Hermes Ethical Audit Report 2021

QIMA
YOUR EYES IN THE SUPPLY CHAIN

Client	Hermes Achats Indirects Generaux	QIMA Service No	R-Cloud-2163881
Supplier	Sourcinn	Auditor	Allan Huang
Factory	Gorgeous Display Product Co.,Ltd	Date	31-Aug-2021
Industry	Homeware, Gardenware	Country	China

Factory Overall Score 9.4 of a possible 10

Factory Overall Score	9.4
Your suppliers' average	8.4
Country average	7.9
Industry average	8.3

Audit Rating Green Approved

	High	Medium	Low	Score out of 10
Health & Safety, Hygiene	0	0	1	**9.8**
Waste Management	0	1	1	**8.7**
Child Labor	0	0	0	**10**
Hours, Wages & Benefits	0	1	1	**8.7**
Labor Practices	0	0	0	**10**
Ethics & Confidentiality	0	0	1	**8**
Financial Conditions	**GREEN**			
Business Continuity	**GREEN**			
Total	**0**	**2**	**4**	9.4

NC: Non-Compliances

Valid until: 30-Aug-2022

Description of audited plant

1. Dongguan Gorgeous Display Product Co ., Ltd is located at No. 7, the 5th Gongye Bei Road, Chikan, Shipai Town, Dongguan, Guangdong, China. The total land area occupied by the whole facility is about 2323 square meters. They started their operations since November 2013. The factory consists of one flat building used as production workshop and warehouse, and one 4-storey building used as dormitories. The 1st floor of the dormitory building was used as office.
2. A total of 28 employees are currently working in the factory, employees normally worked for 5 days a week in 1 shift. The normal working hours is from 08:00 to 17:30 with 1.5 hours lunch break from 12:00 to 13:30. Employees' wages are calculated on hourly-rated basis. As per the management and the time records, the peak season was not obvious in last 12 months.
3. The main products manufactured by the factory are metal products and display shelf. The main production processes include laser cutting, shearing, planning, welding, polishing, assembly and packing.
4. The factory moved to their current location since May 2021. The site operated by the factory before was about 3 kilo meters away from current location.

Executive Summary

Part 1 Health, Safety And Hygiene

1, One senior manager is responsible for the compliance of factory Health & Safety. Relevant training certificate was provided for review.
2, Construction inspection report and fire safety certificate of all buildings were provided.
3, PPE using trainings were provided for employees. PPEs such as earplugs and masks were provided for employees.
4, Electrical panels were posted with warning signs and equipped with protective covers.
5, Adequate drinking water and clean toilets were available for employees.
6, Emergency exit and evacuation routes were kept clear and fire drills were conducted as per legal requirement.
7, No kitchen and canteen were provided to any employees by the factory. Dormitory is clean and hygiene. But no personal locker was provided to workers living in dormitory.
8, First aid kits were provided on each floor. There were 3 first aiders in the factory, of which the contact information was posted onsite.
9, The factory used special appliance such as elevators onsite, of which the registration and inspection report were obtained.
10, There was one electrician in the factory responsible for maintaining electrical safety with valid license.
11, The factory only used little machine, which was also well maintained.
12, The factory conducted occupational hazardous factors annually and provided occupational examination to relevant employees as per legal requirement.

Part 2 Waste Management

1, No obvious pollutants were caused by the factory. EIA documents were not needed.
2, The factory obtained pollutants discharge register form and conduct boundary noise testing annually. But no monitoring of waste gas was conducted and no air emissions inventory was established.
3, The factory had established complete inventories of solid wastes. Solid wastes were separated onsite.
4, The factory established the solid waste, energy and water control policy and procedure. The energy consumption was monitored monthly.

Part 3 Child Labour

1, All employees' personal files with ID cards copies were provided for review. No child labor and young workers were identified during this factory audit.
2, The factory signed labor contracts with all employees and gave a copy to each employee. Written child labor and young worker policy was established.

Part 4 Working Hours, Wages and Benefits
1, Based on management interview and document review, the peak months were not obvious in the past 12 months in the factory. The normal working hours were 5 days per week, 8 hours per day in the factory. Attendance records from Aug-2020 to audit day were provided, of Jul-2021 (current month), Apr-2021 and Dec-2020 were taken as samples. The maximum daily overtime was up to 3 hours and weekly hours up to 60 hours.
2, Local legal minimum wage was RMB 1720 since July-2018. The factory provided 12 months' payrolls records from Aug-2020 to Jul-2021, and the lowest basic wage paid to hourly rated workers was equal to local minimum wage. The factory paid the employees by monthly salary at or before the 5th day of following month by cash.
3, The factory provided most legal benefits to workers, such as paid annual leave, maternity leave, paternity leave etc. But not all employees had participated in social insurance.
4, The monthly overtime hours exceeded the legal requirement.

Part 5 Labour Practices
1, No violations about discrimination/forced labor/prison labor were identified.
2, No monetary deduction used as disciplinary practices were identified.
3, Evidence shows that work is conducted in voluntary basis, with no threat of penalty or sanctions, and the factory do not use forced, bonded or involuntary prison labor.
4, The factory had an effective social compliance and environmental management system.
5, No Agency workers, foreign migrant workers, contract workers, homeworkers and temporary workers were used by the facility.

Part 6 Ethics & Confidentiality
1. The factory complied with all applicable laws, regulations and codes which were intended to prevent bribery and corruption.
2. The factory did not take adequate steps to monitor compliance by their personnel or suppliers with their policies and procedures.
3. The purchasing department of the factory was responsible to promote fair and ethical business practices and provide assistance in support of the policy.
4. The factory management well knew how to maintain Hermes raw material, production and finished products.
5. CCTV system was available throughout the factory. Employees' computers were access controlled.

Part 7 Financial Conditions
The financial status is good in the factory. The turnover increased year by year.

Part 8 Business Continuity
1. The factory did not purchase property insurance for its site and equipment (production machines).
2. The management tried their best to ensure there were consecutive orders for 2 to 4 months.
3. The factory had identified key people and key equipment. Backup plan was established.
4. The factory had all necessary licenses, including for building integrity and stability.

Content :

<table>
<tr><td colspan="3">Number of days spent: One man-day</td></tr>
<tr><td colspan="2">
</td><td>
</td></tr>
<tr><td colspan="2">Auditor 1: Allan Huang</td><td>Supervisor: Karmela Malinao</td></tr>
<tr><td>Departure time from home / office</td><td>Arrival time at Factory</td><td>Departure time from Factory</td></tr>
<tr><td>7:30</td><td>9:00</td><td>16:40</td></tr>
</table>

Map

Factory Gate

Factory name

Production building

Dormitory building

Welding

Laser cutting	Shearing and planing

Polishing	Assembly and packing

Workers on site

	
Warehouse	Business license

A. Observation & Questions

Site Profile

1. Basic Information

Item		Information	Local Language
1	Vendor Name	Dongguan Gorgeous Display Product Co ., Ltd	东莞市加仕展示制品有限公司
2	Factory Name	Dongguan Gorgeous Display Product Co ., Ltd	东莞市加仕展示制品有限公司
3	Factory Address	No. 7, the 5th Gongye Bei Road, Chikan, Shipai Town, Dongguan, Guangdong, China	东莞市石排镇赤坎工业北五路 7 号
4	Legal status	Co., Ltd	有限公司
5	Is factory located in an export processing zone	No	否
6	Date of Inception of Operations	31-Aug-2021	2021 年 8 月 31 号
7	Years of Operations at current address	2021	2021 年

2. Contact Information

Item		Information	Comments
8	Senior Management Representative in charge of Social Compliance	Tang Gengwen	Name in local language: 唐耿文 Phone: 0769-82859368 Mobile: 18873652929 Fax: Nil Email:Daniel.lee@gorgeousdisplay.com
9	Owner/Principal	Duan Zhe	Name in local language: 段哲
10	General Manager	Li Wanzu	Name in local language: 李万足
11	Plant Manager	Li Wanzu	Name in local language: 李万足
12	Production Manager	Tang Gengwen	Name in local language: 唐耿文
13	HR Manager	Hong Shuhua	Name in local language: 洪淑华

3. Employee Information

Item			
14	Employees	Female	Male
	Total Number of Employees	10	18
	--- Employees in open-ended contract	0	0
	--- Employees in fixed-terms contract	10	18
	--- Temporary workers	0	0
15	Presence of Foreign Workers	Female	Male
	Total Number of Foreign Workers	0	0
	--- Within EU	0	0
	--- Outside EU	0	0
16	Presence of Home Workers	Female	Male
	Total Number of Home Workers	0	0

4. Working Hours

Item					
17	Shift 1	Shift Start	8:00	Lunch/Break Start	12:00

		Lunch/Break Stop	14:00	Shift End	18:00
		OT Start	19:00	OT End	21:00/22:00
18	Shift 2	Shift Start	N/A	Lunch/Break Start	N/A
		Lunch/Break Stop	N/A	Shift End	N/A
		OT Start	N/A	OT End	N/A
19	Shift 3	Shift Start	N/A	Lunch/Break Start	N/A
		Lunch/Break Stop	N/A	Shift End	N/A
		OT Start	N/A	OT End	N/A

5. Workshops Information (excluding dormitories)

Item			
20	Total Area of Workshops (excluding Dorms)	1200 square meters	
21	Nbr of Workshops Buildings	1	

6. Dormitories Information

Item					
22	Is there any canteen/eating and resting area on-site?	No			
23	Is there any food services provided on-site?	No			
24	How many sits are available in the eating/resting area?	N/A			
25	Are dormitories provided to workers?	Yes			
26	Total area of dormitories	430 square meters			
27	Sanitary Information in Dormitory	Female	Male	Handicapped	Total
	Number of workers:	7	18	0	25
	Number of Rooms:	8	11	0	19
	Number of Employee per room:	3	3	0	3
	Area of room (m2):	13	13	0	13

7. Factory Internal Social Compliance System

Item			
28	Does Factory have Internal audit standards (related to Social Compliance)?	Yes	The factory conducted internal social assessment based on BSCI management system.
		Department in charge of Internal Audit:	Administration
		Does Internal Audit include Assessment of Customers' CoC?	No
29	Does the factory have a Grievance System?	Yes	
30	Does the factory have a legally approved union?	No	No legal requirement
		Name of the Union:	N/A
		Date of formation / approval by local labor bureau:	N/A
		Chairman of Union and other key representatives (Name and Duties):	N/A
		Have any Labor Disputes / Strikes happened within the past 5 years?	No labor disputes/strikes happened

		- Reason - Incident - Resolution Method	
31	Does the factory have a Collective Bargaining Agreement (CBA)?	No	
		Last Negotiation Date:	N/A
		CBA Expiration/ Renegotiation Date:	N/A
		Summary of CBA content:	N/A
32	Does the factory have a Worker Representative Committee?	Yes	Worker Representative Committee was established in the factory
33	Does factory have any environmental management system (EMS) certifications?	No	There is no EMS certificate
		Name of Certification	N/A
		Certification Body	N/A
		Certification ID/#	N/A

8. Environmental Information

Item			
34	Energy consumption (gas, electricity,…) of the building	240000	kWh/year
35	Water usage of the site	2160	m3/year

9. Key Figures

Item			
36	Turnover and Results of year N-1 % with Hermès	RMB 16000000 5% for Hermès	
37	Turnover and Results of year N % with Hermès	RMB 18000000 5% for Hermès	
38	Total volume manufactured for Year N	50000 pcs	
39	Total volume manufactured for Hermès for Year N	3000 pcs	

10. Sub-contracting

Item			
40	Is the site using Sub-contractors?	N/A. The factory did not use any subcontractors.	
41	Sub-contractors' details		
	Name	N/A	

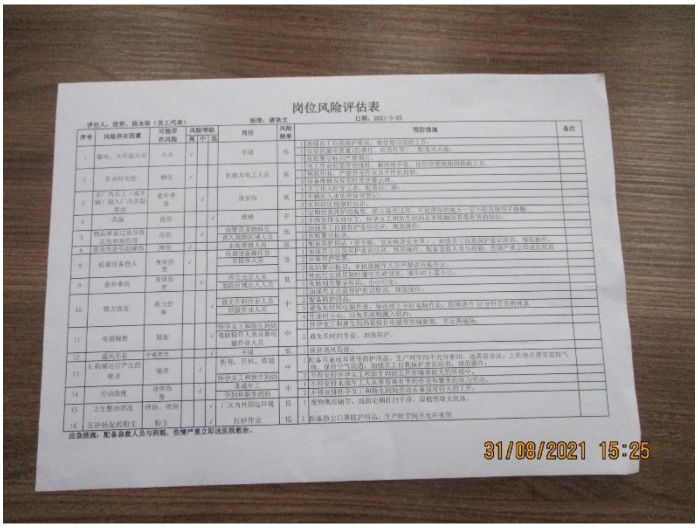
Part 1 Health & Safety, Hygiene

1. General

Item No	Requirement	Result	Comments
1.1	Is a risk analysis conducted to identify the risks associated with production and is this risk analysis reviewed regularly and updated when necessary?	**Pass**	The factory had conducted the risk analysis associated with the production activities. Records were available for review.
1.2	Is there a senior management representative for Health & Safety?	**Pass**	Mr. Tang Gengwen was responsible for factory health and safety compliance. He received special training on health and safety and provided the training certificate for review.
1.3	Are written policies in place declaring an engagement to comply with laws on health and safety? Are they made available to all employees in a language they understand?	**Pass**	The factory has established written policies in place declaring an engagement to comply with laws on health and safety. It was posted in bulletin board.
1.4	Does the factory arrange health and safety training for new workers and for everyone who changes working roles? Does it cover any subcontractor present on-site?	**Pass**	The factory arranged health and safety training for new workers on the day when she/he was onboard and the latest training was conducted on 24-Aug-2021.
1.5	Is a Health & Safety Committee in place? Are minutes of meetings recorded and available?	**Pass**	The factory has established EHS committee. Regular meeting was conducted quarterly and the latest meeting was conducted on 05-Jul-2021.
1.6	**Does the factory have a working environment that is well-ventilated, comfortable temperature, decent lighting, clean, tidy and enough room for each worker? If there are any possible issues that would impact the health of the worker, please give details.**	**Pass**	Observation during factory tour, the working environment was good that is well-ventilated, comfortable temperature, decent lighting. The factory conducted occupational hazardous factors testing annually. Employees engaged in position with occupational hazards received occupational health exam.
1.7	Are all serious work-related accidents reported and recorded and corrective actions taken to prevent recurrence of work-related accidents?	**Pass**	Written procedure for handling work-related accidents was established. No work-related accidents happened in the past 12 months.
1.8	**Is appropriate and adequately maintained personal protective equipment (PPE) provided by the factory?**	**Pass**	Observation during factory tour, auditor found that the factory provided proper PPE to relevant employees at charge free.
1.9	Have workers been trained in the use of PPE and are using provided equipment correctly?	**Pass**	As per document review and employees' interview, all relevant employees had received PPE usage training. Observation during factory tour, workers contacting dust and noise wore anti-dust mask and earplug properly.
1.10	Do workers have access to an adequate amount of fresh drinking water?	**Pass**	Clean drinking water was provided to workers, and the testing report of drinking water was provided for review.

1.11	Is there an adequate number of first aid kits?	**Pass**	The factory provided sufficient first aid kit in the workplace. Total 4 first aid kits are available in the factory.
1.12	Are first aid kits easily accessible and clearly marked and the content within the expiry date, applicable and replaced when used?	**Pass**	The first aid kits were clearly marked and workers could have access to them, and based on randomly check for the first aid kits, necessary first aid supplies were stored in first aid kits.
1.13	Are adequate workers trained on first aid? Specify the number of trained personnel at the factory	**Pass**	As per document review and management interview, the factory had 3 qualified first aid personnel and the training certificate was available for review.
1.14	Are lavatory and or washroom facilities, clean, well maintained, adequate in number, separated by sex, and with relevant privacy?	**Pass**	The lavatory and washrooms were clean, well maintained, adequate in number, separated by sex. There were 3 toilets for female and 2 toilets for male in workplace.

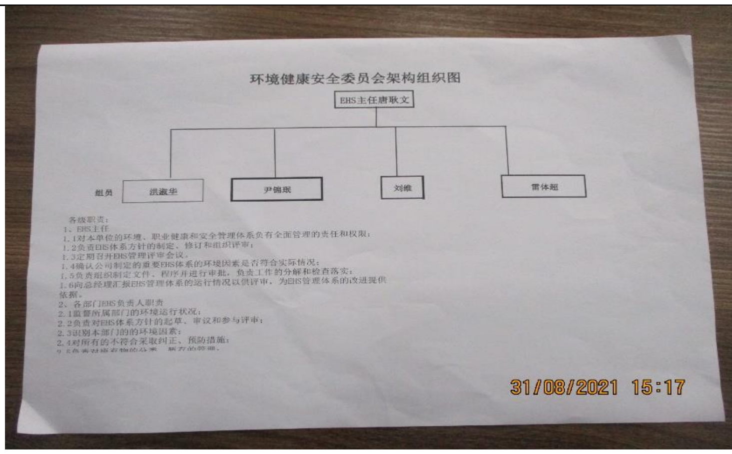
Picture(s)



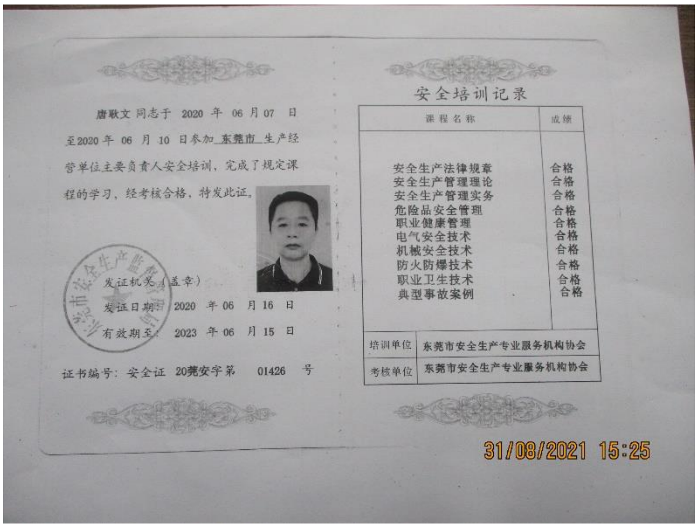
OHS risk assessment

PPE used by worker

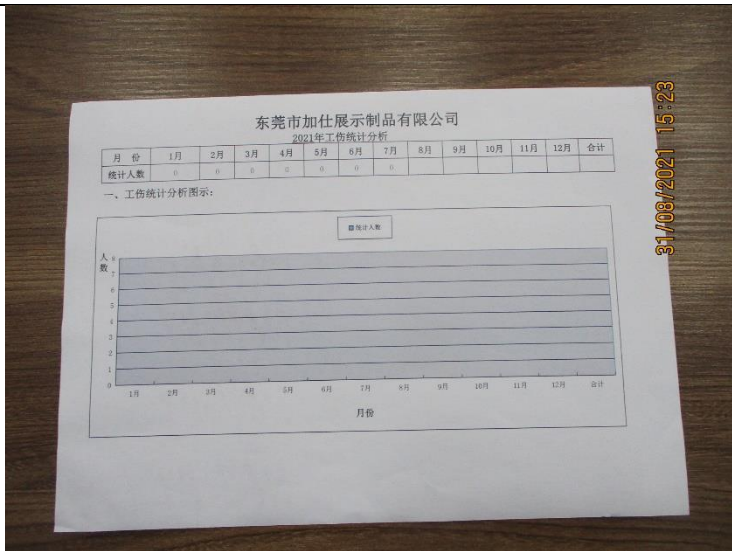
PPE sign



EHS committee



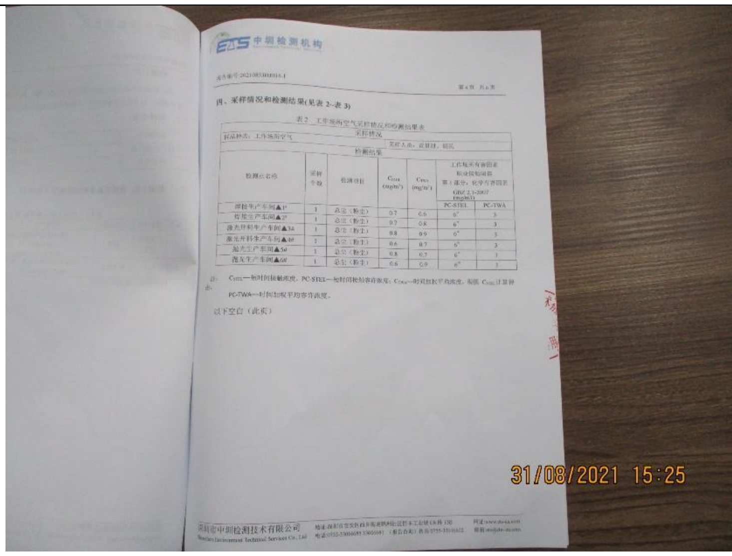
Training certificate of H&S representative

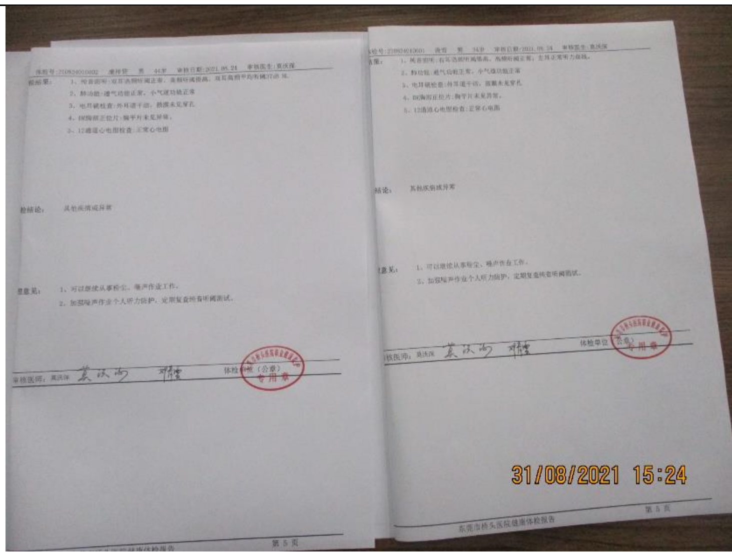
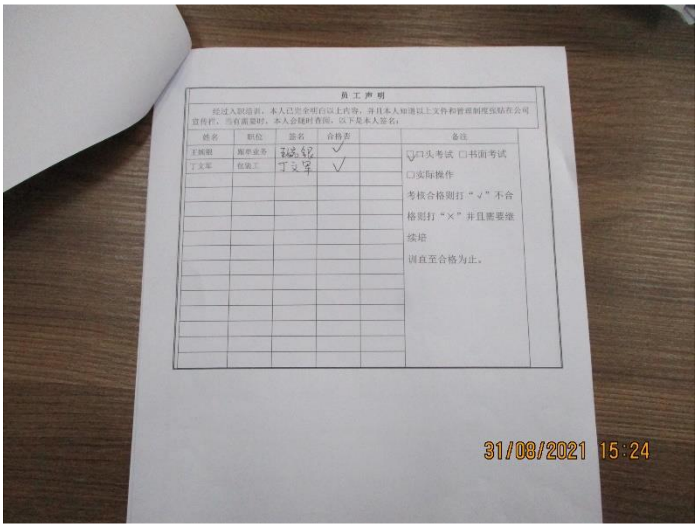


Work-related injuries record

Drinking water

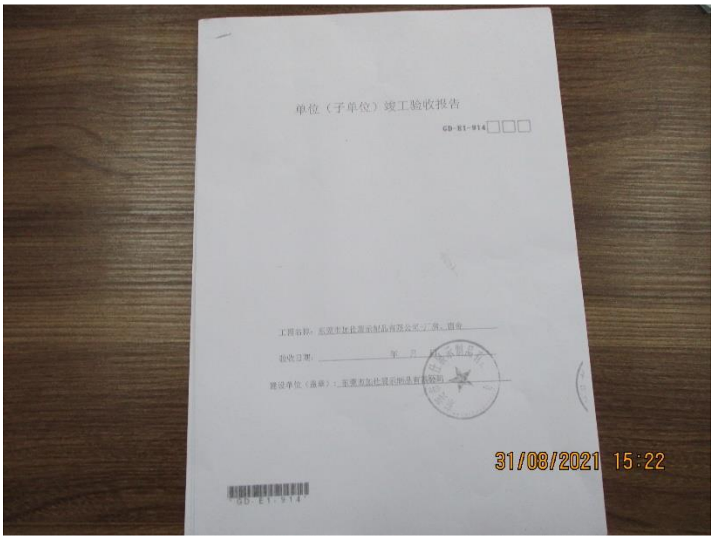
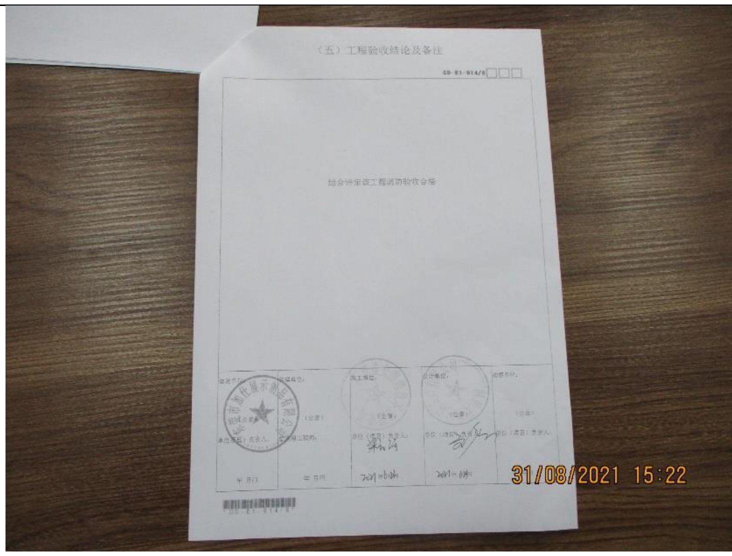
First aid kit

	
First aid personnel training certificate	Toilets
	
Occupational hazardous factors evaluation report	Occupational hazardous factors evaluation report

	
Occupational health exam report	Occupational health exam report
	
Training for newly hired employees	PPE usage training record

2. Building Safety

Item No	Requirement	Result	Comments
1.15	**Are legal construction certificates (building structure) available?**	**Pass**	As per document review, the factory provided the construction safety inspection report for all buildings used by the factory for review.
1.16	**Are all site buildings, including dormitories maintained in good condition without posing a threat to the health of workers?**	**Pass**	Observation during factory tour, auditor found that the factory buildings were maintained in good condition without posing a threat to the health of workers.

Picture(s)	
	
Construction safety inspection report	Construction safety inspection report

3. Fire Safety

Item No	Requirement	Result	Comments
1.17	**Does the factory have adequate unblocked fire exits for every factory workshop/floor?**	**Pass**	Based on on-site observation, the evacuation exit and routes were kept clear and unblocked. Two safety exits were available at each floor of factory buildings.
1.18	**Has the factory been certified by the local fire bureau, and made efforts to comply with recommendations from audits?**	**Pass**	Fire Safety Certificate for the production building used by the factory was issued by local fire bureau and provided for review during this audit.
1.19	**Are there an adequate number of fire extinguishers and or other fire extinguishing systems in each building (including the dormitories)?**	**Pass**	There are sufficient fire extinguishers and fire hoses in factory buildings. The total amount of fire extinguishers is 30 and fire hydrant is 13.
1.20	**Are all fire extinguishing systems (including fire hoses) inspected, maintained properly and ready to use at all times?**	**Pass**	The factory has periodically (monthly) maintained the fire extinguishers, fire hoses and fire alarm. And the maintenance record was posted nearby the firefighting equipment and the latest inspection was conducted in Aug-2021.
1.21	Are fire drills conducted regularly?	**Pass**	The factory has conducted fire drill once per year and the latest drill was conducted on 10-Jun-2021.

1.22	Are workers identified as emergency personnel periodically trained for emergency evacuation? Are employees trained to extinguishers use?	**Pass**	All employees including the emergency personnel were trained for emergency evacuation and using fire extinguishers.
1.23	**Are there fire alarms and fire detection systems on each floor and adequate emergency lighting above exits and in working order?**	**Pass**	There were 12 fire alarms available in factory buildings. The factory also installed the emergency lights for all emergency exits.
1.24	Are there fire/evacuation procedures in place with relevant evacuation plans posted in every workshop?	**Pass**	Evacuation map was posted on the wall of access gate in the factory. Evacuation line was also clearly marked on the work floor.
1.25	Are smoke detectors/sprinklers installed in all workshops/warehouses?	**Pass**	The factory installed smoke fire sprinklers throughout of the production building.

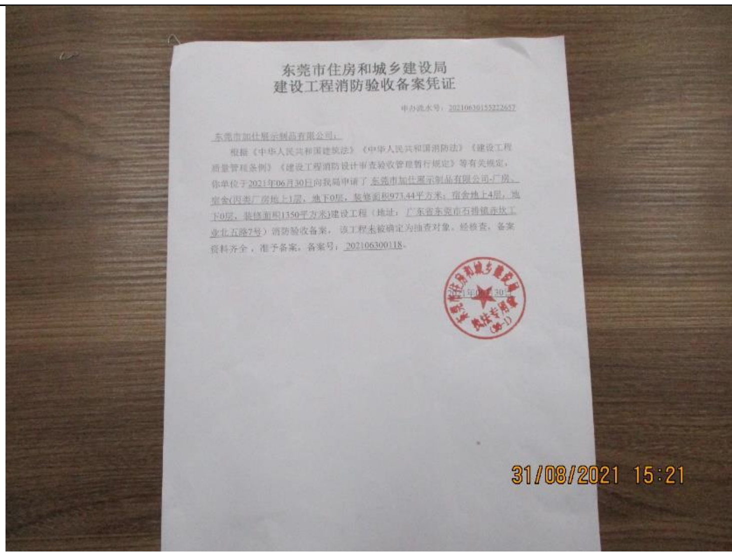
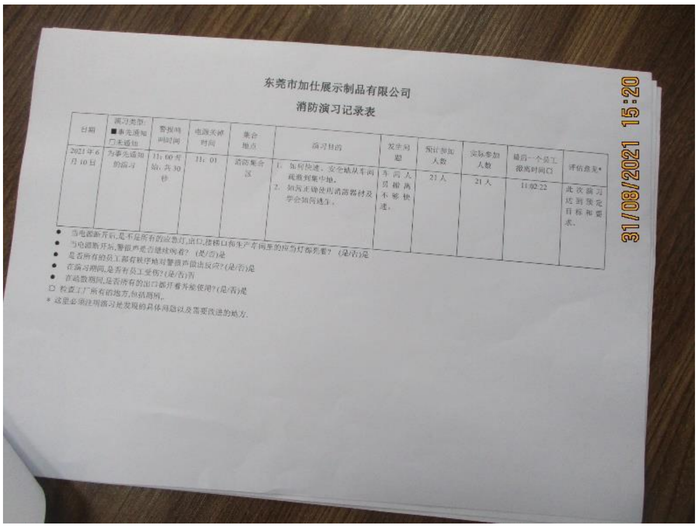
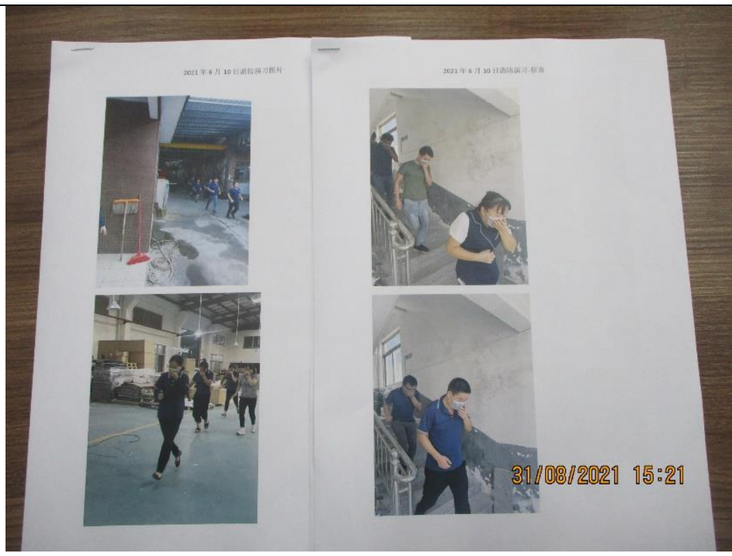
Picture(s)	
	
Fire sprinklers	Fire hydrant with alarm

Fire extinguishers

Emergency light with safety sign

Evacuation indication sign

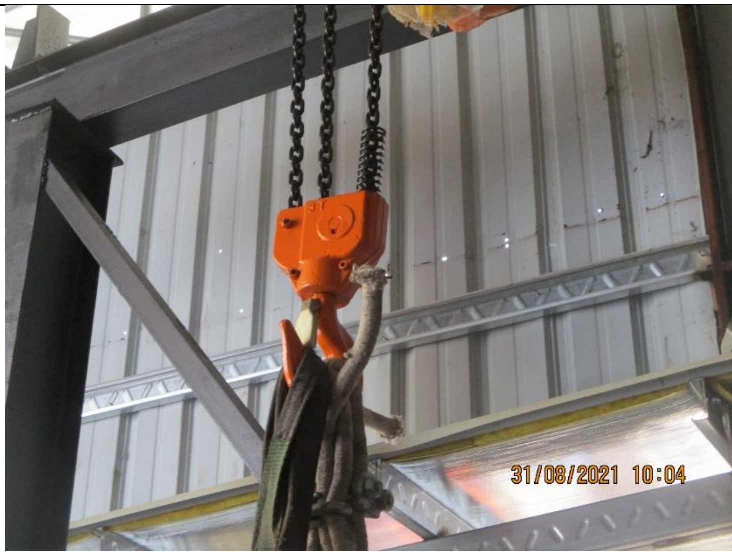
Inspection records of firefighting equipment

	
Evacuation map	Fire certificate
	
Fire drill record	Fire drill record

4. Machines/Installations

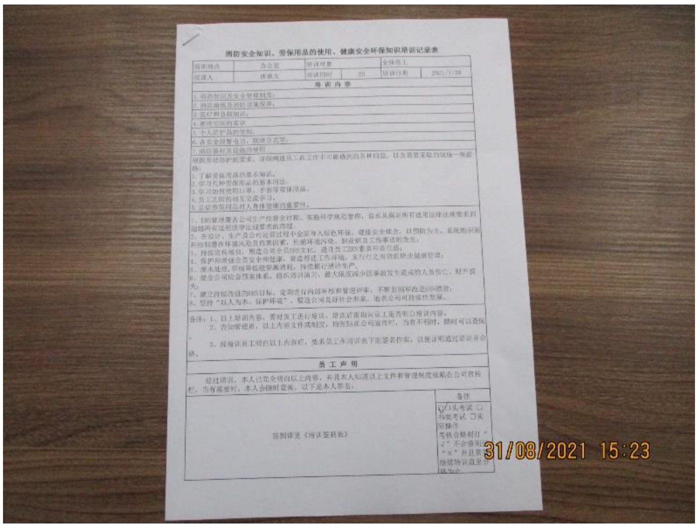
Item No	Requirement	Result	Comments
1.26	**Does the factory have appropriate maintenance/inspections for boilers, elevators, pressure vessels and other equipment per local regulation?**	**N/A**	Observation during factory tour, auditor found that no special appliances were used by the factory.
1.27	**Are adequate guarding or devices installed for moving/rotating parts of machine, pulleys and belts or any other dangerous parts of machines?**	**Pass**	Observation during factory tour, auditor found that safety device was installed for machines. Such as anti-slip device was installed for the travelling lifting machine.

1.28	Are all electricians, welding operators and forklift drivers and other employees who operate special equipment trained and qualified per local regulations?	**Pass**	As per document review and management interview, the factory provided the valid welder and electrician licenses for review.
1.29	**Are all electrical wires in the facility adequately protected?**	**Pass**	Observation during factory tour, all electrical boxes were posted with warning sign and electrical wires were in good condition.
1.30	Are there appropriate warning signs and written instructions for the operators of machinery?	**Pass**	Warning signs and written instructions are posted for the operators of machinery.
1.31	Do operators of machinery get training about safety regulations and operating procedures?	**Pass**	Workers operating machines are provided with training about safety regulations and operating procedures.

Picture(s)	
	
Warning sign for machine	Anti-slip device for lifting machine

Operation instruction

Electrical box



Training for machine operator

Welder and electrician licenses

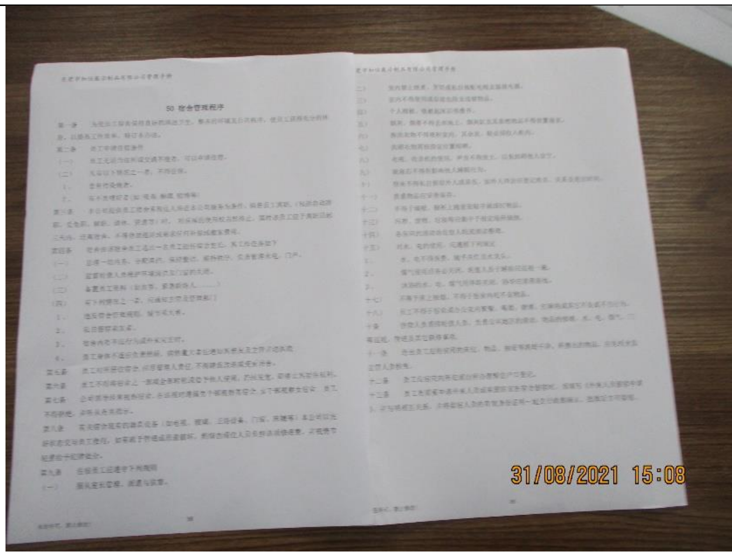
5. Hazardous Materials

Item No	Requirement	Result	Comments
1.32	Are hazardous materials / chemicals properly stored, with relevant container and secondary container?	**N/A**	Observation during factory tour, auditor found that the factory did not use ay hazardous materials/chemicals.
1.33	Does the factory have MSDS and warning / "No Smoking" signs for each chemical products?	**N/A**	Observation during factory tour, auditor found that the factory did not use ay hazardous materials/chemicals.

1.34	Are these materials only accessible to competent employees ?	**N/A**	Observation during factory tour, auditor found that the factory did not use ay hazardous materials/chemicals.
1.35	Are the designated employees properly trained for the handling of these hazardous materials ?	**N/A**	Observation during factory tour, auditor found that the factory did not use ay hazardous materials/chemicals.

6. Canteen and Dormitories (if Applicable)

Item No	Requirement	Result	Comments
1.36	Are the factory kitchen and canteen clean and hygienic with adequate facilities and the required permits and certificates, including canteen staff health certificate?	**N/A**	The factory did not provide canteen and kitchen to any workers.
1.37	**Are workers' dormitories separated from production's building and/or warehouse?**	**Pass**	One independent building was used as office and dormitory. No production and warehouse presented in the dormitory building.
1.38	**Are all exits unblocked and unlocked at all times for emergency evacuation in dormitories?**	**Pass**	As per onsite observation and factory rule, all exits were unblocked and unlocked at all times for emergency evacuation in dormitories
1.39	Are workers free to exit & re-enter dormitory freely? Please provide details of any limitations.	**Pass**	As per employee and factory rule and employees' interview, workers are free to exit & re-enter dormitory freely.
1.40	Does each worker have adequate living space? Please indicate the space per worker and number of workers per room.	**Pass**	Adequate living space was provided to all employees living in dormitory. There were 3 employees living in one room with total floor space of 13 square meters at average.
1.41	Are the dormitories clean? Are there adequate toilets with hand basins available to workers at adequate distance at dormitory? Are there adequate bathrooms available to workers at dormitory? Are sanitary areas clean and hygienic with available washing facilities.	**Low**	Observation during factory tour, auditor found that the dormitory was clean, adequate toilets with hand basins were available to workers. However, no personal locker was provided to workers living in dormitory. Law Requirement: In accordance with Regulation on the Building Design of Dormitories (JGJ 36--2005), Article 4.2.3
1.42	Are there recreation areas for the workers?	**N/A**	No recreation areas were available in dormitory and no local law applies for this requirement.

Picture(s)	
	
Dormitory building	Dormitory rule
	
Toilet in dormitory	Bed room

Special Remarks on this section

1, One senior manager is responsible for the compliance of factory Health & Safety. Relevant training certificate was provided for review.
2, Construction inspection report and fire safety certificate of all buildings were provided.
3, PPE using trainings were provided for employees. PPEs such as earplugs and masks were provided for employees.
4, Electrical panels were posted with warning signs and equipped with protective covers.
5, Adequate drinking water and clean toilets were available for employees.
6, Emergency exit and evacuation routes were kept clear and fire drills were conducted as per legal requirement.
7, No kitchen and canteen were provided to any employees by the factory. Dormitory is clean and hygiene. But no personal locker was provided to workers living in dormitory.
8, First aid kits were provided on each floor. There were 3 first aiders in the factory, of which the contact information was posted onsite.

9, The factory used special appliance such as elevators onsite, of which the registration and inspection report were obtained.
10, There was one electrician in the factory responsible for maintaining electrical safety with valid license.
11, The factory only used little machine, which was also well maintained.
12, The factory conducted occupational hazardous factors annually and provided occupational examination to relevant employees as per legal requirement.

High	Medium	Low	Score /10
0	0	1	9.8/10

Part 2 Waste Management

1. Legal Authorizations

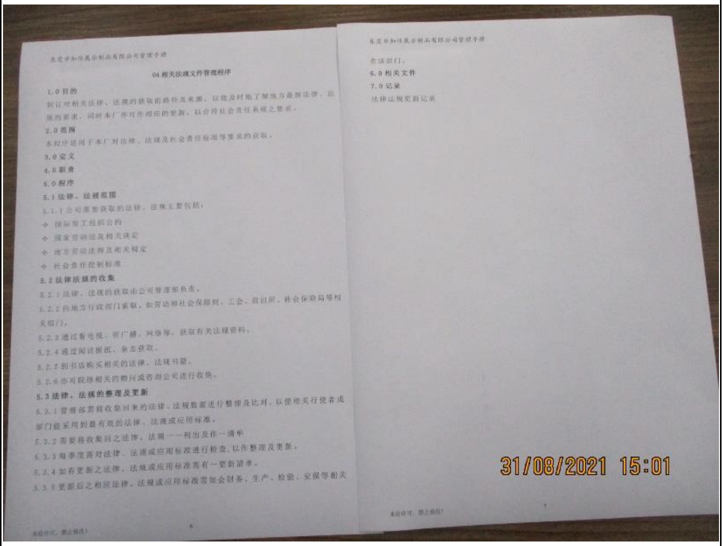
Item No	Requirement	Result	Comments
2.1	Does factory have a valid Environmental Impact Assessment (where applicable)?	**N/A**	As per onsite observation, the factory did not use any hazardous chemicals and did not generate industrial waste water and organic waste gas. Based on the EIA classification defined by environmental protection authority, the factory did not need to compile any EIA documents.
2.2	**Does factory have a valid Approval Report of Environmental Impact Assessment, or relevant legal document to start operations?**	**N/A**	EIA approval did not apply to this factory because no EIA documents were needed by the factory.
2.3	Does factory maintain a valid Pollutant Discharge Permit or equivalent, where applicable?	**Pass**	The factory obtained the pollutants discharge register form and it was valid from 01-Jul-2021 to 27-May-2025.
2.4	**Is the site subject to an ICPE authorization? If yes, please verify that the ICPE authorization obtained by the site is matching its activity.**	**N/A**	The factory was not subject to an ICPE authorization.

Picture(s)	
 固定污染源排污登记回执 31/08/2021 15:26	
Pollutants discharge register form	Nil

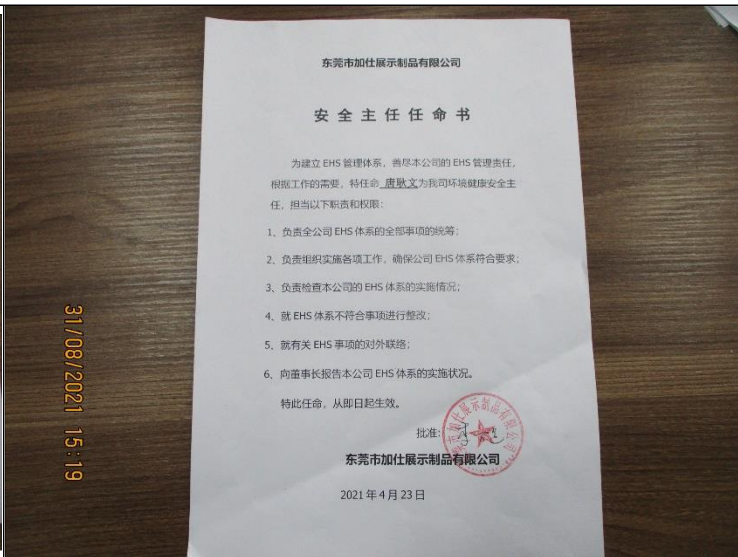
2. Management System

Item No	Requirement	Result	Comments
2.5	Does the Site have a communicated policy on Environment?	**Pass**	Through document review, the factory had established an environmental policy.
2.6	Does the Site have a procedure in place to ensure that applicable legal requirements including certificates and official notifications with regard to environment are identified, kept up-to date and communicated?	**Pass**	Through document review, the factory had established a procedure in place to ensure that applicable legal requirements were identified, kept up-to date and communicated.
2.7	Is there an accountable Senior Representative responsible for Environment ?	**Pass**	Mr. Tang Gengwen / management representative was appointed to be responsible for environment

Picture(s)



Legal requirement update procedure



东莞市加仕展示制品有限公司

安 全 主 任 任 命 书

为建立 EHS 管理体系，善尽本公司的 EHS 管理责任，根据工作的需要，特任命 唐耿文 为我司环境健康安全主任，担当以下职责和权限：

1、负责全公司 EHS 体系的全部事项的统筹；

2、负责组织实施各项工作，确保公司 EHS 体系符合要求；

3、负责检查本公司的 EHS 体系的实施情况；

4、就 EHS 体系不符合事项进行整改；

5、就有关 EHS 事项的对外联络；

6、向董事长报告本公司 EHS 体系的实施状况。

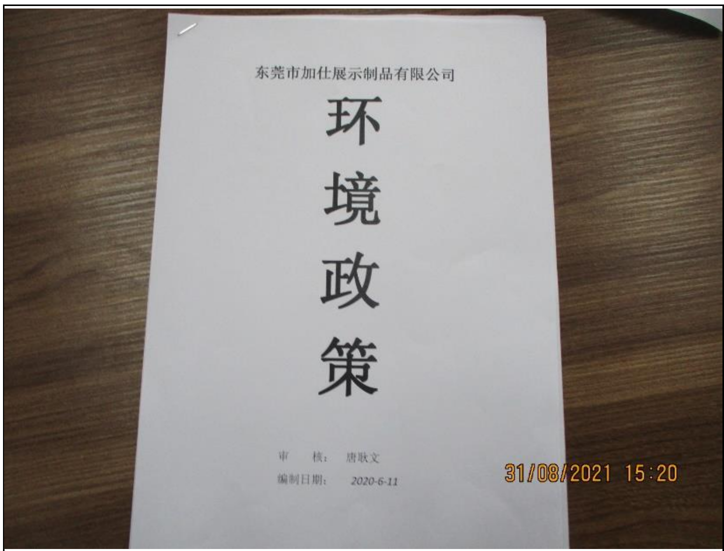
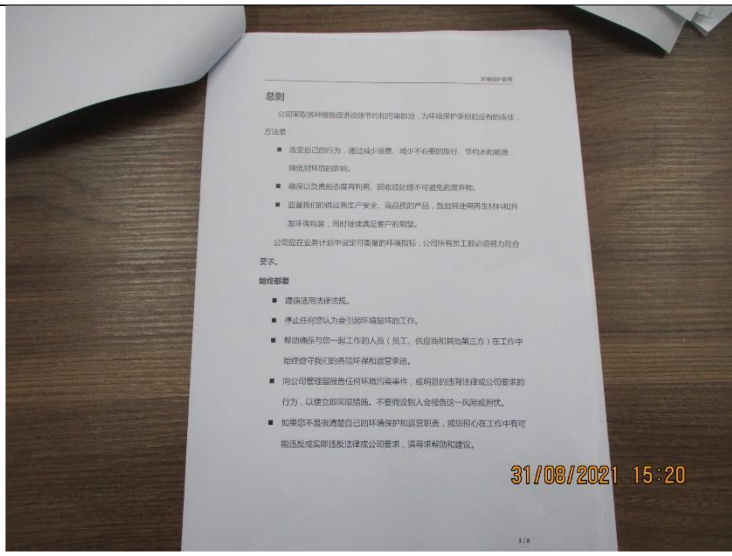
特此任命，从即日起生效。

批准：

东莞市加仕展示制品有限公司

2021 年 4 月 23 日

Appointed responsible person for environment

	
Environmental policy	Environmental policy

3. Solid and Hazardous Wastes

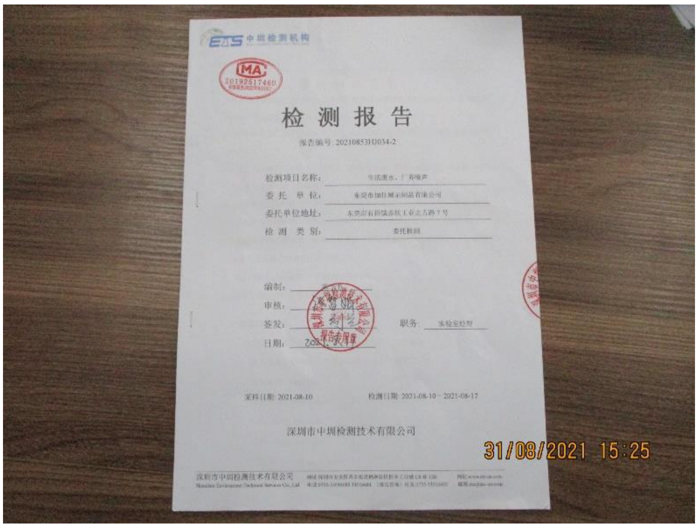
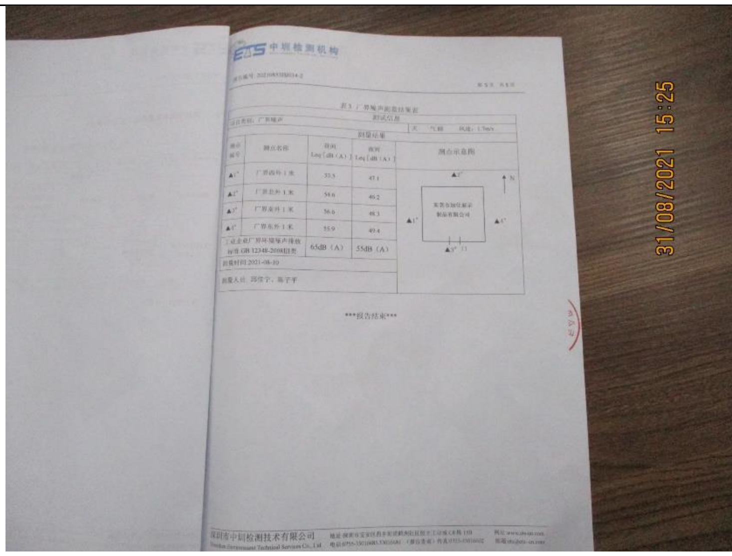
Item No	Requirement	Result	Comments
2.8	Does factory inventory all solid wastes, including kind, sources, and quantities?	**Pass**	The factory provided inventory of all solid wastes, including kind, sources, and quantities.
2.9	Does factory adequately separate recyclable from non-recyclable wastes in workshops/warehouses?	**Pass**	Through factory tour, recyclable wastes were separated from non-recyclable wastes generated during manufacturing.
2.10	Can factory prove that they have taken actions to reduce/recycle/re-use solid wastes as much as possible?	**Pass**	The factory had taken actions to reduce/recycle/re-use solid wastes, such as reducing the material use and recycle the solid waste as much as possible.
2.11	Does factory inventory all hazardous wastes, including kind, sources, and quantities?	**N/A**	As per management interview and onsite observation, no hazardous wastes were generated from factory manufacturing.
2.12	**Does factory store hazardous wastes in a relevant way, closed, with control access and ensure it cannot spill?**	**N/A**	As per management interview and onsite observation, no hazardous wastes were generated from factory manufacturing.
2.13	**Is factory able to prove that hazardous wastes are transferred to 3rd party with relevant certifications, and keep records of wastes transfer including quantities?**	**N/A**	As per management interview and onsite observation, no hazardous wastes were generated from factory manufacturing.

Picture(s)	
	
Solid waste inventory	Solid waste separated in kind

4. Waste Water, Air Emissions and Noise

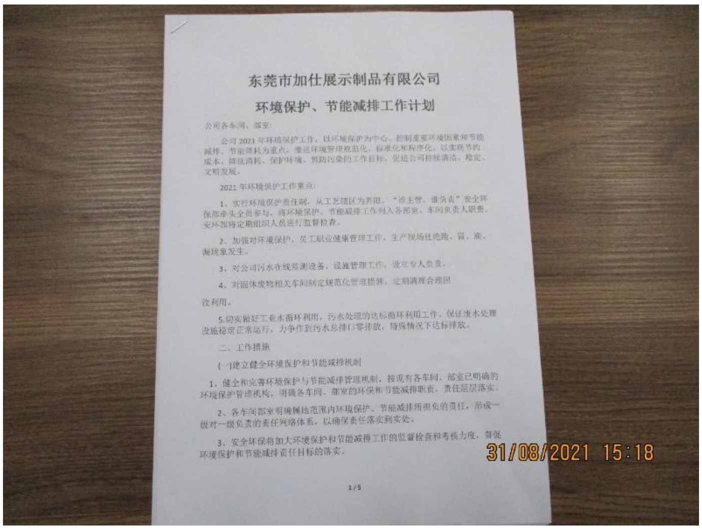
Item No	Requirement	Result	Comments
2.14	Does factory inventory all waste water, including domestic waste water and industrial waste water, with sources and quantities?	**N/A**	There is no industrial waste water generated in the factory and only domestic waste water is discharged in the factory.
2.15	If applicable, is factory able to demonstrate that waste water is treated adequately before discharge, with relevant equipment and trained staff?	**N/A**	The factory does not discharge industrial waste water to the environment. Hence treatment is not required.
2.16	**Is factory able to demonstrate that waste water at discharge point is meeting the local standards requirement (through lab testing reports)?**	**N/A**	The factory does not discharge industrial waste water. Hence testing of waste water is not required.
2.17	**When observing waste water discharge point, does water seem to have color or odor on audit day?**	**Pass**	The discharged domestic waste water does not have color and odor.
2.18	Does factory inventory all air emissions, with sources and identification of treatment needed?	**Low**	As per document review, the factory did not establish the inventory of air emissions. Law Requirement: N/A
2.19	**Is factory able to demonstrate that air quality at factory's boundaries is meeting the local standards requirement (through lab testing reports)?**	**Medium**	As per document review, the factory did not conduct monitoring of waste gas. Law Requirement: In accordance with Measures for Administration of Environmental Surveillance Article 21
2.20	**On audit day, is there any smell, fog, or dust observed by auditor on factory's direct environment, linked to factory's activity?**	**Pass**	No smell, fog, or dust was observed by auditor on factory's direct environment.

2.21	Is factory able to demonstrate that noise level at factory's boundaries is meeting the local standards requirement (through lab testing reports)?	**Pass**	During this audit, this factory provided the pollutants discharge monitoring report for review and the monitoring result of boundary noise met the legal requirement.

Picture(s)	
	
Boundary noise testing report	Boundary noise testing report

5. Energy and Water reduction

Item No	Requirement	Result	Comments
2.22	Can factory demonstrate that energy use is monitored and that actions have been taken to reduce energy use?	**Pass**	The factory monitored energy use and have taken action to reduce energy use. Factory practices: shut off light while leave, training to save electricity.
2.23	Can factory demonstrate that water use is monitored and that actions have been taken to reduce water use?	**Pass**	The factory monitored water use and have taken action to reduce water use. Factory practices: shut off water tap while leave, training to save water.

<table>
<tr><th colspan="2">Picture(s)</th></tr>
<tr><td>
</td><td>
</td></tr>
<tr><td>Energy including water reduction and conservation plan</td><td>Energy and water use tracking records</td></tr>
</table>

Special Remarks on this section

1, No obvious pollutants were caused by the factory. EIA documents were not needed.
2, The factory obtained pollutants discharge register form and conduct boundary noise testing annually. But no monitoring of waste gas was conducted and no air emissions inventory was established.
3, The factory had established complete inventories of solid wastes. Solid wastes were separated onsite.
4, The factory established the solid waste, energy and water control policy and procedure. The energy consumption was monitored monthly.

High	Medium	Low	Score /10
0	1	1	8.7/10

Part 3 Child Labour

1. Child Labour

Item No	Requirement	Result	Comments
3.1	**Does the factory complies with the legal minimum age ? Please note the age of the youngest worker found.**	**Pass**	16 years old with restriction and the youngest employee is 21 years old in the factory, who was born on 16-Jan-2000 and hired on 05-Mar-2018.
3.2	Does the factory have effective procedures such as verifying suspected young worker documents to confirm the correct age of the worker at the time of recruitment?	**Pass**	The factory has established the procedure to verify the age of employees. Age document was checked together with the employee statement before recruitment.
3.3	Does the factory sign contracts with all workers and keep copies or records of ID documents of workers or similar way to check age?	**Pass**	The factory signs contracts with the workers and keeps copies or records of ID documents of workers to check age.
3.4	Does the factory have understand the requirements of laws and regulations on child labour and young workers? If so, is there a written child labor policy?	**Pass**	The factory understands the requirements of laws and regulations on child labour and young workers. The child labour procedure was also established.

2. Young Workers

Item No	Requirement	Result	Comments
3.5	**Are young workers exempted from hazardous work?**	**N/A**	No young worker was found in the factory during the audit. The factory had the young worker protection procedure to prevent young worker engaged in hazardous work. Verified through workers age record provided by HR Department and onsite interview.
3.6	Are young workers exempted from night shift?	**N/A**	No young worker was found in the factory.
3.7	Are young workers exempted from overtime?	**N/A**	No young worker was found in the factory.
3.8	Are young workers registered and given annual health checks?	**N/A**	No young worker was found in the factory.

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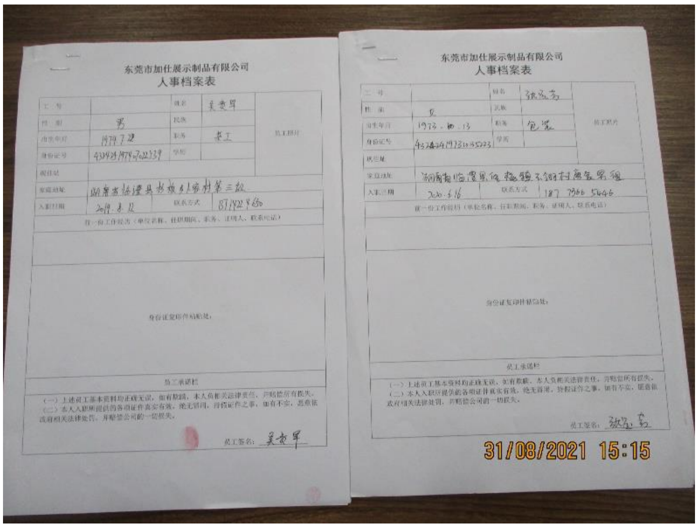
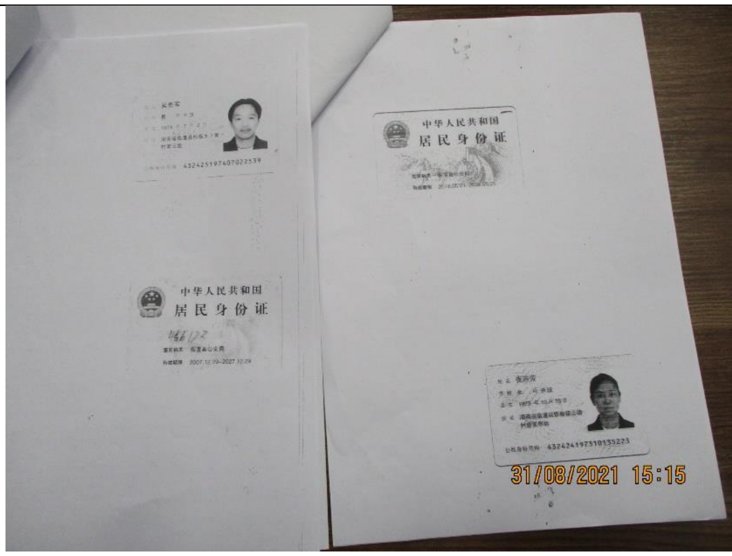
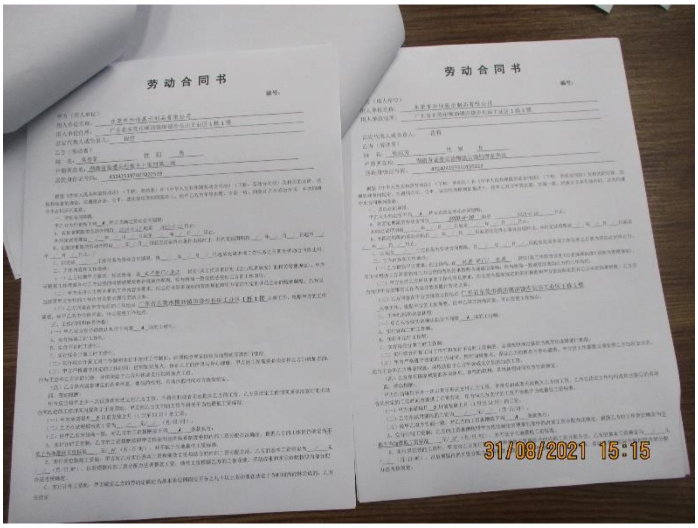
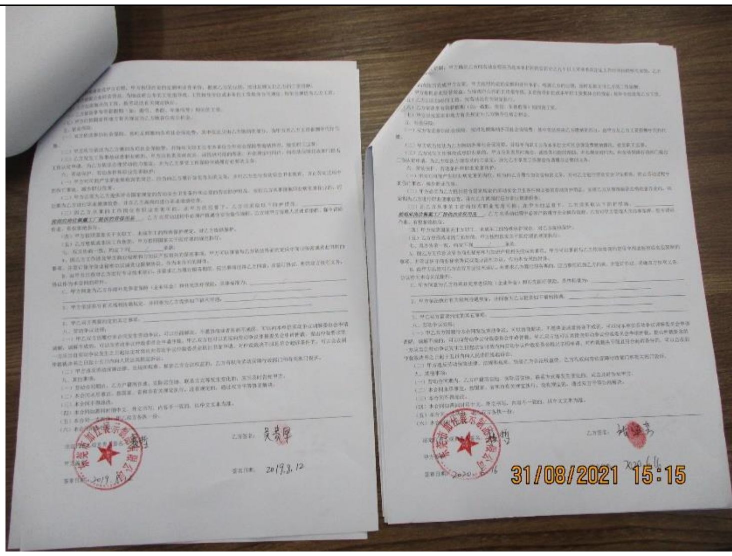
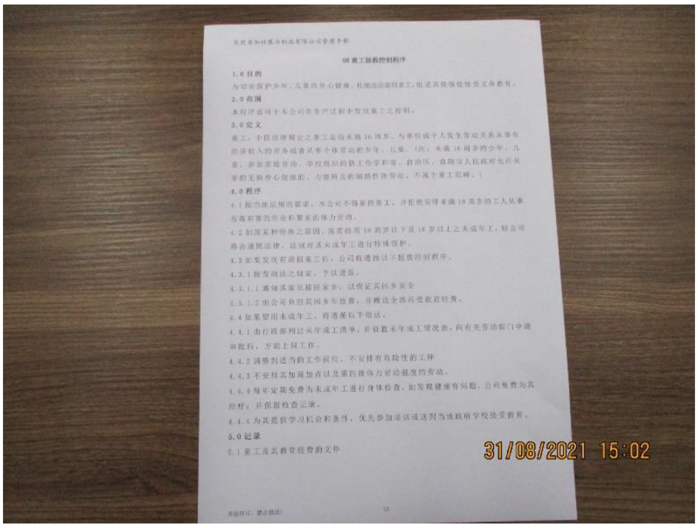
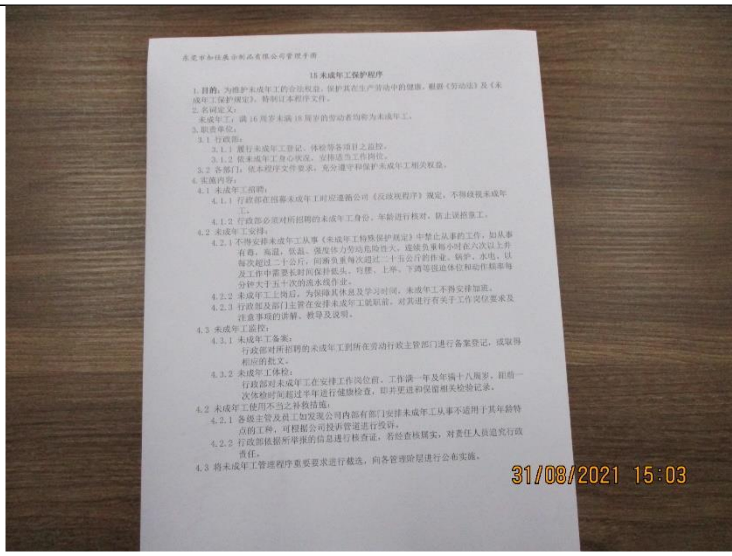
	
Personnel file	Personnel file
	
Labor contract	Labor contract

	
No child labour and child labour remediation procedure	Young worker protection procedure

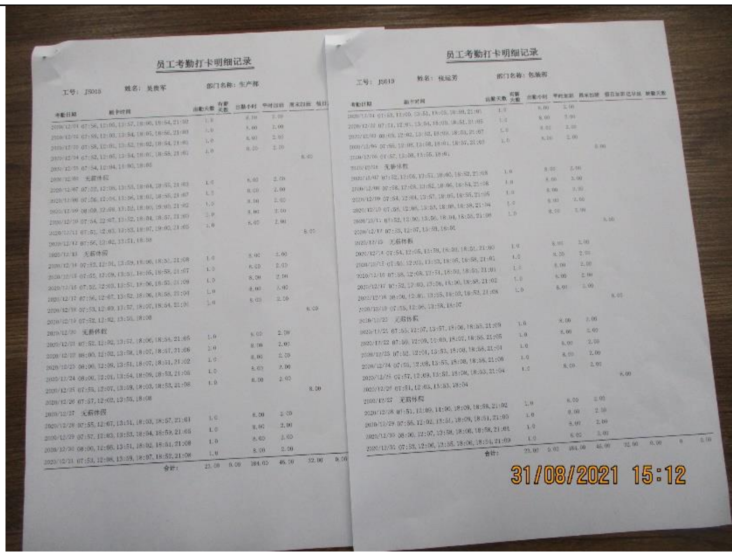
Special Remarks on this section
1, All employees' personal files with ID cards copies were provided for review. No child labor and young workers were identified during this factory audit. 2, The factory signed labor contracts with all employees and gave a copy to each employee. Written child labor and young worker policy was established.

High	Medium	Low	Score /10
0	0	0	10/10

Part 4 Working Hours, Wages and Benefits

1. Working Hours

Item No	Requirement	Result	Comments
4.1	**Do the working hours of individual workers comply with local regulation? Do the working hours exceeds the international recommendation of 60 hours / week ?**	**Low**	Local legal standards: No more than 8 hours/day and 40 hours/week for normal working hours; No more than 3 hours/day or 36 hours/month for overtime hours. Time records from Aug-2020 to audit date were available for review. 10 sampled workers' time records of Jul-2021 (current month), Apr-2021 (random month) and Dec-2020 (random month) were selected randomly to check. Normal working time: 8 hours per day, 40 hours/week, actual max. Overtime hours: 3 hours/day, 20 hours/week, As per the management and the time record, the peak season is not obvious in the past 12 months. The monthly overtime hours of 10 out of 10 randomly selected employees were 85 hours in July 2021 (current month), of 10 out of 10 were 72-74 hours in Apr-2021 (random month) and10 out of 10 were 74-78 hours in Dec-2020 (random month). Law Requirement: In accordance with The PRC Labor Law article 41
4.2	**Do workers have 1 day off within 7 days (or 2 days off within 14 days where applicable)?**	**Pass**	Based on the sampled attendance records provided by the factory and interview of workers. All workers had received 1 day off within 7 days. It was also confirmed by workers interviews.
4.3	Does the factory record the working hours of individual workers in a reliable manner?	**Pass**	The factory used finger print attendance recording system to record employees working hours.
4.4	Are workers given reasonable time for lunch and rest breaks?	**Pass**	All employees could enjoy 2.0 hours' lunch break from 12:00-14:00.
4.5	Are workers assigned overtime on a voluntary basis?	**Pass**	Overtime is conducted on a voluntary basis. It was confirmed by workers interview.
4.6	Do workers have legal vacation, national holidays and paid leave?	**Pass**	Workers have legal vacation; national holidays and paid leave confirmed by workers interview and leave records.

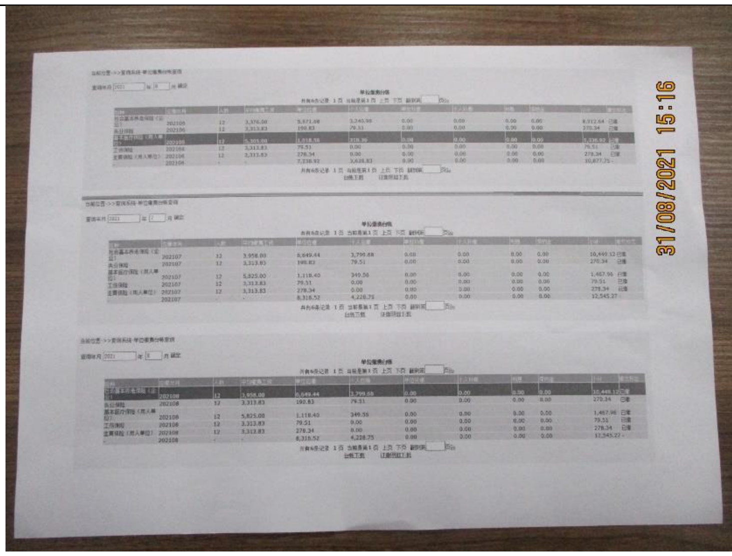
Picture(s)	
	
Attendance recording machine	Excessive monthly overtime hours

2. Wages and Benefits

Item No	Requirement	Result	Comments
5.1	**Is there any evidence that the legal minimum wage is not paid for regular working hours ? Please specify**	**Pass**	The local minimum wage was RMB 1720 since Jul-2018. The factory has provided the wage records from Aug-2020 to Jul-2021, based on sampled check 10 workers' wage records of Dec-2020 (random month), Apr-2021 (random month) and Jul-2021 (current month), workers were paid at hourly basis. The minimum wage paid to workers was RMB 1720 per month which as equal to local minimum wage standard.
5.2	**Are overtime hours paid with legal premium?**	**Pass**	As per the provided payroll registers and the interviewed employees, overtime hours were paid at legal premium. 150% of normal wages for overtime on weekdays. 200% of normal wages for overtime on weekend. No statutory holiday overtime working was arranged by the factory yet.
5.3	Does the factory have written employment conditions on compensation, compensation methods and benefits that is communicated to and understood by all workers?	**Pass**	The factory has a clear written employment conditions on compensation, compensation methods and benefits that are communicated to and understood by all workers confirmed by workers interview, and the related procedures were posted on-site.
5.4	Is the payment paid at a reasonable and legal frequency (monthly), and in a form convenient for workers (cash, bank,…)?	**Pass**	Wages are paid at or before the 5th day of following month by cash.

5.5	Do workers receive a pay slip to sign that has information that will allow them to confirm their wages and see all deductions and bonuses?	**Pass**	According to the document review, employee interview, workers were provided pay slips.
5.6	Are deductions fair, reasonable and legal (such as social insurance or other tax)?	**Pass**	Based on documents review and employee interview, no any deductions were made from employees' wage.
5.7	Are all workers provided social insurance as per local legal requirements? If no, please specify what is the percentage of employees without social insurance scheme.	**Medium**	Through social insurance receipt review, out of total 28 employees (including 1 retiree) in August 2021, only 12 employees (42.86%) had participated in basic endowment insurance, basic medical insurance, maternity insurance, unemployment insurance and employment injury insurance. Remark: The factory purchased commercial accident insurance for all employees. It was valid from 01-Aug-2021 to 31-Jul-2022. Law Requirement: In accordance with Law of the People's Republic of China, Article 10, Article 23, Article 33, Article 44, Article 53
5.8	Is maternity and paid leaves paid as per regulations?	**Pass**	Paid leaves are paid as per regulations, related records were provided for review, and maternity leave policy was established in the factory.
5.9	If deductions as disciplinary practices are used, are they falling under regulatory rules?	**Pass**	There is no disciplinary deduction in the factory. Verified through payroll records and employee interview.

Picture(s)	
	
Payroll records	Payroll records

	
Commercial accident insurance	Insufficient social insurance participated by employees

Special Remarks on this section

1, Based on management interview and document review, the peak months were not obvious in the past 12 months in the factory. The normal working hours were 5 days per week, 8 hours per day in the factory. Attendance records from Aug-2020 to audit day were provided, of Jul-2021 (current month), Apr-2021 and Dec-2020 were taken as samples. The maximum daily overtime was up to 3 hours and weekly hours up to 60 hours.
2, Local legal minimum wage was RMB 1720 since July-2018. The factory provided 12 months' payrolls records from Aug-2020 to Jul-2021, and the lowest basic wage paid to hourly rated workers was equal to local minimum wage. The factory paid the employees by monthly salary at or before the 5th day of following month by cash.
3, The factory provided most legal benefits to workers, such as paid annual leave, maternity leave, paternity leave and etc. But not all employees had participated in social insurance.
4, The monthly overtime hours exceeded the legal requirement.

High	Medium	Low	Score /10
0	1	1	8.7/10

Part 5 Labour Practices

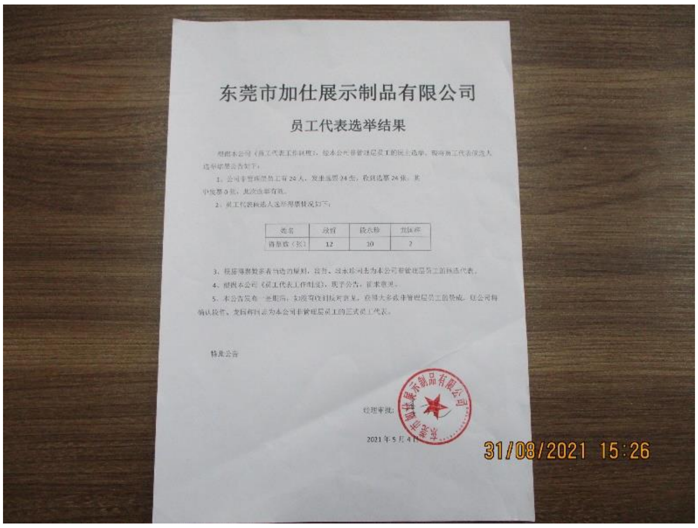
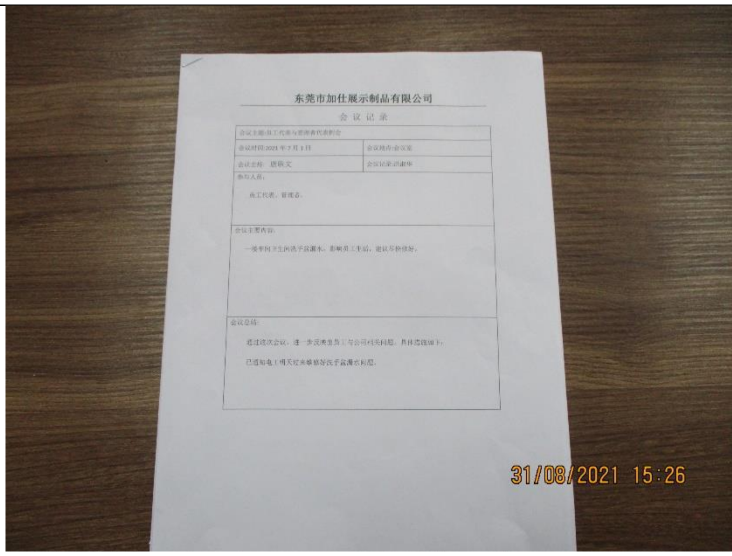
1. Employment Relationship

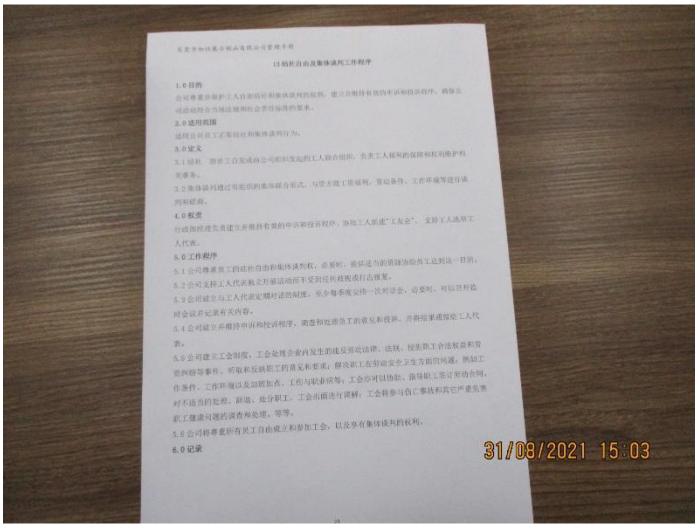
Item No	Requirement	Result	Comments
6.1	**Does Auditee operate his business without a valid factory license/permit to operate or evidence that a valid application has been submitted where one is required by law?**	**Pass**	Through document review, the auditee obtained the valid business license for operation. Business license was available for their business activities as legal requirement
6.2	**Does Auditee make workers sign on blank contracts or other documents?**	**Pass**	Through employee interview, no blank contracts were signed by them. They just signed the labour contract with full content with the factory, and one copy was given to them.
6.3	**Does Auditee hire contract/contingent/temporary workers if such hiring is not allowed by law?**	**Pass**	Through document review and employee interview, no contract/contingent/temporary workers were employed by the factory.
6.4	**Does Auditee avoid to hire contract or temporary workers unless:** - **the permanent workforce of the enterprise is not sufficient to meet unexpected or unusually large volume of orders** - **exceptional circumstances may result in great financial loss to the supplier** - **delivery of goods cannot be met on time,** - **work that needs to be done and is outside the professional expertise of the permanent workforce?**	**Pass**	Through document review and management interview, the factory avoided to hire contract or temporary worker.
6.5	**Does Auditee use contract/contingent/temporary workers on a regular basis for the long-term or multiple short-terms?**	**N/A**	Through document review and employee interview, no contract/contingent/temporary workers were employed by the factory.
6.6	**Does Auditee hire contract/contingent/temporary workers as a means to support normal business needs on a continuous basis or as regular employment practice?**	**N/A**	Through document review and employee interview, no contract or temporary workers were employed by the factory.
6.7	**Does Auditee make excessive use of fixed-term contracts or schemes where there is no real intent to impart skills or provide regular employment?**	**Pass**	Through document review and employee interview, the auditee did not make excessive use of fixed-term contracts or schemes where there is no real intent to impart skills or provide regular employment.
6.8	**Does Auditee hire workers on a temporary basis in order to avoid paying the same wages and benefits as permanent workers?**	**Pass**	Through document review and employee interview, the auditee did not hire workers on a temporary basis in order to avoid paying the same wages and benefits as permanent workers

6.9	**Does Auditee coerce or require any employees to make use of company owned stores?**	**N/A**	Through factory tour, the factory did not have their own stores.
6.10	**Does Auditee use homeworkers in the manufacturing of client's product without express permission from client?**	**Pass**	Through management interview and employee interview, no homeworkers were used by the auditee.
6.11	Does Auditee define the job functions or tasks that contract/contingent/temporary workers are hired to perform and maintain information on the use of contract/contingent/ temporary workers in relation to production needs?	**N/A**	Through management interview and document review, the audited factory avoided hiring contract/contingent/temporary workers though it was allowed by the local law.
6.12	Does Auditee ensure contract/contingent/temporary workers receive at least the minimum wage or the prevailing industry wage, whichever is higher, and all legally mandated fringe benefits?	**N/A**	Through management interview and document review, the audited factory avoided hiring contract/contingent/temporary workers though it was allowed by the local law. And no contract/contingent/temporary workers were used by the factory.
6.13	Does Auditee ensure contract/contingent workers receive at least the same compensation as regular workers performing the same job functions or tasks with similar levels of experience or seniority?	**N/A**	Through management interview and document review, the audited factory avoided hiring contract/contingent/temporary workers though it was allowed by the local law. And no contract/contingent/temporary workers were used by the factory.
6.14	Does Auditee provide apprentices at least the minimum wage or the prevailing industry wage, all legal mandated fringe benefits, and subject them to workplace conditions as set by national laws and regulations?	**N/A**	Through document review and employees' interview, no workers hired as apprentices in the factory.
6.15	Does Auditee ensure that all legally mandated requirements for the protection or management of special categories of workers, including migrant, juvenile, contract/contingent/temporary, home workers, pregnant or disabled workers, are implemented?	**Pass**	Per document review, worker interview and management interview, the factory have relevant policy and management action for the protection or management of special categories of workers, including migrant, juvenile, contract/contingent/temporary, home workers, pregnant or disabled workers etc. No such workers were used by the factory.
6.16	Does Auditee maintain proper and accurate records in relation to termination and retrenchment?	**Pass**	Through document review, the factory maintained proper and accurate records in relation to termination and retrenchment

2. Ability for Workers to be represented towards management

Item No	Requirement	Result	Comments
7.1	**If applicable by Local Law, do workers have the right to join or for trade unions and bargain collectively, without interference of employer?**	**N/A**	Workers had the right to join or for trade unions and bargain collectively, without interference of employer.
7.2	If there is no union, are there fair and effective parallel means to resolve grievances of workers (workers representatives,…)?	**Pass**	There was no independent union established. 2 freely elected worker representatives were available in the factory who can deal with workers grievances with factory management directly. The worker representatives held meeting monthly.
7.3	Is there evidence that workers cannot efficiently communicate grievances to management out of direct supervisors?	**Pass**	Workers could communicate grievances to senior management directly or through worker representatives and suggestion box.

Picture(s)	
 东莞市加仕展示制品有限公司 员工代表选举结果 31/08/2021 15:26	 东莞市加仕展示制品有限公司 会议记录 31/08/2021 15:26
Worker representative election record	Meeting record of worker representatives

	
Free association procedure	Suggestion box

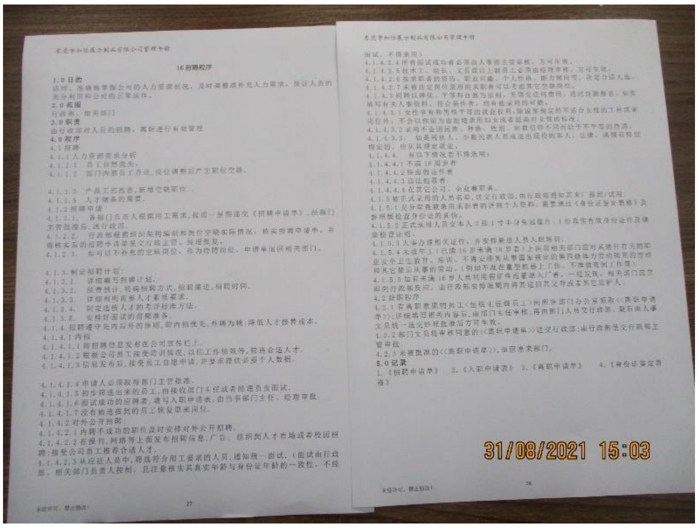
3. Forced Labour

Item No	Requirement	Result	Comments
8.1	**Does Auditee knowingly use forced labor – including prison labor, trafficking, slavery, and/or indentured or bonded labor – in which workers' freedom of movement, ability to willingly leave work, and human rights are denied or severely restricted?**	**Pass**	No such violation including prison labor, trafficking, slavery or bonded labor was noted, confirmed through worker interview.
8.2	**Does Auditee confiscate any original personal documents of workers? Especially does migrant/foreign workers have free access to their personal documents such as passport, work visa, birth certificate, etc.?**	**Pass**	The auditee did not confiscate any original personal documents of workers per worker interview. Only copy of identity card was maintained by the facility. No foreign workers were used by the facility.
8.3	**Does Auditee prevent workers from resigning from employment with reasonable notice?**	**Pass**	The auditee did not prevent workers from resigning from employment with reasonable notice. Employees stated that they could resign from employment with reasonable notice.
8.4	**Does Auditee require workers to live in factory owned or controlled residences?**	**Pass**	The auditee did not require workers to live in factory owned or controlled residences.
8.5	**Does Auditee pay any labor brokers the worker's wages, benefits or bonuses?**	**N/A**	No labor brokers were used by the facility. All employees were employed directly by the factory.
8.6	**Does Auditee impose unreasonable curfews in dormitories that restrict the movement of workers during their leisure time (curfews should be agreed to by residents to be reasonable for personal safety)?**	**Pass**	As per factory rule and employees' interview, the factory did not impose any unreasonable curfews in dormitory.

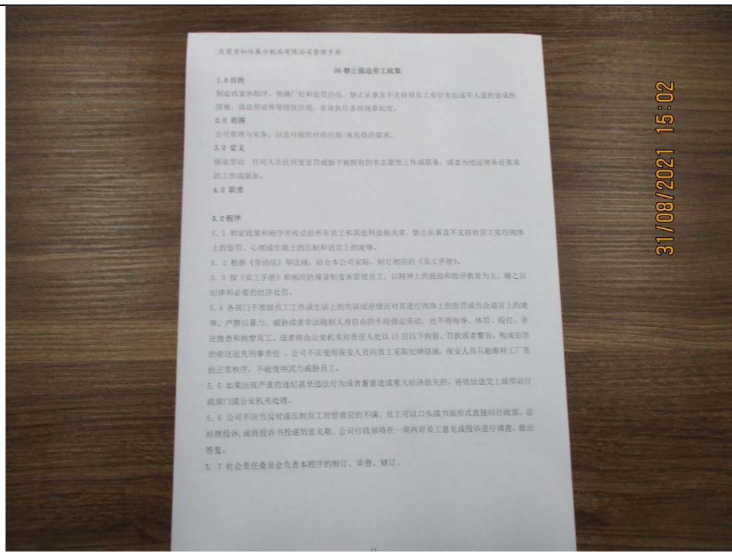
8.7	**Does Auditee deduct from workers' wages, costs or fees associated with employment eligibility such as health check, employment registration, work permits or recruitment agency fees?**	**Pass**	Through employees' interview and review the wage records, the auditee did not deduct from workers' wages, costs or fees associated with employment eligibility such as health check, employment registration, work permits.
8.8	**Does Auditee restrict foreign workers from joining unions?**	**N/A**	No foreign workers were used by the factory.
8.9	**Does Auditee refuse to return the worker's savings at the end of the contract or upon resignation?**	**N/A**	Through employee interview, the factory did not withhold worker's savings.
8.10	**Does Auditee restrict the amount of times a worker can use the toilets?**	**Pass**	Through employee interview, the auditee did not restrict the number of times a worker can use the toilets
8.11	**Does Auditee unnecessarily delay the granting of permission for workers to leave the workplace (workers may face reasonable penalties for not following agreed upon company rules)?**	**Pass**	Workers were allowed to leave the factory compound after work at any time and freely move about during a shift, which was confirmed by workers interview and on-site observation.
8.12	Does Auditee have a written policy prohibiting the use of Forced Labor of any kind? This policy should be clear identifying the different types of situations which would be classified as Forced Labor and type of action that will be taken if any form of Forced Labor is uncovered.	**Pass**	Through document review, the auditee had a written policy prohibiting the use of Forced Labor of any kind.
8.13	Does Auditee provide training to management and workers policies and procedure regarding the use of Forced Labor?	**Pass**	Through document review, the auditee provided training to management and workers policies and procedure regarding the use of Forced Labor.
8.14	Does Auditee verify that workers hired through a labor broker have not paid any deposit?	**N/A**	No labor brokers were used by the facility. All employees were employed directly by the factory.
8.15	Does Auditee require the labor broker to provide copies of the labor contracts that migrant workers signed? Ensure that the contract is legal, does not have any unethical items and that the worker received a copy of the contract written in his/her own language.	**N/A**	No labor brokers were used by the facility. All employees were employed directly by the factory.
8.16	Does Auditee ensure all overtime hours are voluntary (not imposed under threat of penalty or force)?	**Pass**	Through employee interview, all employees worked overtime on voluntary basis.
8.17	Does Auditee verify with foreign/migrant workers that their contracts were freely signed?	**Pass**	No foreign workers were used by the facility. The factory employed the national migrant worker and signed the labor contract with them directly.
8.18	Does Auditee use only government registered or legally licensed recruitment agencies, either locally or from foreign countries, and maintain a database of reputable employment agencies (if using employment agencies is common practice)?	**N/A**	Through document review and employee interview, no recruitment agencies were used by the facility. All employees were employed by the factory directly.
8.19	Does Auditee have a resignation policy in the language of workers that outlines procedures and protocols to follow upon resignation?	**Pass**	Through document review, it was noted that the factory has a resignation policy in the language of

			workers that outlines procedures and protocols to follow upon resignation.
8.20	Does Auditee verify that approved subcontractors have written policies and procedures in place to prevent incidents of forced labor?	**N/A**	No subcontractors were used by the factory.
8.21	Does Auditee provide workers with appropriate benefits such as meals, beverages, rest breaks, transportation, etc., during overtime work hours as required by law or as per factory mandates?	**Pass**	No special benefits for overtime work hours per local law. The auditee provided rest breaks to workers during overtime work hours.

Picture(s)



Recruitment procedure

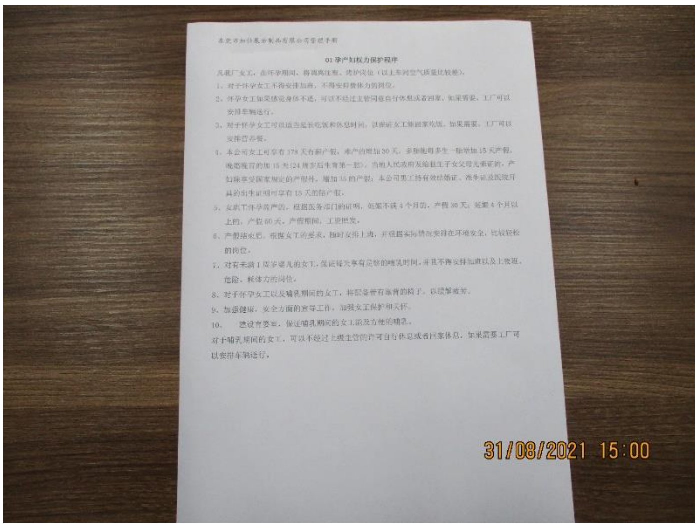
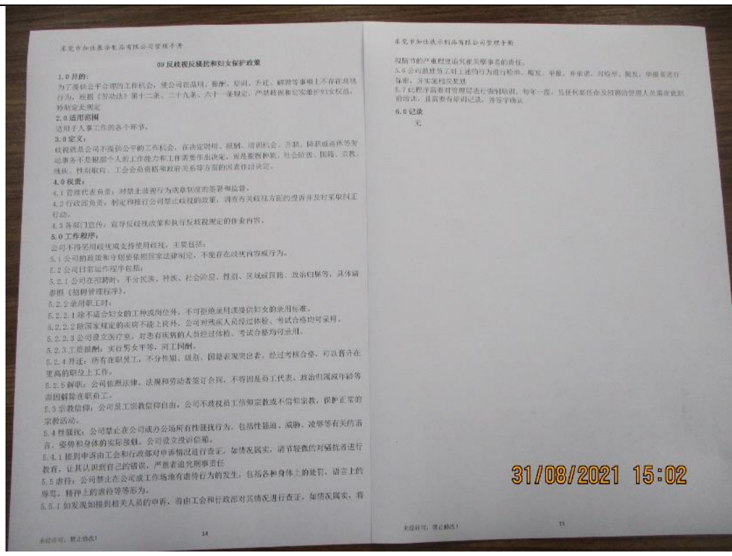


Anti-forced labor procedure

4. Discrimination

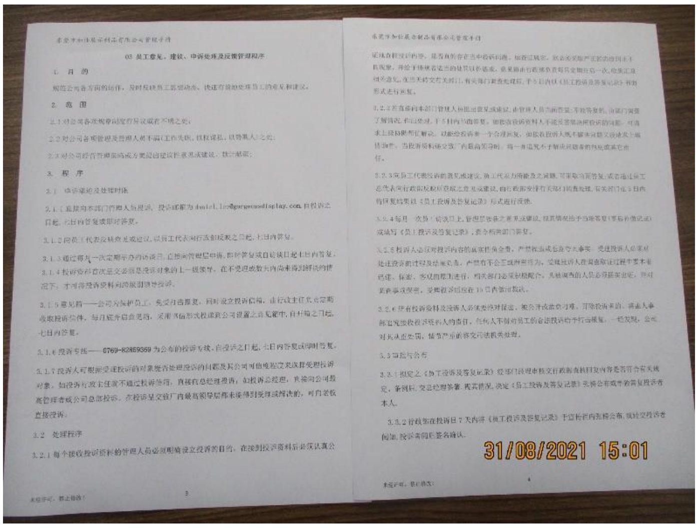
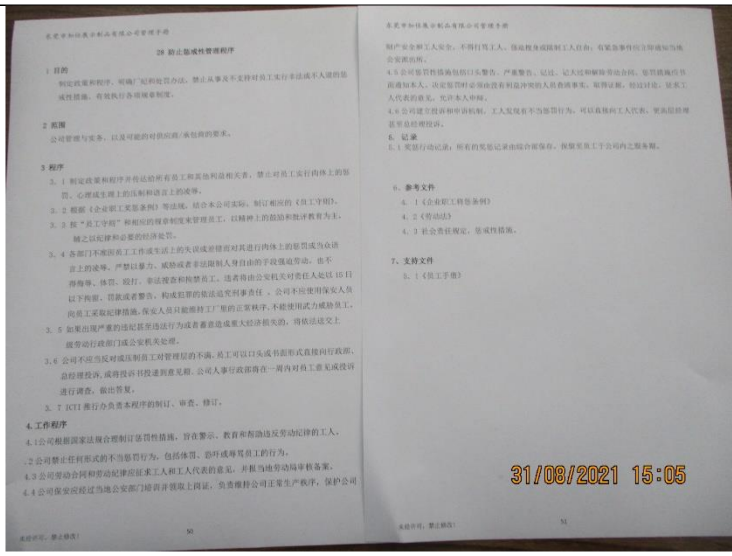
Item No	Requirement	Result	Comments
9.1	**Is non-discrimination guarantee in term of employment, promotion, compensation, welfare, dismissal and retirement, etc. within the company based on criteria of race, birth, religion, national or social origins, sex, family responsibilities, marital status, handicap, sexual orientation or political opinions?**	**Pass**	Based on document review and employee interviews, there was non-discrimination guarantee in term of employment, promotion, compensation, welfare, dismissal and retirement and etc.
9.2	**Does Auditee use pregnancy tests or define the use of contraception as a condition of hiring or of continued employment?**	**Pass**	Through employee interview, the factory never used pregnancy tests or defined the use of contraception as a condition of hiring or of continued employment.

9.3	**Does Auditee require pregnancy testing of female workers, except as required by national law? In such cases, does Auditee use the results of such tests as a condition of hiring or continued employment?**	**Pass**	Through employee interview, the factory did not require pregnancy testing of female workers.
9.4	**Does Auditee require women to provide commitments (verbally or in writing) that they will not become pregnant within a certain period?**	**Pass**	Through employee interview, the factory did not require women to provide any commitments.
9.5	**Does Auditee threaten or penalize female workers who get married or become pregnant?**	**Pass**	Through employee interview, the factory did not threaten or penalize female workers who get married or become pregnant.
9.6	**Does Auditee make any employment decision on the basis of person's health status (unless such decision is dictated by the inherent requirements of the job or a medical necessity to protect the worker and/or other workers)?**	**Pass**	Through employee interview, the factory did not make any employment decision on the basis of person's health status.
9.7	Does Auditee pay men and women workers equally for equal work?	**Pass**	Through employee interview, the factory paid men and women workers equally for equal work
9.8	Is there a written anti-discrimination policy?	**Pass**	There was a written anti-discrimination policy in the factory.
9.9	Does Auditee provide training programs for new managers and supervisors and newly hired workers on company's policies and procedures on equality and prevention of discrimination?	**Pass**	Through document review, the factory provided training programs for new managers and supervisors and newly hired workers on company's policies and procedures on equality and prevention of discrimination.

Picture(s)	
	
Female worker protection procedure	Anti-discrimination procedure

5. Disciplinary Practices

Item No	Requirement	Result	Comments
10.1	**Is mental / physical /sexual coercion forbidden and avoided in the factory? If not, please give details of the situation.**	**Pass**	Mental / physical /sexual coercion was strictly forbidden and avoided in the factory and relevant policy was established and training was provided to all employees.
10.2	Does the factory have documented disciplinary rules that are clearly communicated to all workers?	**Pass**	The factory documented disciplinary rules that were clearly communicated to all workers
10.3	Does the company keep a record of fines/disciplinary actions?	**Pass**	No fines/disciplinary actions were found in the factory.
10.4	Are the complaint and appeal methods defined and proved to be efficient?	**Pass**	The employees could use suggestion boxes and hotline, or through worker representative to raise their complaint and appeal, and the management would solve it within defined time frame.

Picture(s)	
	
Grievance procedure	Discipline procedure

6. Migrant Workers Policy

Item No	Requirement	Result	Comments
11.1	**Does Auditee treat such migrant workers fairly and provide the same terms and conditions of employment as national employees including compensation, holidays and leaves of absence and any employer provided housing except where country law requires different benefits (for example with respect to payment of social security benefits)?**	**N/A**	No foreign migrant workers were used by the factory, and only domestic migrant workers were employed by the factory. The factory treats domestic migrant worker fairly and provides the same terms and conditions of employment as local employees including compensation, holidays and leaves of absence and any employer provided housing.
11.2	**Does Auditee ensure workers are not responsible for any fees paid to agencies or the factory in exchange for employment, nor for medical examinations (if they are mandatory), nor for inbound or outbound travel costs?**	**Pass**	Through employee interview, no any fees were paid to the factory in exchange for employment. No agencies for employment were used by the facility. The medical examinations were not mandatory. And no inbound or outbound travel costs were bear by the employee during the employment process.
11.3	**Does Auditee ensure that each migrant worker understand that neither the agency nor factory shall retain a worker's passport for any reason other than processing work visas?**	**N/A**	No foreign migrant workers and agency were used by the factory, and only domestic migrant worker was employed by the factory. Through employee interview, no original certificate was retained by the factory.
11.4	**Does Audit ensure that all migrant workers are given a secure place to store their personal documents (i.e. passports, working papers)?**	**N/A**	No foreign migrant workers were used by the factory. No dormitory was provided by the factory. All employees maintain their personal documents by themselves.
11.5	**Does Auditee ensure that if a contract exists between the agency and each migrant worker, it is written in the workers' local language and include:**	**N/A**	No foreign migrant workers and agency were used by the factory, and only domestic migrant worker was employed by the factory. The factory treats domestic migrant worker fairly and provides the

	• Wages (regular, overtime, and holiday) • Working hours (regular, overtime, and holiday) • Living conditions to expect • Benefits and insurance that will be provided by the agency Job description and required job skills • Contract duration		same terms and conditions of employment as local employees
11.6	Does Auditee ensure that at a minimum, the contract between the agency and the factory includes: • Fees the factory will pay the agency (if any fees apply) • Wages (regular, overtime, and holiday) • Working hours (regular, overtime, and holiday) • Job description and required job skills • Contract term, including start and end dates	N/A	The factory did not use any agencies.
11.7	Does Auditee ensure that if a contract exists between the agency and each migrant worker, copies are readily available at the audited site at all time?	N/A	No foreign migrant workers and agency were used by the factory, and only domestic migrant worker was employed by the factory. The factory treats domestic migrant worker fairly and provides the same terms and conditions of employment as local employees
11.8	Does Auditee ensure that the contract between the audited site and worker is consistent with (or better than) the contract between the agency and worker? At a minimum, the contract shall be written in the workers' local language and include: • Wages (regular, overtime, and holiday) • Working hours (regular, overtime, and holiday) • Living conditions to expect • Benefits and insurance that will be provided by the agency • Job description and required job skills • Contract duration • Termination policies (including terms for being sent back to the sending country)	N/A	No foreign migrant workers and agency were used by the factory, and only domestic migrant worker was employed by the factory. The factory treats domestic migrant worker fairly and provides the same terms and conditions of employment as local employees.
11.9	Does Auditee ensure that the contract between the agency and the factory is readily available at the audited site at all times?	N/A	No foreign migrant workers and agency were used by the factory, and only domestic migrant worker was employed by the factory. The factory treats domestic migrant worker fairly and provides the same terms and conditions of employment as local employees.
11.10	Does Auditee ensure that, in addition to any legal requirements of the host country and country of origin regarding repatriation of foreign workers, at the completion of the employment relationship, or earlier upon termination of employment, the contractor provides return air or land transport tickets to any foreign worker hired or recruited by the contractor from another country?	N/A	No foreign migrant workers and agency were used by the factory, and only domestic migrant worker was employed by the factory. The factory treats domestic migrant worker fairly and provides the same terms and conditions of employment as local employees.

	The contractor shall comply with this requirement irrespective of the terms of the employee's employment contract. **The requirement to pay for repatriation does not apply where the employee:** **- Is terminated for illegal conduct;** **- Obtains other legal employment within the country; or** **- Voluntary terminates his or her employment prior to the conclusion of the term of the employment contract.** **The supplier must still pay for repatriation, however, if the employee terminates the employment prior to conclusion of the employment contract because:** **– The supplier breaches a material term of the employment contract, or** **– The employee is subject to harassment or abuse that is not timely remedied upon complaint.**		
11.11	Does Auditee ensure that all migrant workers go through an orientation at the factory to review the following points (written in workers' local language): • Job training • Health and safety • Factory policies and rules • Grievance systems and process • Termination policies (including terms for being sent back to the sending country)	**N/A**	No foreign migrant workers and agency were used by the factory, and only domestic migrant worker was employed by the factory. The factory treats domestic migrant worker fairly and provides the same terms and conditions of employment as local employees.

Special Remarks on this section

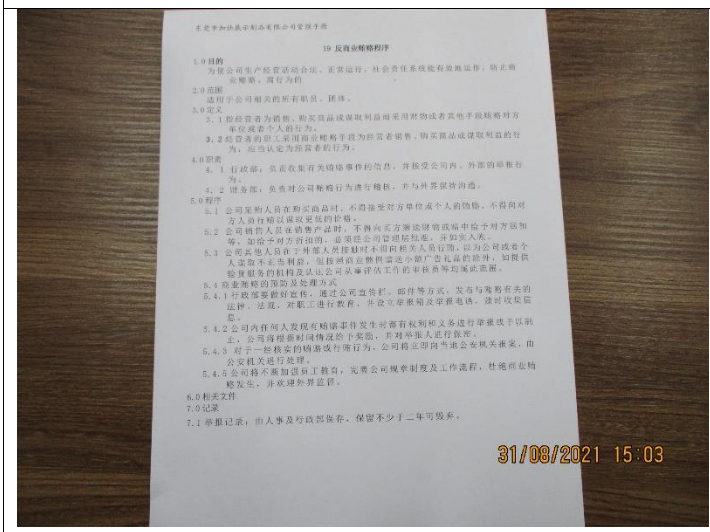
1, No violations about discrimination/forced labor/prison labor were identified.
2, No monetary deduction used as disciplinary practices were identified.
3, Evidence shows that work is conducted in voluntary basis, with no threat of penalty or sanctions, and the factory do not use forced, bonded or involuntary prison labor.
4, The factory had an effective social compliance and environmental management system.
5, No Agency workers, foreign migrant workers, contract workers, homeworkers and temporary workers were used by the facility.

High	Medium	Low	Score /10
0	0	0	10/10

Part 6 Ethics and Confidentiality

1. Corruption and Bribery

Item No	Requirement	Yes/No	Comments
12.1	Does the factory comply with all applicable laws, regulations and codes which are intended to prevent bribery and corruption ("Anti-corruption laws")?	**Yes**	Through document review and management interview, the factory complied with all applicable laws, regulations and codes which were intended to prevent bribery and corruption.
12.2	Does the factory have in place adequate policies and procedures to ensure that their personnel, sub-contractors and agents are in compliance with all applicable Anti-corruption laws?	**Yes**	Through document review and management interview, the factory established policies and procedures to ensure that their personnel and suppliers were in compliance with all applicable Anti-corruption laws.
12.3	Will the factory take adequate steps to monitor compliance by their personnel, sub-contractors and agents with their policies and procedures?	**No**	The factory did not take adequate steps to monitor compliance by their personnel or suppliers with their policies and procedures. Law Requirement: N/A
12.4	Is there an effective system in place for confidentially reporting and dealing with unethical Business Practices without fear of reprisals towards the reporter?	**Yes**	Through document review and management interview, the factory established policies and procedures to ensure reporter not fear of reprisals.
12.5	Were the supplier, members of management shareholders previously sentenced by a judicial/regulatory authority on ethics/human rights/health & security/environmental issues?	**No**	No such case of supplier or management being sentenced by local authority on any issues occurred before.

Picture(s)	
	
Anti-corruption procedure	Nil

2. Procurement Ethical Standards

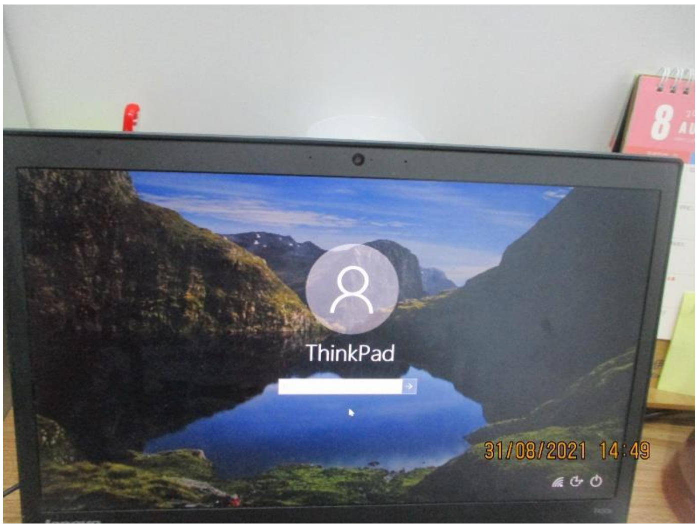
Item No	Requirement	Yes/No	Comments
13.1	Is the purchasing department of the factory responsible to promote fair and ethical business practices and provide assistance in support of the policy? • Conducting business with potential and current suppliers in an atmosphere of good faith. • According a prompt and courteous response to all who call on legitimate business. • Creating an environment of fair, ethical, and legal business practices.	**Yes**	Through document review and management interview, the purchasing department of the factory was responsible to promote fair and ethical business practices and provide assistance in support of the policy.
13.2	Does the factory maintain confidentiality and ethics in all dealings? Including but not limited to the followings: Not offer gifts, gratuities, hospitality or any other benefits (other than tokens of small nominal value e.g. diaries, pens, and calendars) to any representative of client, if they are intended to influence any business transaction with client or to encourage or influence any representative of client to carry out (or refrain for carrying out) a specific act or to change that representative's behaviour in some way.	**Yes**	Through document review and management interview, the factory maintained confidentiality and ethics in all dealings.

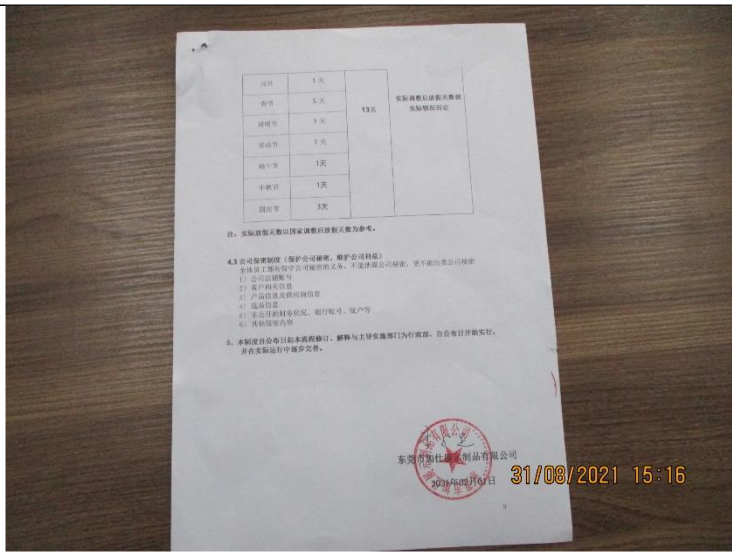
3. Security and Confidentiality

Item No	Requirement	Yes/No	Comments
14.1	Are Raw Materials received for Hermes tracked, accounted for volumes, and identified at all time?	**Yes**	Through document review and management interview, raw materials for Hermes would be tracked, accounted for volumes, and identified at all time.
14.2	Are Hermes raw materials stored separately from other materials in an area closed and with control access?	**Yes**	Through management interview, Hermes raw materials would be stored separately from other materials in an area closed and with control access.
14.3	Is there any CCTV system, in working condition, in the raw material reception area?	**Yes**	Through factory tour, CCTV was available in the raw material reception area
14.4	Are designs files from Hermes (or related to Hermes products) conserved, stored, filled and archived in a way that ensure confidentiality and impossibility to access for unauthorized staff?	**Yes**	Through management interview, designs files from Hermes would be conserved, stored, filled and archived in a way that ensure confidentiality and impossibility to access for unauthorized staff.
14.5	Are confidentiality clauses included in procurement contracts, and are confidentiality agreements/contracts signed available?	**Yes**	Through document review and management interview, confidentiality clauses were included in procurement contracts.

14.6	Is "material balance" verification being performed to ensure that all materials and products for Hermes can be found on-site?	**Yes**	Through management interview, 'material balance' verification would be performed to ensure that all materials and products for Hermes can be found on-site.
14.7	Is CCTV system installed and working in any production area where stock of Hermes products is visible?	**Yes**	Through factory tour, CCTV was available in each workshop and warehouse.
14.8	Are any storage areas (including temporary in-production storage) capacities sufficient?	**Yes**	Through factory tour, there were enough storage areas onsite.
14.9	Is there any evidence of undisclosed subcontracting identified during audit?	**N/A**	N/A. No sub-contractor was used by the factory.
14.10	**Is there any sign of lack of confidentiality observed during audit (access to unauthorized information of locations without proper authorization, Hermes products stored out of dedicated areas,..)?**	**Yes**	Designated area was assigned to store Hermes products. Information regarding Hermes was maintained in confidentiality.
14.11	Is the accessibility of all documentation necessary for production of Hermes products (specifications, work instructions, design files, etc.) controlled?	**Yes**	Through management interview, the accessibility of all documentation necessary for production of Hermes products were controlled.
14.12	Is IT system protected through anti-intrusion system, and are login and passwords used for all users?	**Yes**	Login passwords were set for all computers.
14.13	Are non-compliant products identified at any steps of production recorded, identified and accounted for at any time?	**Yes**	Through factory tour, non-compliant products identified at any steps of production were recorded, identified and accounted for at any time.
14.14	Are wastes quantities being recorded, and is there evidence and proof of decision taken (rejection, correction, exemption, destruction,…) kept?	**Yes**	Through document review, wastes quantities were recorded and all decisions taken were kept.
14.15	Is the finished products storage area and loading area installed with CCTV in correct order of use?	**Yes**	Through factory tour, CCTV was available in the finished products storage area and loading area.
14.16	Are all loading documentations being kept including verification of quantities?	**Yes**	Through document review, all loading documentations were kept including verification of quantities.
14.17	Is container 7-point inspection being performed before shipment and are evidences being kept?	**N/A**	N/A. As per document review and management interview, the contract with clients were Ex-work. The clients arranged truck to pick up goods at the factory then consolidate it with other factories into container.
14.18	Is container being sealed properly and is record of seal numbers and kind being kept?	**N/A**	N/A. As per document review and management interview, no container was used to pick up goods at the factory.
14.19	Does all employees contracts included confidentiality clauses, including Temporary Workers contracts?	**Yes**	Through document review, employees' contracts included confidentiality clauses. There is no temporary worker in the factory.

14.20	Are all worked including temporary workers going through confidentiality procedures training upon join company?	**Yes**	Through document review, employees would be trained on confidentiality procedures upon join the factory.

Picture(s)	
	
Login password for computer	Camera
	
CCTV monitor	Loading records

	
Client's goods were properly accounted and marked for identification	Written policy on confidentiality

Special Remarks on this section

1. The factory complied with all applicable laws, regulations and codes which were intended to prevent bribery and corruption.
2. The factory did not take adequate steps to monitor compliance by their personnel or suppliers with their policies and procedures.
3. The purchasing department of the factory was responsible to promote fair and ethical business practices and provide assistance in support of the policy.
4. The factory management well knew how to maintain Hermes raw material, production and finished products.
5. CCTV system was available throughout the factory. Employees' computers were access controlled.

High	Medium	Low	Score /10
0	0	1	8/10

Part 7 Financial Conditions

Financial Information

Item		Result	Reason if not available
	Turn-over in the past 3 years	2020: RMB 22000000 2019: RMB 19000000 2018: RMB 18000000	
	Gross margin	2020: RMB 36% 2019: RMB 32% 2018: RMB 30%	
	operating margin // net income	2020: RMB 18% 2019: RMB 16% 2018: RMB 12%	
	Cash // cash flow	2020: RMB 5000000 2019: RMB 40000000 2018: RMB 30000000	
	Future investment trend and over the past 3 years	No future investment plan	

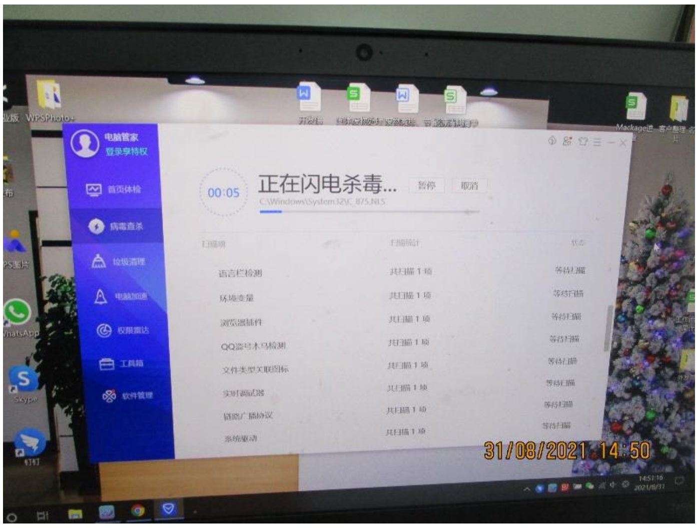
Item No	Requirement	Result	Comments
15.1	**Are there any signs identified that could indicate a risk of financial instability of audited site?**	**GREEN**	There are no any signs identified that could indicate a risk of financial instability of audited site. The factory moved to a new plant with new machines purchased in May, 2021.

Special Remarks on this section
The financial status is good in the factory. The turnover increased year by year.

Part 8 Business Continuity

Item No	Requirement	Result	Comments
16.1	**Are there any signs identified that could indicate a risk for the business continuity of audited site?**	**GREEN**	The factory management tried their best to ensure there were consecutive orders for 2 to 4 months. There were no signs identified that could indicate a risk for the business continuity of audited site.

Item No	Requirement	Yes/No	Comments
16.2	Has the site identified key people? If so, are backups planned?	**Yes**	The factory had identified key people and ensure at least two people were available at the key position.
16.3	Has the site ensure there is no issue regarding employees age structure? Did the site implement a know-how transmission? Is the labor pool area favorable?	**Yes**	The labor pool area is favorable. Employees working in the factory were aged from 20-50 years old. The factory also implemented a know-how transmission.
16.4	Has the site identified key equipment? If so, are backups planned? Is the machinery subject to preventive maintenance?	**Yes**	The factory had identified key equipment and spare equipment was available for key production process. All key machines were well maintained.
16.5	In the case of critical raw materials, how does the site anticipate a break? Is the site dependent on certain suppliers?	**Yes**	The factory would purchase raw material from at least two suppliers.
16.6	Is the site dependent on certain subcontractors (capacity and know-how)? How is it managed?	**N/A**	N/A. No subcontractor was used by the factory.
16.7	Are the site and its equipment (production machines) insured?	**No**	The factory did not purchase property insurance for its site and equipment (production machines). Law Requirement: N/A
16.8	Is there a backup computer server site? Is the back up located outside of the site?	**Yes**	There is a backup computer server site and it was located outside of the site for security purpose.
16.9	Is there an anti-virus installed on all computers and servers? How often is it updated and maintained?	**Yes**	Anti-virus program was installed on all computers and servers, which was updated at real time.
16.10	Is there a firewall installed on all computers and servers? How often is it updated and maintained?	**Yes**	Firewall was installed on all computers and servers, which was updated at real time
16.11	Is the shareholding sustainable?	**Yes**	The factory is a limited company and shareholding is not applicable.
16.12	Is the client portfolio sustainable?	**Yes**	The factory is a limited company and portfolio is not applicable.
16.13	Does the company have all the necessary licenses, including for building integrity and stability?	**Yes**	The factory had all necessary licenses, including for building integrity and stability.

Picture(s)	
	
Anti-virus software for computer	Valid business license

Special Remarks on this section

1. The factory did not purchase property insurance for its site and equipment (production machines).
2. The management tried their best to ensure there were consecutive orders for 2 to 4 months.
3. The factory had identified key people and key equipment. Backup plan was established.
4. The factory had all necessary licenses, including for building integrity and stability.

B. Corrective Action Plan

Client :	Hermes Achats Indirects Generaux	QIMA Service No	R-Cloud-2163881
Supplier	Sourcinn	Auditor(s)	Allan Huang
Factory	Gorgeous Display Product Co.,Ltd	Date	31-Aug-2021
Industry	Homeware, Gardenware	Country	China
Audit Type	Initial		

Item No	Result	Finding/Violation	Corrective Action	Factory estimated date for Completion
1.4	Low	Observation during factory tour, auditor found that no personal locker was provided to workers living in dormitory. Law Requirement: In accordance with Regulation on the Building Design of Dormitories (JGJ 36--2005), Article 4.2.3 工厂宿舍没有配备个人储物柜。	The factory should provide personal locker to workers living in dormitory.	30-Nov-2021
2.18	Low	As per document review, the factory did not establish the inventory of air emissions. Law Requirement: N/A 工厂没有建立废气排放清单。	The factory should establish air emission inventory.	30-Nov-2021
2.19	Medium	As per document review, the factory did not conduct monitoring of waste gas. Law Requirement: In accordance with Measures for Administration of Environmental Surveillance Article 21 工厂没有进行废气排放监测。	The factory should conduct the waste gas monitoring annually.	28-Feb-2022
4.1	Low	The monthly overtime hours of 10 out of 10 randomly selected employees were 85 hours in July 2021 (current month), of 10 out of 10 were 72-74 hours in Apr-2021 (random month) and10 out of 10 were 74-78 hours in Dec-2020 (random month). Law Requirement: In accordance with The PRC Labor Law article 41 员工月加班超时。	The factory should reduce the overtime hours to be within 36 hours.	30-Nov-2021
5.7	Medium	Through social insurance receipt review, out of total 28 employees (including 1 retiree) in August 2021, only 12 employees (42.86%) had participated in basic endowment insurance, basic medical insurance, maternity insurance, unemployment insurance and employment injury insurance. Remark: The factory purchased commercial accident insurance for all employees. It was valid from 01-Aug-2021 to 31-Jul-2022.	The factory should provide social insurance to all employees as per legal requirement.	28-Feb-2022

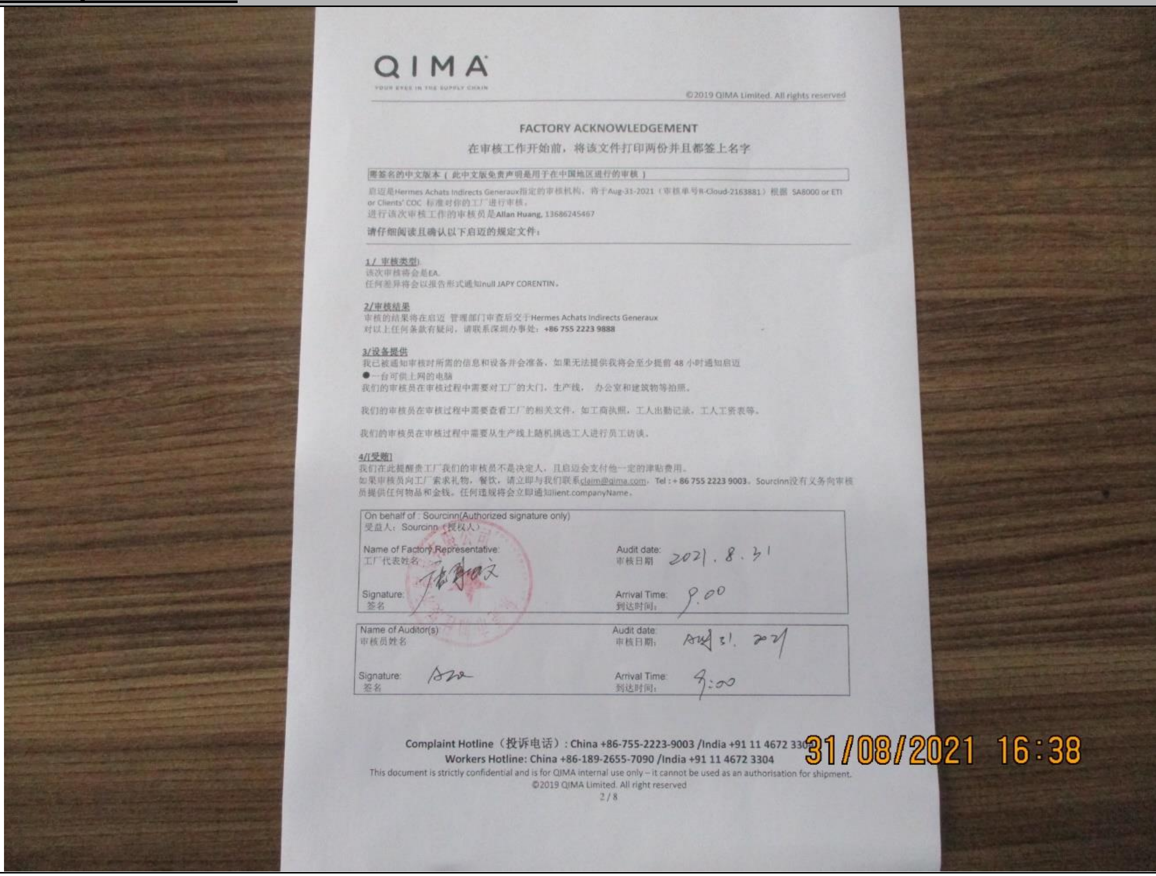
		Law Requirement: In accordance with Law of the People’s Republic of China, Article 10, Article 23, Article 33, Article 44, Article 53 工厂没有按照法规要求给员工购买社保。		
12.3	Low	The factory did not take adequate steps to monitor compliance by their personnel or suppliers with their policies and procedures. Law Requirement: N/A 企业未采取措施监管员工和供应商的商业道德表现。	The factory should take adequate steps to monitor compliance by their personnel or suppliers with their policies and procedures.	30-Nov-2021
16.7	Low	The factory did not purchase property insurance for its site and equipment (production machines). Law Requirement: N/A 工厂没有为其场地和设备购买财产险。	The factory should purchase property insurance for its site and equipment (production machines).	30-Nov-2021

QIMA maximum suggested timings for implementation of Corrective Actions are:
- 1 Month to submit Action Plan for Critical NCs
- 3 Months to submit Action Plan for Major NCs
- 6 Months to submit Action Plan for Minor NCs

IMPORTANT NOTES

THE ABOVE RESULT(S) REFLECT(S) QIMA LIMITED'S FINDINGS AT THE TIME AND PLACE OF AUDIT.
WITH REGARD TO THE RANDOM SAMPLE CHARACTER OF THE AUDIT, IT SHOULD BE NOTED THAT ADDITIONAL NONCONFORMITIES MAY EXIST, WHICH WERE NOT FOUND DURING THE AUDIT.
THE AUDITOR'S FINDINGS DO NOT RELIEVE THE AUDITEE OF ITS RESPONSIBILITY TO ENSURE THAT THE REQUIREMENTS OF THE STANDARD ARE FULFILLED AND CONSTANTLY ADHERED TO.

Factory Disclaimer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FACTORY ACKNOWLEDGEMENT
在审核工作开始前，将该文件打印两份并且都签上名字

需签名的中文版本（此中文版免责声明是用于在中国地区进行的审核）

启迈是Hermes Achats Indirects Generaux指定的审核机构，将于Aug-31-2021（审核单号R-Cloud-2163881）根据 SA8000 or ETI or Clients' COC 标准对你的工厂进行审核。
进行该次审核工作的审核员是Allan Huang, 13686245467

请仔细阅读且确认以下启迈的规定文件：

1/ 审核类型)
该次审核将会是EA.
任何差异将会以报告形式通知null JAPY CORENTIN。

2/审核结果
审核的结果将在启迈 管理部门审查后交于Hermes Achats Indirects Generaux
对以上任何条款有疑问，请联系深圳办事处：+86 755 2223 9888

3/设备提供
我已被通知审核时所需的信息和设备并会准备，如果无法提供我将会至少提前 48 小时通知启迈
● 一台可供上网的电脑
我们的审核员在审核过程中需要对工厂的大门，生产线， 办公室和建筑物等拍照。

我们的审核员在审核过程中需要查看工厂的相关文件，如工商执照，工人出勤记录，工人工资表等。

我们的审核员在审核过程中需要从生产线上随机挑选工人进行员工访谈。

4/[受贿]
我们在此提醒贵工厂我们的审核员不是决定人，且启迈会支付他一定的津贴费用。
如果审核员向工厂索求礼物，餐饮，请立即与我们联系claim@qima.com，Tel : + 86 755 2223 9003。Sourcinn没有义务向审核员提供任何物品和金钱。任何违规将会立即通知lient.companyName。

On behalf of : Sourcinn(Authorized signature only) 受益人：Sourcinn（授权人）	
Name of Factory Representative: 工厂代表姓名：	Audit date: 审核日期 2021.8.31
Signature: 签名	Arrival Time: 到达时间： 9.00

Name of Auditor(s) 审核员姓名	Audit date: 审核日期： Aug 31. 2021
Signature: 签名	Arrival Time: 到达时间： 9:00

Complaint Hotline（投诉电话）: China +86-755-2223-9003 /India +91 11 4672 330
Workers Hotline: China +86-189-2655-7090 /India +91 11 4672 3304
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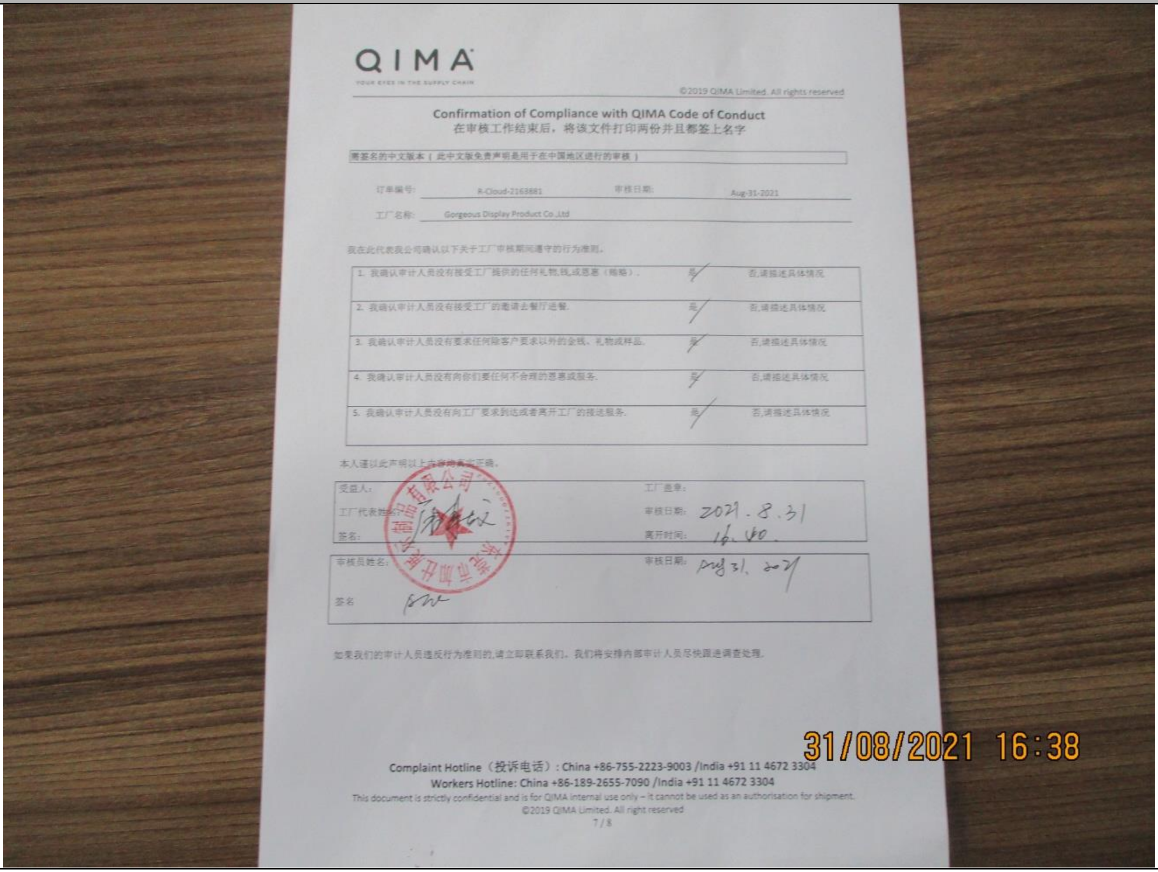
Original signature of the Factory Representative accepting QIMA policy including bribery issues.

Confirmation of Compliance with QIMA Code of Conduct



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Confirmation of Compliance with QIMA Code of Conduct
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需签名的中文版本（此中文版免责声明是用于在中国地区进行的审核）

订单编号: R-Cloud-2163881 审核日期: Aug-31-2021

工厂名称: Gorgeous Display Product Co.,Ltd

我在此代表我公司确认以下关于工厂审核期间遵守的行为准则。

1. 我确认审计人员没有接受工厂提供的任何礼物,钱,或恩惠（贿赂）.	是	否,请描述具体情况
2. 我确认审计人员没有接受工厂的邀请去餐厅进餐.	是	否,请描述具体情况
3. 我确认审计人员没有要求任何除客户要求以外的金钱、礼物或样品.	是	否,请描述具体情况
4. 我确认审计人员没有向你们要任何不合理的恩惠或服务.	是	否,请描述具体情况
5. 我确认审计人员没有向工厂要求到达或者离开工厂的接送服务.	是	否,请描述具体情况

本人谨以此声明以上内容均真实正确。

受益人: 工厂盖章:

工厂代表姓名: 审核日期: 2021.8.31

签名: 离开时间: 16.40.

审核员姓名: 审核日期: Aug 31, 2021

签名

如果我们的审计人员违反行为准则的,请立即联系我们。我们将安排内部审计人员尽快跟进调查处理。

Complaint Hotline（投诉电话）: China +86-755-2223-9003 /India +91 11 4672 3304
Workers Hotline: China +86-189-2655-7090 /India +91 11 4672 3304
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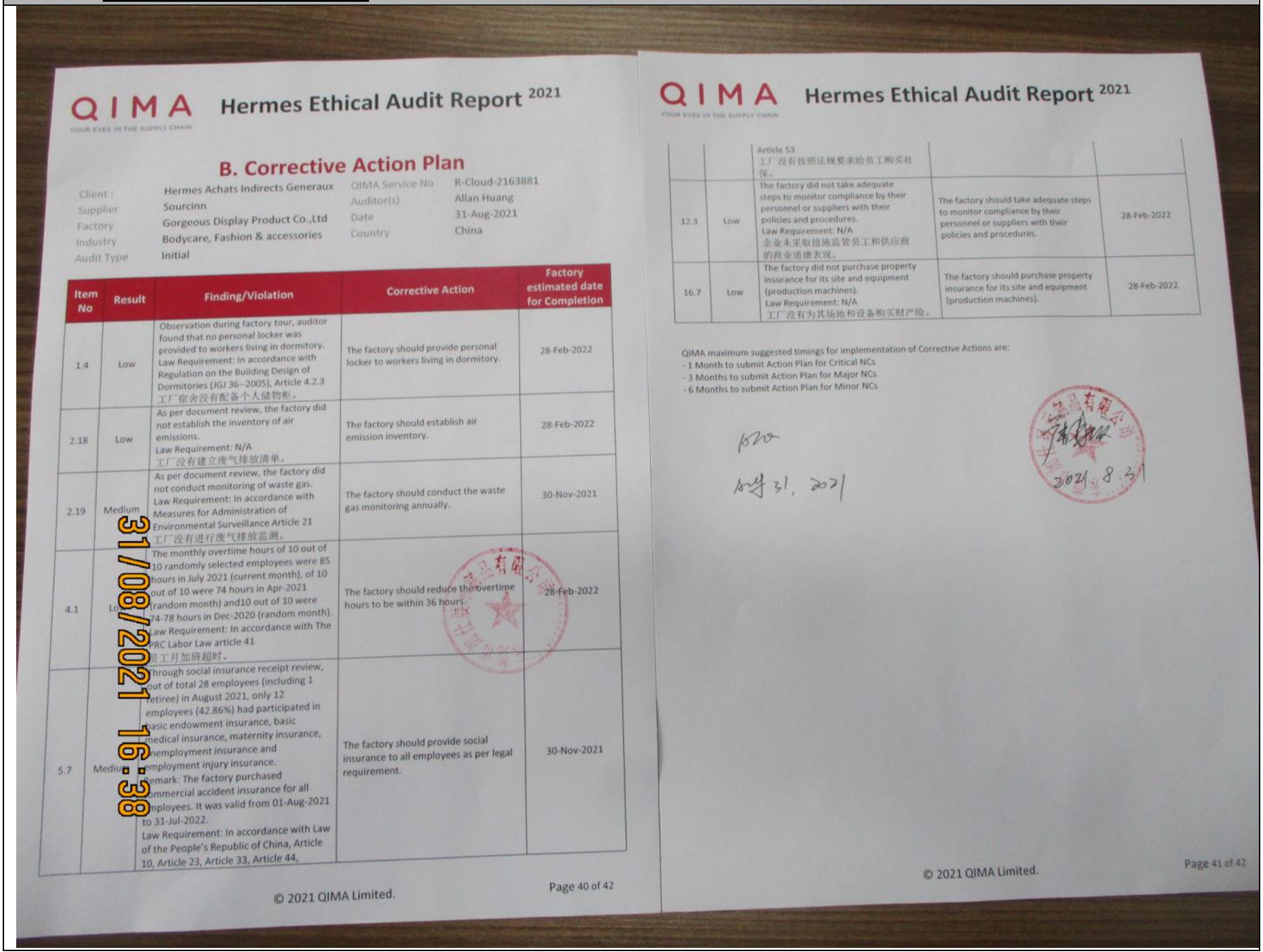
Original signature of the Factory Representative confirming that auditor respected QIMA Code of Conduct.

Corrective Action Plan



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B. Corrective Action Plan

Client :	Hermes Achats Indirects Generaux	QIMA Service No	R-Cloud-2163881
Supplier	Sourcinn	Auditor(s)	Allan Huang
Factory	Gorgeous Display Product Co.,Ltd	Date	31-Aug-2021
Industry	Bodycare, Fashion & accessories	Country	China
Audit Type	Initial		

Item No	Result	Finding/Violation	Corrective Action	Factory estimated date for Completion
1.4	Low	Observation during factory tour, auditor found that no personal locker was provided to workers living in dormitory. Law Requirement: In accordance with Regulation on the Building Design of Dormitories (JGJ 36--2005), Article 4.2.3 工厂宿舍没有配备个人储物柜。	The factory should provide personal locker to workers living in dormitory.	28-Feb-2022
2.18	Low	As per document review, the factory did not establish the inventory of air emissions. Law Requirement: N/A 工厂没有建立废气排放清单。	The factory should establish air emission inventory.	28-Feb-2022
2.19	Medium	As per document review, the factory did not conduct monitoring of waste gas. Law Requirement: In accordance with Measures for Administration of Environmental Surveillance Article 21 工厂没有进行废气排放监测。	The factory should conduct the waste gas monitoring annually.	30-Nov-2021
4.1	Low	The monthly overtime hours of 10 out of 10 randomly selected employees were 85 hours in July 2021 (current month), of 10 out of 10 were 74 hours in Apr-2021 (random month) and10 out of 10 were 74-78 hours in Dec-2020 (random month). Law Requirement: In accordance with The PRC Labor Law article 41 员工月加班超时。	The factory should reduce the overtime hours to be within 36 hours.	28-Feb-2022
5.7	Medium	Through social insurance receipt review, out of total 28 employees (including 1 retiree) in August 2021, only 12 employees (42.86%) had participated in basic endowment insurance, basic medical insurance, maternity insurance, unemployment insurance and employment injury insurance. Remark: The factory purchased commercial accident insurance for all employees. It was valid from 01-Aug-2021 to 31-Jul-2022. Law Requirement: In accordance with Law of the People's Republic of China, Article 10, Article 23, Article 33, Article 44, Article 53 工厂没有按照法规要求给员工购买社保。	The factory should provide social insurance to all employees as per legal requirement.	30-Nov-2021
12.3	Low	The factory did not take adequate steps to monitor compliance by their personnel or suppliers with their policies and procedures. Law Requirement: N/A 企业未采取措施监管员工和供应商的商业道德表现。	The factory should take adequate steps to monitor compliance by their personnel or suppliers with their policies and procedures.	28-Feb-2022
16.7	Low	The factory did not purchase property insurance for its site and equipment (production machines). Law Requirement: N/A 工厂没有为其场地和设备购买财产险。	The factory should purchase property insurance for its site and equipment (production machines).	28-Feb-2022

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Aug 31, 2021

2021.8.31

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END