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Performance Overview

Audit Details

BV Ref:	10212371022
Auditor:	Andy Lu (RA 21701159), Nancy Zhang (ASCA 21701223)
Audit Date:	SEP 15, 2021 - SEP 15, 2021
Date of Previous Audit:	NIL
Previous Audit #:	NIL
Vendor Name:	LI & FUNG (TRADING) LTD
Factory Name:	ZHEJIANG INNERWELL HOUSEHOLD PRODUCTS CO LTD
Address:	NO. 18 YONGWU ROAD, QUANER VILLAGE QUANXI TOWN, WUYI COUNTY JINHUA
E-Mail Address:	SALES9@INNERWELLCOOKER.COM
Tel:	86-579-87063868 Fax: NIL
Country:	CHINA
Audit Type:	INITIAL SOCIAL AUDIT
Audit Standard:	SA PAS SCORECARD VERSION 3.0 (DATED 01AUG13)
Product Category:	Houseware

Key Personnel

Name	Job Title	Present at Audit (please tick 'X' below)			
		Opening Meeting	On-site Audit	Documentation Review	Closing Meeting
Mr. Wu Hebing	Factory director	x	x		x
Ms. Tao Minyan	HR director	x		x	x

Audit Results

Total Compliance Level to Standard	Non Conformance(s)			Risk Level for Supply	Recommended Follow-up Frequency
	Critical(s)	Major(s)	Minor(s)		
99.15 %	0	0	6	YELLOW	6-MONTH FOLLOW-UP

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Company Profile

Zhejiang Innerwell Household Products Co., Ltd. was established on April 7, 2017, and located at No.18 Yongwu Road, Quaner Village, Quanxi Town, Wuyi County, Jinhua City, Zhejiang, China.

The factory rented partial 1st floor and the whole 4th floor of one 4-storey production building as workshops and warehouses and the 2nd floor of one 5-storey office building (the whole building was in decoration and not be used) as office with approximately 6000 square meters from Zhejiang Hongtai Kitchenware Co., Ltd. The lease contract was provided for review. Per factory tour, management interview and employees' interviews, two factories had its own business licenses, management system and independent workers.

The factory specialized in production of pan. The main production activities included metalworking, washing, sandblasting, polishing, paint spraying, cutting, assembling and packing. No process was subcontracted to outside. The production capacity of the factory was about 200,000 pieces per month. Recently, about 3% production was devoted to client. The factory manufactured for other brands such as UPGS (40%), TJX (10%), TLC (10%), etc. According to the management interview, the peak season of the factory was not obvious.

There were total 69 employees (31 male and 38 female) in the factory, including 13 non- production employees and 56 production workers. No agency worker, temporary worker or guest worker works in the factory. The youngest employee in the factory is 18 years old. Confidential interviews were conducted with 14 employees from different departments.

The factory used biometric attendance records to record employees' working hours. The employees in all workshops worked in 1 shift, which was from 07:30 to 17:00 with 1.5 hours lunch's break from 11:30 to 13:00. The regular working days were from Monday to Friday. Wages were paid on hourly rate at the end of following month by cash.

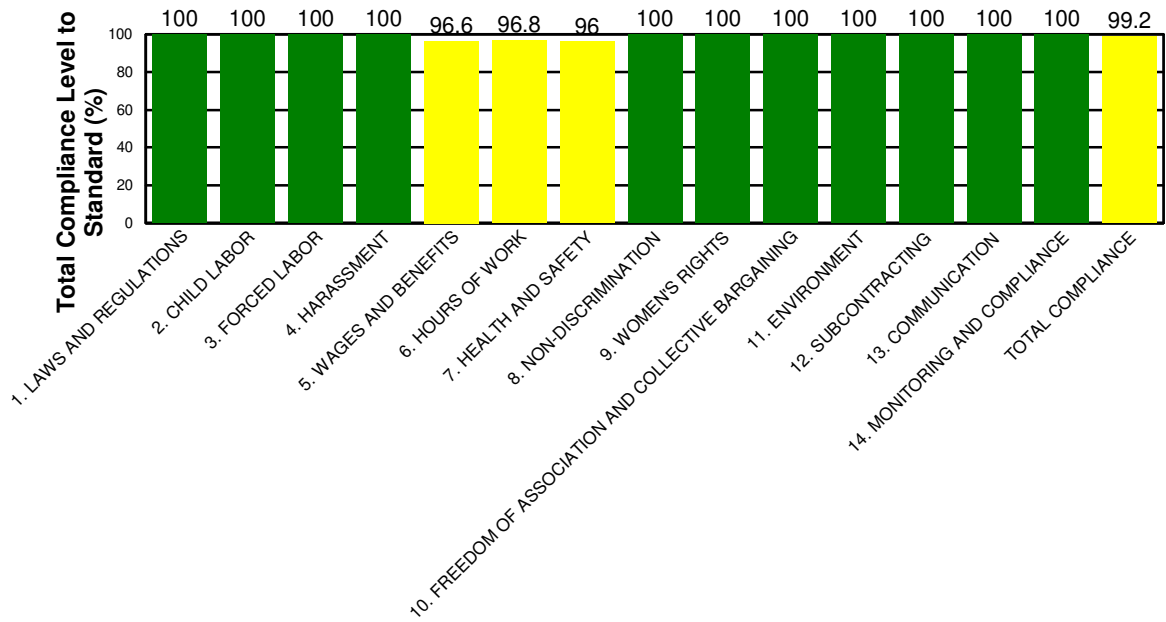
According to the payroll and attendance records of 3 samples from February 2021, 4 samples from June 2021, 7 samples from current paid month July 2021, and 5 samples from August 2021, it was noted that the regular wages of all sample employees were RMB 15.84 to RMB 19.17 per hour, which was not less than the local minimum wage RMB 1660 per month or RMB 9.54 per hour since December 1, 2017. And the sample employees' maximum over time hours was 2 hours a weekday, 8 hours a rest day, 0 hour a holiday, and 56 hours a month in the testing months. The longest consecutively working days was 6 days and maximum weekly working hours was 52 hours in the testing periods.

According to the social insurance payment receipt provided by factory management, it was noted that only 16 out of 69 employees were provided with pension, medical, maternity, unemployment insurance, and 69 out of 69 employees were provided with accident insurance in Aug 2021.

A full audit was conducted with the co-operation of the factory representatives. At the closing meeting, the auditors provided the factory representative a general overview, and then explained the strengths and weaknesses in factory. Also, the auditors made the corrective suggestions corresponding to findings to the factory representative, and the factory management agreed all the findings and signed on CAP.

Analysis of Site Compliance

Audit Score Overview



Section

NB: Total Compliance Color reflects "Risk level for supply"

Degree of compliance Overview (per section)

Section	Green	Yellow	Orange	Red	N/A	
1. LAWS AND REGULATIONS	5 (83.33%)	0 (0.00%)	0 (0.00%)	0 (0.00%)	1 (16.67%)	6
2. CHILD LABOR	8 (88.89%)	0 (0.00%)	0 (0.00%)	0 (0.00%)	1 (11.11%)	9
3. FORCED LABOR	8 (88.89%)	0 (0.00%)	0 (0.00%)	0 (0.00%)	1 (11.11%)	9
4. HARASSMENT	6 (85.71%)	0 (0.00%)	0 (0.00%)	0 (0.00%)	1 (14.29%)	7
5. WAGES AND BENEFITS	12 (85.71%)	1 (7.14%)	0 (0.00%)	0 (0.00%)	1 (7.14%)	14
6. HOURS OF WORK	15 (88.24%)	1 (5.88%)	0 (0.00%)	0 (0.00%)	1 (5.88%)	17
7. HEALTH AND SAFETY	59 (62.77%)	4 (4.26%)	0 (0.00%)	0 (0.00%)	31 (32.98%)	94
8. NON-DISCRIMINATION	7 (87.50%)	0 (0.00%)	0 (0.00%)	0 (0.00%)	1 (12.50%)	8
9. WOMEN'S RIGHTS	7 (87.50%)	0 (0.00%)	0 (0.00%)	0 (0.00%)	1 (12.50%)	8
10. FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING	10 (90.91%)	0 (0.00%)	0 (0.00%)	0 (0.00%)	1 (9.09%)	11
11. ENVIRONMENT	8 (88.89%)	0 (0.00%)	0 (0.00%)	0 (0.00%)	1 (11.11%)	9
12. SUBCONTRACTING	4 (80.00%)	0 (0.00%)	0 (0.00%)	0 (0.00%)	1 (20.00%)	5
13. COMMUNICATION	1 (50.00%)	0 (0.00%)	0 (0.00%)	0 (0.00%)	1 (50.00%)	2
14. MONITORING AND COMPLIANCE	10 (90.91%)	0 (0.00%)	0 (0.00%)	0 (0.00%)	1 (9.09%)	11
OVERALL	160 (76.19%)	6 (2.86%)	0 (0.00%)	0 (0.00%)	44 (20.95%)	210 (100%)

Audit Findings Summary			
Critical Non-conformance Section			
Clause No.	Clause Requirement	Levels of Non-Conformance	Audit Findings
NIL			

Audit Findings Summary

Clause No.	Clause Requirement	Levels of Non- Conformance	Audit Findings
5	WAGES AND BENEFITS		
5.12	Failure to provide legally mandated benefits (I, O, D)	Minor (YELLOW)	<p>Description of Non-Compliance: It was noted that the factory's social insurance coverage was insufficient. According to the social insurance payment receipt provided by factory management, it was noted that only 16 out of 69 employees were provided with pension, medical, maternity, unemployment insurance, and 69 out of 69 employees were provided with accident insurance in August 2021.</p> <p>Legal Requirement: In accordance with Article 73 of the Labor Law of the People's Republic of China, employees shall, in accordance with the law, be entitled to social insurance benefits under the following circumstances: (1) retirements; (2) illness or injury; (3) disability caused by work-related injury or occupational disease; (4) unemployment; and (5) maternity. The survivors of the insured laborers shall be entitled to subsidies for survivors in accordance with the law. The conditions and standards for laborers to enjoy social insurance benefits shall be stipulated by laws, rules and regulations. The social insurance amount that laborers and entitled to, must be timely paid in full amount.</p> <p>Recommended Corrective Action: It is recommended that factory management adopt practices and controls to ensure that employees receive all of their statutory welfare entitlements.</p> <p>Supporting Information: Per documents review and management representation. The factory was clear about related requirement and related policy was established, but related training was not provided for employees. And the factory management stated that it was difficult for factory to provide all type of social insurances for all employees due to employees from other provinces did not want to pay for the social insurance. Thus, auditors judged this issue as Non-compliance.</p>
6	HOURS OF WORK		
6.16	Overtime in excess of law or code (I, D)	Minor (YELLOW)	<p>Description of Non-Compliance: It was noted that 16 out of 19 sample population employees worked in excess of the statutory overtime hour limits.</p> <p>A review of 19 sample population employees' time records (3 samples from</p>

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			<p>February 2021, 4 samples from June 2021, 7 samples from current paid month July 2021, and 5 samples from full attendance month August 2021) yielded the following:</p> <ul style="list-style-type: none"> • 4 out of 4 sample population employees worked in excess of 36 overtime hours per month (i.e. 48 hours) in June 2021, which was not in compliance with the legal requirement; • 7 out of 7 sample population employees worked in excess of 36 overtime hours per month (i.e. 56 hours) in July 2021, which was not in compliance with the legal requirement; • 5 out of 5 sample population employees worked in excess of 36 overtime hours per month (i.e. 48 hours) in August 2021, which was not in compliance with the legal requirement. <p>Legal Requirement: In accordance with Article 41 of the Labor Law of the PRC, after consultation with the trade union and employees, the employer may extend working hours due to its production or business needs, but the extended working hours shall not generally exceed one hour a day; in special circumstances that require an extension of working hours, the extended working hours shall not exceed 3 hours a day and 36 hours a month on condition that the health of employees is guaranteed.</p> <p>Recommended Corrective Action: It is recommended that factory management adopt practices and controls to ensure that employee overtime hours do not exceed the statutory limits.</p> <p>Supporting Information: Per documents review, management representation and employees interviews. The factory was clear about related requirement and related policy was established, but related training was not provided for employees. All employees interviewed represented that they were voluntarily to work overtime hours. Factory management represented that they received many orders and as a result, employees had to work many overtime hours. Thus, auditors judged this issue as Non-compliance.</p>
7	HEALTH AND SAFETY		
7.1.21	No eye wash/shower station in chemical handling section or storage area (O)	Minor (YELLOW)	<p>Description of Non-Compliance: It was noted that the water flow from eye wash facility in paint spraying workshop on the 4th floor was insufficient for effective eye washing.</p> <p>Legal Requirement: Legal Requirement: In accordance with Article 8.3 of Hygiene standards for the design of Industrial enterprises (GBZ1-2010), in case there is possibility of chemical burn through the</p>

			<p>skin and mucosa absorption of acute poisoning caused by workplace or workshop, facility should set up on-site emergency treatment facilities based on the possible occupation or of harmful factors and hazard characteristics, in the nearest place of work. First aid facilities should include: shower and eye wash facilities with continual water supply gas protection cabinet; personal protective equipment; first aid kit or emergency and first-aid medicine box; a stretcher and device for transporting patient; emergency treatment facilities and emergency rescue communication equipment.</p> <p>In accordance with the Eye and face protection – Emergency shower and eyewash equipment – Part 1: Technical requirements, 5.2.1.2 the shower liquid shall be provided at a flow rate of at least 76L/min and kept for at least 15min.</p> <p>5.2.1.6 the design, manufacture and installation method shall follow below: once the eye wash is started, it can be used without manual operation again.</p> <p>6.2.1.4 the nozzle shall be protected from air pollutants.</p> <p>6.2.1.6 the design, manufacture and installation method shall follow below: once the eye wash is started, it can be used without manual operation again.</p> <p>6.2.1.8 the flushing liquid shall be provided at a flow rate of at least 1.5L/min and kept for at least 15min.</p> <p>6.2.1.10 it shall be able to supply flushing liquid to both eyes at the same time.</p> <p>6.2.3.1 after the self-contained eyewash is started, the flushing liquid shall be automatically flushed out within 1 s or less. The flushing liquid shall be provided at a flow rate of at least 1.5L/min and kept for at least 15min.</p> <p>6.2.3.2 the flushing liquid stored in the self-contained eye wash shall be protected from air pollutants or other substances.</p> <p>Recommended Corrective Action: It is recommended that management adopt practices and controls to ensure that effective eye washing facilities are available in paint spraying workshop.</p> <p>Supporting Information: Per factory tour and management representation. The factory was clear about related requirement, relevant policy was established in the factory and training was provided for related employees. Thus, auditors judged this issue as Deviation.</p>
7.1.23	Chemicals are not stored in appropriate secondary containers, kept off the ground, and/or labeled properly with safety precautions (O)	Minor (YELLOW)	<p>Description of Non-Compliance: It was noted that the safety label posted on 1 thinner container in chemical warehouse was broken.</p> <p>Legal Requirement: In accordance with Article 14 of the Regulation For Chemical Usage Safety in Work Place: (1) In case of transferring or loading the chemicals</p>

			<p>purchased into a new container, it is required to mark clearly the descriptions of these chemicals on the newly adopted container. As to those hazardous chemicals that have been transferred or loaded into a new container, it is necessary to stick a safety precautions mark on the new container. (2) The original safety precautions mark upon those containers that contain hazardous chemicals shall not be replaced before these containers have been cleansed.</p> <p>Recommended Corrective Action: It is recommended that management adopt practices and controls to ensure that all hazardous chemicals stored or being used in the factory is posted with safety labels.</p> <p>Supporting Information: Per factory tour and management representation. The factory was clear about related requirement, relevant policy was established in the factory and related training about chemical was provided to related employees. Factory management stated that they would post new safety label later. Thus, auditors judged this issue as Deviation.</p>
7.1.42	Missing/inadequate MSDS/CSDS for chemicals utilized (O, D)	Minor (YELLOW)	<p>Description of Non-Compliance: It was noted that the material safety data sheet (MSDS) for lube oil was not posted on the 1st floor.</p> <p>Legal Requirement: In accordance with Article 27 of the Regulation For Chemical Usage Safety in Work Place: Staff and workers are entitled to receive: (1) Date and information in description of the specific characteristics, hazardous ingredients, and safety precaution marks of the chemicals to be used in the working premises, and instructions upon safety techniques, etc. (2) Information concerning the probability of occurrence of harm against safety and health of staff and workers caused by hazardous chemicals in the working process. (3) Trainings upon safety techniques, including trainings with regard to prevention and control, and danger-avoiding methods, handling of emergency cases, or emergency measures. (4) Labor protection articles in conformity to State stipulations.</p> <p>Recommended Corrective Action: It is recommended that management adopt practices and controls to ensure that all chemicals being used in the factory have complete material safety data sheet for products (MSDS) which are also provided to the relevant employees handling chemicals in the factory.</p> <p>Supporting Information: Per factory tour, document review and management representation. The factory was clear about related requirement, relevant policy was</p>

			established in the factory and related training about chemical was provided to related employees. Factory management stated that they would post the MSDS later. Thus, auditors judged this issue as Deviation.
7.1.63	No gap between stacks and walls, posts or beams in warehouse (O)	Minor (YELLOW)	<p>Description of Non-Compliance: It was noted that the gap between stacks and walls in finished products warehouse was 0 meter, which was less than the legal requirement of 0.5 meter and the gap between stacks and posts was 0 meter, which was less than the legal requirement of 0.3 meter.</p> <p>Legal Requirement: In accordance with Article 18 of Rules for Storage Fire Prevention Safety Management: The goods in storage should be classified for storage. The area occupied by any single stack shall preferably not be greater than 100 square meters. Space shall be at least 1 meter between stacks; Space shall be at least 0.5 meter between stacks and the wall; Space shall be at least 0.3 meter between stacks and beams or posts. The width of main passages shall be at least 2 meters.</p> <p>Recommended Corrective Action: It is recommended that management adopt practices and controls to ensure that the width of gap between stacks and walls and the width of gap between stacks and posts are in accordance with the legal requirement.</p> <p>Supporting Information: Per factory tour and management representation. The factory was clear about related requirement but relevant policy was not established in the factory. Thus auditors judged this issue as Non-compliance.</p>

Is there Worker Statement Report associated with this report? (NO)