policy, including but not limited to the following: working hour and wages management procedures.</p>	37%
● Minor	<p>O0825: The facility has comprehensive emergency preparedness processes and procedures in a written manual that support adherence to social compliance requirements but they are not all being properly implemented.</p> <p>Past occurrences at this facility: NA</p> <p><i>Auditor's comment</i> The facility had set up emergency preparedness procedures, but it was not performed well, such as partial of goods in the warehouse were stacked against the walls.</p> <p>WCA Standards requires that the facility has comprehensive processes and procedures in a written manual to support the implementation of the written social compliance policy, including but not limited to the following: emergency preparedness procedures.</p>	57%
● Moderate	<p>O0865: The facility does not conduct periodic assessments (including internal audit) of its management system in order to identify improvement opportunities.</p> <p>Past occurrences at this facility: NA</p> <p><i>Auditor's comment</i> Through document review and management interview, auditor found that the facility did not conduct periodic assessments (at least annually) of its social compliance system in order to identify improvement opportunities.</p> <p>WCA standard requires that the facility conducts periodic assessments (at least annually) of its social compliance system in order to identify improvement opportunities.</p>	80%
● Minor	<p>O0874: The facility does not take appropriate and preventative action to stop a recurrence of the same or similar labor or health & safety problem</p> <p>Past occurrences at this facility: NA</p> <p><i>Auditor's comment</i> Through document review and management interview, auditor found that the facility did not take any appropriate and preventative action to stop a recurrence of the same or similar social compliance problem.</p> <p>WCA standard requires that the facility take any appropriate and preventative action to stop a recurrence of the same or similar social compliance problem.</p>	90%

Status	Findings	% Global freq of compliance
● Minor	<p>O0877: There are no written records (correspondence, report, meeting minutes, etc) of a regular management review of the social compliance system.</p> <p>Past occurrences at this facility: NA</p> <p>Auditor's comment Through document review and management interview, auditor found that there were no written records (correspondance, report, meeting minutes, etc) of a regular management review of the social compliance system. WCA standard requires that the facility had written records (correspondance, report, meeting minutes, etc) of a regular management review of the social compliance system.</p>	82%
● Minor	<p>O0888: The facility does not provide appropriate training for managers on how to implement its social compliance policies and procedures.</p> <p>Past occurrences at this facility: NA</p> <p>Auditor's comment No training records / certificate of safety production knowledge and management skill for the principal in charge and persons for the management of work safety in the facility. During document review, auditor found that the facility could not provide the training records / certificate of safety production knowledge and management skill of the principal in charge and persons for the management of work safety for review.</p> <p>Legal Regulation Law of the PRC on Work Safety Article 27, The principal in charge and persons for the management of work safety in production and business entities have to have the knowledge about work safety and the competence for the management, which are commensurate with the production and business activities of these entities. The principal in charge and persons for the management of work safety in production and business entities that produce, trade, store or Loading and unloading hazardous articles, and mines, metal smelting, building construction, and road transport shall only be appointed to the posts after they pass the examinations in their knowledge about work safety and their competence in the management conducted by the competent departments for work safety supervision and administration. No fees shall be charged for taking such examinations. Entities that produce, store or Loading and unloading hazardous articles, and mines, metal smelting shall have certified safety engineer to work on the management of work safety.</p>	79%

C5. ENVIRONMENT



Environment Summary:

1. The facility obtained Environmental Impact Assessment documents for review.
2. The facility had obtained pollutant discharge registration.
3. Policies and procedures were established to incorporate relevant environmental laws and there was a designated staff responsible for collecting and updating relevant regulations and laws. The facility had established an environmental safety management system and provided training to the employees and the responsible managers.

% 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.

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.	Compliant	43%
The facility has comprehensive chemicals management processes and procedures in a written manual that support adherence to social compliance requirements and are being properly implemented.	Compliant	70%
The facility conducts and/or pays for regular occupational health examinations for employees when applicable.	Compliant	76%
The facility (including construction projects) have the building permits and/or fire safety permits as per the legal requirements.	Compliant	76%
The facility has implemented an mechanism/program to identify, evaluate and control employee exposure to physically demanding work, such as manual handling, heavy lifting, highly repetitive tasks, and other physically demanding jobs to prevent work-related injuries.	Compliant	78%
Preventative measures are in place to prevent chemical leakage.	Compliant	78%
The total weekly working hours (normal & overtime) are 60 or less than 60 hours.	Compliant	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.	Compliant	80%
Employees are provided with at least one day off following six consecutive days worked.	Compliant	82%
There has been an emergency evacuation drill for all areas and shifts in the last 12 months or as required by law or by client specific requirement whichever is stricter.	Compliant	82%

Challenges: Facility performance ranks in the bottom percentile of the population	Rating	Global Freq. of Compliance%
Managers and supervisors are not trained on appropriate disciplinary measures and training records are not maintained.	Minor	90%
The facility does not take appropriate and preventative action to stop a recurrence of the same or similar labor or health & safety problem	Minor	90%
There are no written records (correspondence, report, meeting minutes, etc) of a regular management review of the social compliance system.	Minor	82%
The facility does not conduct periodic assessments (including internal audit) of its management system in order to identify improvement opportunities.	Moderate	80%
The facility does not provide appropriate training for managers on how to implement its social compliance policies and procedures.	Minor	79%
The facility has comprehensive employment practice processes and procedures in a written manual that support adherence to social compliance requirements but they are not all being properly implemented.	Minor	78%
The facility does not provide social security, pensions, healthcare and/ or other insurance to employees as per legal requirement.	Moderate	59%
The facility has comprehensive emergency preparedness processes and procedures in a written manual that support adherence to social compliance requirements but they are not all being properly implemented.	Minor	57%



Total overtime hours exceeds allowable limits under applicable law or agreement.	Moderate	42%
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.	Minor	37%

Best Practices:

The facility has made progress in reducing or eliminating pollution, waste and conserving resources.	The facility implements an auditing program and audits all suppliers, subcontractors and labor providers.
The facility maintains metrics or key performance indicators for any labor or health & safety issues.	

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