



# Continuous Improvement Report (CIR)



<b>Facility Name:</b>	Redacted.	<b>Customer Name:</b>	World Centric
<b>Facility Address:</b>	redacted	<b>Industry / Key Main Product</b>	Tableware
<b>Facility Tel:</b>		<b>Facility Fax:</b>	
<b>Facility Contact:</b>		<b>Auditor(s):</b>	Best Lai
<b>Facility Email:</b>		<b>Verification Date:</b>	16-Aug-2017

**TYPE OF ASSESSMENT:**

**Initial**                  Re-audit                  Annual Renewal                  Follow Up

**AUDIT RESULTS COMMUNICATED WITH:**

Name:	
Title:	

A closing meeting has been performed at the end of the verification process in which the listed exceptions were explained and accepted by company representative.

**Signatures:**

\_\_\_\_\_  
Auditor (s)  
  
Best Lai 24-  
Aug-2017  
  
Date

\_\_\_\_\_  
Company Representative  
  
24-Aug-2017  
  
Date

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1 Wages & Hours

Moderate

**Law Requirement**

Law Title

People's Republic of China Labor Law Article 44

Law Regulation

The employing unit shall, according to the following standards, pay labourers remuneration higher than those for normal working hours under any of the following circumstances:

- 1) to pay no less than 150% of the normal wages if the extension of working hours is arranged;
- 2) to pay no less than 200% of the normal wages if the extended hours are arranged on days of rest and no deferred rest can be taken; and
- 3) to pay no less than 300% of the normal wages if the extended hours are arranged on statutory holidays.

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- 3) to pay no less than 300% of the normal wages if the extended hours are arranged on statutory holidays.

**Findings**

The overtime wage is not calculated and paid at the premium rate as legally required

**Responsible Personnel:**

Mr. Min Yan Zhang

**Expected Completion Date:**

01/09/2017

**Verification Date:**

dd/mm/yy

We now changed the overtime calculate method, use the same hour wage (RMB11.15) for all different Processes. We used different rates for different processes before based on labour intensity

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	<p><i>Insufficient overtime wage. Through document review, auditor found that the employees wage was consisted of basic wage, attendance allowance, post allowance, and seniority allowance every month, however, the overtime wage was calculated only based on the basic wage which was not meet the local law requirement. For example, hourly wage of employee A was RMB 11.15 according to wage of May 2017. However, the overtime wage of June 2017 was calculated based on the hourly wage RMB 10.34.</i></p>			
<p>2</p>	<p><b><u>Wages &amp; Hours</u></b></p> <p><b>Law Requirement</b></p>	<p>Moderate</p>	<p><b>Responsible Personnel:Mr. Min Yan Zhang</b></p>	



<p>Law Title Social Insurance Law of the People’s Republic of China Article 23 Law Regulation 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>Law Title Social Insurance Law of the People’s Republic of China Article 33 Law Regulation 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>Law Title Social Insurance Law of the People’s Republic of China Article 53 Law Regulation 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>Law Title Social Insurance Law of the People’s Republic of China Article 44 Law Regulation 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> <p>Law Title Social Insurance Law of the People’s Republic of China Article 10 Law Regulation Employees shall participate in the basic endowment insurance, and the basic endowment insurance premiums shall be jointly paid by employers and employees.</p>			
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	<p><b>Findings</b></p> <p>The facility does not provide social security, pensions, healthcare and/ or other insurance to employees as per legal requirement.</p> <p><i>Insufficient social insurance participated. Through document review, auditor found that there were only 39 out of 460 employees had participated in basic endowment insurance, basic medical insurance, unemployment insurance and maternity insurance. And all 460 employees had participated in employment injury insurance.</i></p>		<p><b>Expected Completion Date:</b> 01/10/2017</p> <p>The facility arranged different batches For the workers social insurance participated,because of the workers mobility,all the employees can be insured after five months of normal work</p>	<p><b>Verification Date:</b> dd/mm/yy</p>
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3	<p><b><u>Health &amp; Safety</u></b></p> <p><b>Findings</b></p> <p>Noise level at the facility is not acceptable</p> <p><i>The facility did not conduct evaluation on occupational hazard factors. During facility tour, auditor found that mixing workshop, cutting workshop with hazardous factor such as noise. However, facility could not provide evaluation report of occupational hazardous factors in 2016 and 2017 for review.</i></p>	Minor	<p><b>Responsible Personnel:</b></p> <p><b>Expected Completion Date:</b> China labor law requirement proper labor protection appliance,in fact all the workers wore earplugs during the audit.And evaluation report of occupational hazardous factors had been done before the audit,can get the report in one month. 01/09/2017</p>	<p><b>Verification Date:</b> dd/mm/yy</p>
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4	<p><b><u>Health &amp; Safety</u></b></p> <p><b>Findings</b></p> <p>The facility has not implemented an mechanism/program to identify, evaluate and control employee exposure to</p>	Minor	<p><b>Responsible Personnel:</b></p> <p><b>Expected Completion Date:</b> 01/09/2017</p> <p>Now an mechanism/program had been</p>	<p><b>Verification Date:</b> dd/mm/yy</p>
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physically demanding work, such as manual handling, heavy lifting, highly repetitive tasks, and other physically demanding jobs to prevent work-related injuries

implemented from Sep. identify, evaluate and control employee exposure to physically demanding work

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	<p><i>The facility did not implemented a 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.</i></p>			
<p>5</p>	<p><b><u>Health &amp; Safety</u></b></p> <p><b>Law Requirement</b></p> <p>Law Title Provisions on the Supervision and Administration of Workplace Occupational Health Article 20 Law Regulation An employing entity with occupational hazards shall entrust an occupational health technical service agency with corresponding qualification to conduct evaluation on occupational hazard factors at least once every year. An employing entity with severe occupational hazards shall, in addition to the above requirement, entrusts an occupational health technical service agency with corresponding qualification to conduct assessment on occupational hazard status at least once every three years. The results of the evaluation and assessment shall be kept in archive, reported to local administration department of work safety, and announced to the workers.</p> <p><b>Findings</b></p> <p>The facility does not apply for testing of factors of occupational hazards at least once a year and the report kept for review</p> <p><i>The facility did not conduct evaluation on occupational hazard factors. During facility tour, auditor found that mixing workshop, cutting workshop with hazardous factor such as noise. However, facility could not provide evaluation report of occupational hazardous factors in 2016 and 2017 for review.</i></p>	<p>Minor</p>	<p><b>Responsible Personnel:</b></p> <p><b>Expected Completion Date:</b> 01/09/2017</p> <p>China labor law requirement proper labor protection appliance,in fact all the workers wore earplugs during the audit.And evaluation report of occupational hazardous factors had been done before the audit,can get the report in one month.</p>	<p><b>Verification Date:</b> dd/mm/yy</p>
<p>6</p>	<p><b><u>Management Systems</u></b></p>	<p>Minor</p>		



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	<p><b>Findings</b></p> <p>The facility's written social compliance policy does not provide a clear framework for setting social compliance objectives and targets</p> <p><i>The comprehensive written social compliance policy of the facility did not provided a clear framework for setting social compliance objectives and targets.</i></p>		<p><b>Responsible Personnel:</b> Mr. HuangJianXin</p> <p><b>Expected Completion Date:</b> 01/09/2017</p> <p>We now made a clear framework for setting social compliance objectives and targets.</p>	<p><b>Verification Date:</b></p> <p>dd/mm/yy</p>
7	<p><u><b>Management Systems</b></u></p> <p><b>Findings</b></p> <p>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><i>The facility has comprehensive processes and procedures on working hour and wages in a written manual that support adherence to social compliance requirements but they are not all being properly implemented, due to insufficient social insurance participated.</i></p>	Minor	<p><b>Responsible Personnel:</b> Mr. Min Yan Zhang</p> <p><b>Expected Completion Date:</b> 01/10/2017</p> <p>Same as we explained in Section 2, Facility arranged different batches for All the workers social insurance insurance participated,because of the workers mobility,all the employees can be insured after five months of normal work</p>	<p><b>Verification Date:</b></p> <p>dd/mm/yy</p>
8	<p><u><b>Management Systems</b></u></p> <p><b>Findings</b></p> <p>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>	Minor	<p><b>Responsible Personnel:</b> Mr. HuangJianXin</p> <p><b>Expected Completion Date:</b> 04/09/2017</p> <p>Add conduct evaluation on occupational hazard factors In current comprehensive processes And procedures</p>	<p><b>Verification Date:</b></p> <p>dd/mm/yy</p>

	<p><i>The facility has comprehensive processes and procedures on general facility in a written manual that support adherence to social compliance requirements but they are not all being properly implemented, due to the facility did not conduct evaluation on occupational hazard factors.</i></p>			
9	<p><b><u>Management Systems</u></b></p> <p><b>Findings</b></p> <p>The facility has comprehensive employee safety processes and procedures in a written manual that support adherence to social compliance requirements but they are not all being properly implemented</p> <p><i>The facility has comprehensive processes and procedures on Employee safety management in a written manual that support adherence to social compliance requirements but they are not all being properly implemented, due to the facility did not conduct evaluation on occupational hazard factors.</i></p>	Minor	<p><b>Responsible Personnel:</b> Mr. HuangJianXin</p> <p><b>Expected Completion Date:</b> 04/09/2017</p> <p>Improve and perfect current comprehensive processes and Procedures on employee safety management with conduct evaluation On occupational hazard factors</p>	<p><b>Verification Date:</b></p> <p>dd/mm/yy</p>
10	<p><b><u>Management Systems</u></b></p> <p><b>Findings</b></p> <p>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><i>The facility did not implemented 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</i></p>	Minor	<p><b>Responsible Personnel:</b> Mr. Min Yan Zhang</p> <p><b>Expected Completion Date:</b> 02/09/2017</p> <p>The facility now implemented an internal accountability standards and procedures for migrant employees at the facility and within suppliers/ sub-contractors that evaluate and address the risks of human trafficking and slavery.</p>	<p><b>Verification Date:</b></p> <p>dd/mm/yy</p>

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<p>11</p>	<p><u>Management Systems</u></p> <p><b>Findings</b></p> <p>The facility does not conduct periodic assessments (including internal audit) of its management system in order to identify improvement opportunities</p> <p><i>The facility did not conduct periodic assessments (at least annually) of its social compliance system in order to identify improvement opportunities.</i></p>	<p>Moderate</p>	<p><b>Responsible Personnel:</b> Mr. Min Yan Zhang</p> <p><b>Expected Completion Date:</b> 01/09/20178</p> <p>We conduct periodic assessments of Management system every 6months</p> <p>Next internal audit time should be 01/03/2018</p>	<p><b>Verification Date:</b> dd/mm/yy</p>
<p>12</p>	<p><u>Management Systems</u></p> <p><b>Findings</b></p> <p>The facility does not take appropriate and preventative action to stop a recurrence of the same or similar labor or health &amp; safety problem</p> <p><i>The facility did not take appropriate and preventative action to stop a recurrence of the same or similar social compliance problem.</i></p>	<p>Minor</p>	<p><b>Responsible Personnel:</b> Mr. Min Yan Zhang</p> <p><b>Expected Completion Date:</b> 01/09/2017</p> <p>We now take appropriate and preventative action to stop a recurrence Of the same or similar problem,and</p> <p>Also exercise system has been established</p>	<p><b>Verification Date:</b> dd/mm/yy</p>
<p>13</p>	<p><u>Management Systems</u></p> <p><b>Findings</b></p> <p>The facility's social compliance policy and requirements are not communicated to all suppliers and/or subcontractors in local language</p>	<p>Moderate</p>	<p><b>Responsible Personnel:</b></p> <p><b>Expected Completion Date:</b> 01/09/2017</p> <p>Now we communicated to all suppliers and/or subcontractors in contract And written process</p>	<p><b>Verification Date:</b> dd/mm/yy</p>

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	<p><i>The facility's social compliance policy and requirements did not communicated to all suppliers and/or subcontractors by at least one of the following methods (in local language): Business contract; supplier/subcontractor manual; training with records; other written process</i></p>			
<p>14</p>	<p><b><u>Environment</u></b></p> <p><b>Law Requirement</b></p> <p>Law Title</p> <p>The Measures for Administration of Environmental Protection Acceptance Check upon Completion of Construction Project article 17</p> <p>Law Regulation</p> <p>For construction units accord with the acceptance check conditions prescribed in Article 16, competent departments of environmental protection administration shall approve the application report of environmental protection acceptance check, application form of environmental protection acceptance check or registration card of environmental protection acceptance check.</p> <p>For construction projects with a registration card of environmental protection acceptance check upon completion of project completed, competent departments of environmental protection administration shall, after checking, give the opinions on the registration card of environmental protection acceptance check and make approval decisions. Construction projects without official approval on the application report, application form or registration card of environmental protection acceptance check upon completion of projects shall not be put into production or use.</p> <p><b>Findings</b></p> <p>The facility does not have all required environmental permits, licensees and / or registrations</p>	<p>Moderate</p>	<p><b>Responsible Personnel:</b></p> <p>Mr HuangJianXin</p> <p><b>Expected Completion Date:</b> 01/10/2017</p> <p>We did not get environmental protection because of local government reason,now after several time negotiate,we can get the environmental protection acceptance in Oct</p>	<p><b>Verification Date:</b></p> <p>dd/mm/yy</p>

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	<p><i>No environmental protection acceptance checks report for completed construction project. During facility tour, auditor found that products in the facility are paper tablewares, and the main processes are mixing, molding, cutting inspection and packaging, the waste gas, wastewater and hazardous waste which generated during manufacturing would cause influence on the environment. However, during document review, the facility could not provide the environmental protection acceptance check approval for their construction project for review</i></p>			
<p>15</p>	<p><b><u>Environment</u></b></p> <p><b>Law Requirement</b></p> <p>Law Title Law of the People's Republic of China on Prevention and Treatment of Environmental Pollution Caused by Solid Waste Article 57 Law Regulation Entities engage in the business of collection, storage or disposal of hazardous wastes shall apply to the environmental protection administrative department of the people's government at or above the county level for operation permit. Entities engage in the business of utilizing hazardous wastes shall apply to the environmental protection administrative department of the State Council or the environmental protection administrative department of the people's government of a province, self-governing region or municipality directly under the Central Government for operation permit. Specific administrative measures shall be provided by the State Council. It is prohibited to engage in the business of collection, storage, utilization or disposal of hazardous wastes without an operation permit or against the provisions of the operation permit. It is prohibited to supply or entrust entities, which are without operation permit, with hazardous wastes for the business of collection, storage, utilization or disposal.</p> <p><b>Findings</b></p> <p>Solid waste are not disposed using licensed vendor per local legislation</p>	<p>Moderate</p>	<p><b>Responsible Personnel:</b></p> <p>Mr. Min Yan Zhang</p> <p><b>Expected Completion Date:</b> 01/09/2017</p> <p>All the waste empty containers with machine oil and water proofing agent all recycled by the supplier. Now this point is clear defined in our purchase contracts</p>	<p><b>Verification Date:</b> dd/mm/yy</p>

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*Hazardous wastes were not transferred to qualified unit. During facility tour, auditor found that the hazardous wastes, including waste empty containers with machine oil and water-proofing agent, were generated from mixing workshop. During document review, the facility could not provide the evidences (such as contract for transferring hazardous waste and qualification of hazardous waste disposal unit) to prove that they had transferred the hazardous waste to the qualified unit.*

**Additional Comment:**


**Recommendation for Improvement Plan Timeline**

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

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