

L'Oreal Supplier Social Responsibility Audit



CHANGLIN INDUSTRIAL CO., LTD.

GENERAL INFORMATION

Overall Result:	Needs Continuous Improvement
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Report No :	F_IAR_137841	City :	Heyuan
Assessment No :	A4867484	Country :	China
Audit Date :	Sep 08, 2020	Auditors :	Primary: Fiona Li
Last Audit :	NA		Secondary: None
Assesment Stage :	Initial		

PERFORMANCE SUMMARY

Participating facilities:
4742

Assessment Area	Section Result	Compliance Level					
		Zero Tolerance	Needs Immediate Action	Needs Continuous Improvement	Satisfactory	Access Denied	Not Applicable
Overall	NCI	-	-	4	150	-	317
Child Labor	S	-	-	-	5	-	16
Forced & Compulsory Labor	S	-	-	-	14	-	21
Health & Safety	NCI	-	-	2	97	-	182
Freedom of Association	NA	-	-	-	-	-	22
Non Discrimination	S	-	-	-	5	-	15
Disciplinary Practices	S	-	-	-	7	-	12
Harassment & Abuse	S	-	-	-	5	-	10
Compensation and Benefits	NCI	-	-	1	9	-	17
Hours of Work	NCI	-	-	1	7	-	15
Subcontracting	S	-	-	-	1	-	7



A. FACILITY PROFILE

A1. FACILITY INFORMATION

Factory Name:	Changlin Industrial Co., Ltd.	Postal Code:	517000
Physical Address:	No.167, Gaoxin 2nd Road, Gaoxin District	Legal status:	Private enterprise
	Heyuan City, Guangdong Province, China	Year started:	2019
City/Town:	Heyuan	Compliance Officer:	Yes
State/Province:	Guangdong	Website:	www.changlinbag.com
Country:	China		
Phone:	86-762-3998886		
Fax:	86-762-3998588		
Contact Name:	Mr. Jack Lam		
Contact Title:	Manager		
Email:	lam@changlinbag.com		

A2. EMPLOYEE INFORMATION

	Management	Production		
Language(s) Spoken:	Chinese	Chinese	Legal Minimum Age:	16
Total Nr of Employees:	18, all 18 employees were permanent.	78, all 78 employees were permanent.	Number of historical child labor:	NA
Youngest Employee Age:	18 years old, born on 25th November 2001, and hired on 18th May 2020.		Name of Union:	NA
Age Documentation:	Photocopy of employees' national ID cards.		Number of First Aiders:	4 first aiders
Number of Apprentices:	NA			
Past Labor Strikes/Conflicts:	NA			

The number of lost time accidents to employees per million hours worked : Lost time injury rate/frequency [(number of lost time injuries) x 1,000,000] / (exposed man hours) = N/A

A3. SUPPLIER INFORMATION

Supplier name:	NA	Fax:	NA
Postal Address:	NA	Website:	NA

Changlin Industrial Co., Ltd.



City/Town:	NA
State/Province:	NA
Country:	NA
Phone:	NA
Contact Name:	NA
Contact Title:	NA
Email:	NA

A4. PRODUCTION INFORMATION

Product Type:	Cosmetic bags, handbags	
Labels WIP:	Label Name 1 / (Percentage of output)%:	LVMH / 20%
	Label Name 2 / (Percentage of output)%:	COTY / 20%
	Label Name 3 / (Percentage of output)%:	Not provided
	Label Name 4 / (Percentage of output)%:	Not provided
	Production Capacity a Week:	125000 pcs per week
	Total Number of Machines:	139 sets
Brand presence (if applicable):	Percentage of production devoted to client:	30%
	Other brands being produced:	LVMH, COTY

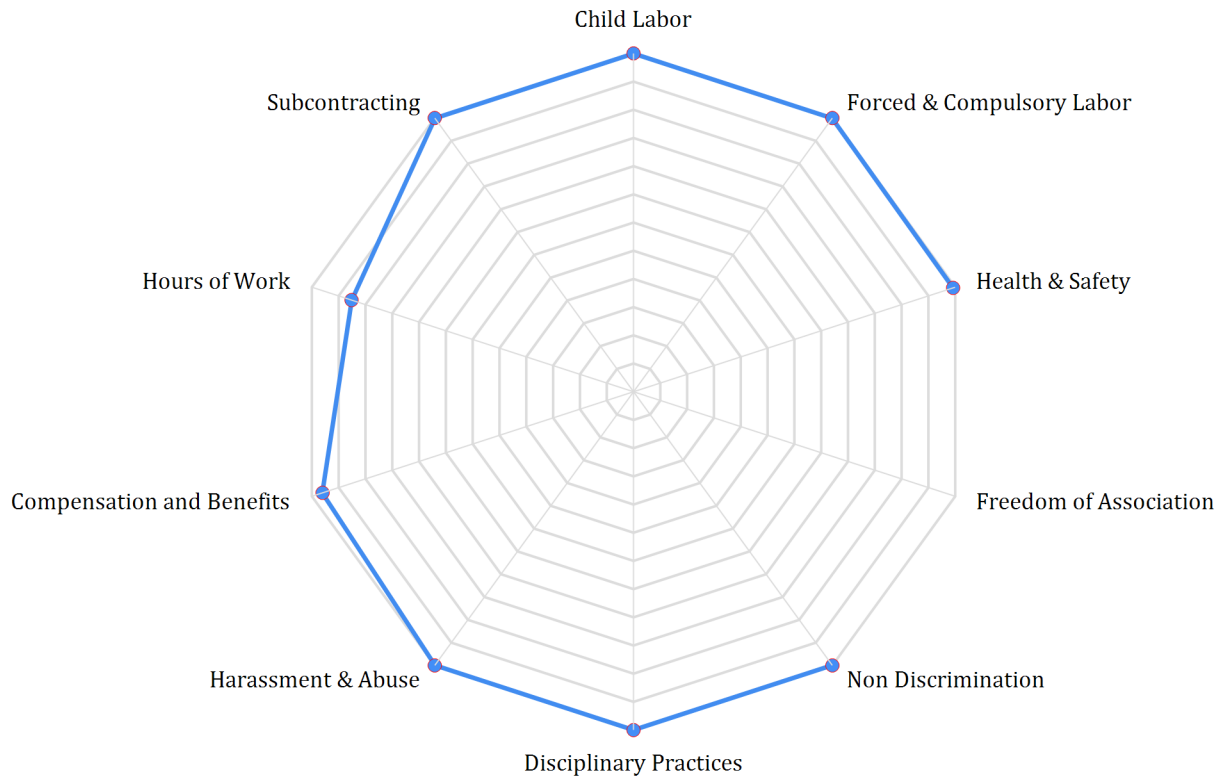
A5. AUDIT SAMPLE SIZE

# Payroll :	Payroll records from August 2019 to July 2020 Attendance records from 1st August 2019 to 8th September 2020
Payroll months analysed:	7 samples from July 2020 (current month), 5 samples from April 2020 (random month) and November 2019 (random month) respectively.
# Interviews:	7 individuals



B. PERFORMANCE METRICS

B1. RESULT SUMMARY



"Freedom of Association" rating is not shown on the above graph as its rating is N/A



B2. PERFORMANCE TREND ANALYSIS

Section Name	Current (08-Sep-2020)	Last	First	Change (Current-Last)	Change (Current-First)
Child Labor	S	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Forced & Compulsory Labor	S	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Health & Safety	NCI	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Freedom of Association	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Non Discrimination	S	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Disciplinary Practices	S	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Harassment & Abuse	S	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Compensation and Benefits	NCI	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Hours of Work	NCI	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Subcontracting	S	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Overall Result	NCI	Not Applicable	Not Applicable	Not Applicable	Not Applicable

▲ Advancers ■ Constant ▼ Decliner



B3. COMPENSATION

# of Employees Present:	96
# of Employees on Payroll:	96
Payroll records sampled:	Payroll records from August 2019 to July 2020 Attendance records from 1st August 2019 to 8th September 2020
# of sample taken:	7 samples from July 2020 (current month), 5 samples from April 2020 (random month) and November 2019 (random month) respectively.
Form of Payment:	Cash
Pay Day:	Before or on 25th of each month

	Payroll	Interview	Law	Unit
Minimum wage:	RMB 11 per hour	RMB 11 per hour	RMB 1410 per month equivalent to RMB 8.10 per hour (1410/21.75/8).	Hourly
Regular overtime rate:	150%	150%	150%	Hourly
Rest day overtime rate:	200%	200%	200%	Hourly
Holiday overtime rate:	300%	300%	300%	Hourly
Lowest piece rate:	NA	NA	NA	Hourly
Average salary:	RMB 3000	RMB 3000	NA	Monthly

B4. HOURS OF WORK

	Payroll	Interview	Law
Normal work hours per day:	8	8	8
Normal work hours per week:	40	40	40
Maximum overtime hours per week:	18	18	NA
Average overtime hours per week:	17	17	NA
Overtime rate per hour:	150%, 200% and 300% of normal rate for overtime on normal workdays, rest days and statutory holidays.	150%, 200% and 300% of normal rate for overtime on normal workdays, rest days and statutory holidays.	150%, 200% and 300% of normal rate for overtime on normal workdays, rest days and statutory holidays.
Number of shifts:	1	1	NA

Local legal working hours per week:	40 regular working hours per week
Time record system used:	Finger printing

Changlin Industrial Co., Ltd.



Total numbers of hours worked per week: The weekly working hour statistic is as followings:
1) In July 2020 (current month), the total number of hours worked (regular + OT) per employee per week were 56 hours, and the maximum weekly hours were 56 hours (7 out of 7 samples).
2) In April 2020 (random month), the total number of hours worked (regular + OT) per employee per week were 56 hours, and the maximum weekly hours were 56 hours (5 out of 5 samples).
3) In November 2019 (random month), the total number of hours worked (regular + OT) per employee per week were 58 hours, and the maximum weekly hours were 58 hours (5 out of 5 samples).



C. PERFORMANCE DETAILS

Current (08-Sep-2020)

C1. Health & Safety

NCI

Sub Section: Chemical and Hazardous Materials

Status	Local Law	Findings	Global freq of compliance
● NCI	Yes	<p>Q.158 - Hazardous emissions are not well controlled and/or not tested.</p> <p><i>The company conducted evaluation on occupational hazard factors did not have the relevant qualification. During facility tour, auditor found that hazardous factors (such as dusts and noises) existed in cutting and sewing workshop. The evaluation report of occupational hazardous factors was conducted by Shenzhen Yuehuanke Testing Technology Co., Ltd, but the facility could not provide the relevant qualification of this company for review.</i></p> <p>Law Title/Text: - In accordance with Provisions on the Supervision and Administration of Workplace Occupational Health Article 20, An employing entity with occupational hazards shall entrust an occupational health technical service agency with corresponding qualification to conduct evaluation on occupational hazard factors at least once every year. An employing entity with severe occupational hazards shall, in addition to the above requirement, entrusts an occupational health technical service agency with corresponding qualification to conduct assessment on occupational hazard status at least once every three years. The results of the evaluation and assessment shall be kept in archive, reported to local administration department of work safety, and announced to the workers.</p> <p>Management Response - The facility management agreed with this finding without any comment.</p> <p>Proposed Corrective Action - It is recommended that the facility should require a qualified company to conduct evaluation on occupational hazards factors at least once a year, and keep the reports for review.</p>	87%
● NCI	Yes	<p>Q.159 - There are no regular health examinations for workers exposed to hazardous environment.</p> <p><i>No occupational health examination was provided to employees engaged in post with occupational disease hazards. During facility tour, auditor found that there were 10 employees working in cutting and sewing workshops with hazardous factors (such as dusts and noises) existed. However, no periodic occupational health examination reports which required by law for those 10 employees were provided for review.</i></p>	82%



	<p>Law Title/Text: - In accordance with the PRC Law of Prevention and Control of Occupational Diseases Article 35, the employer shall conduct regular occupational health examination for those labourers who are engaged in works with occupational hazard(s) as required by the public health administrative department under the State Council. The occupational health examination shall be conducted before labourers start to take the post, in the course of the work and after leave the post and the employer shall provide the results of the occupational health examinations to labourers in written. The expenses of the occupational health examination shall be borne by employers. The employer shall not arrange labourers to engage in the work with occupational hazard(s) prior to the pre-post occupational health examination, or labourers with any occupational prohibition to engage in the prohibited work from them. Once the occupational health examination indicates that employee is suffering from the occupational damage in relation to his or her occupation, the employer shall transfer such a labourer out of his or her original post, and allocate him or her in a proper way. The employer shall not rescind or terminate the labour contracts signed with those employees without the occupational health examination at time of leaving the post. The occupational health examination shall be undertaken by the Medical and Health Institutions with Practicing Licence of Medical Institution. The Health Administrative Department shall strengthen the standardization management of occupational health examination. The specific administrative measures shall be formulated by the Health Administrative Department of State Council.</p> <p>Management Response - The facility management agreed with this finding without any comment.</p> <p>Proposed Corrective Action - It is recommended that the facility should provide occupational health examination to the relevant employees who work with occupational hazards according to legal requirements.</p>	
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C2. Compensation and Benefits

NCI

Sub Section: Compensation and Benefits

Status	Local Law	Findings	Global freq of compliance
● NCI	Yes	<p>Q.302 - Employees are not given legally mandated benefits/social insurances for equal to or less than 20% of the sample.</p> <p><i>Insufficient social insurance participated. Through document review (social insurance document of August 2020), auditor found that there were 96 employees in the facility in August 2020, and 86 out of 96 employees (89.6%) had participated in basic medical insurance, employment injury insurance, maternity insurance, basic endowment insurance and unemployment insurance.</i></p>	75%



	<p>Law Title/Text: - In accordance with the Social Insurance Law of the People's Republic of China, Article 10 Employees shall participate in the basic endowment insurance, and the basic endowment insurance premiums shall be jointly paid by employers and employees. Article 23 Employees shall participate in the basic medical insurance for employees, and the basic medical insurance premiums shall be jointly paid by employers and employees in accordance with the relevant provisions of the state. Article 33 Employees shall participate in the employment injury insurance, and the employment injury insurance premiums shall be paid by their employers rather than the employees. Article 44 Employees shall participate in unemployment insurance, and the unemployment insurance premiums shall be jointly paid by employers and employees in accordance with the relevant provisions of the state. Article 53 Employees shall participate in maternity insurance, and the maternity insurance premiums shall be paid by employers rather than employees in accordance with the relevant provisions of the state.</p> <p>Management Response - The facility management agreed with this finding without any comment.</p> <p>Proposed Corrective Action - It is recommended that the facility should ensure all employees participate in social insurance according to the Law.</p>	
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C3. Hours of Work

NCI

Sub Section: Hours of Work

Status	Local Law	Findings	Global freq of compliance
● NCI	Yes	<p>Q.318 - Overtime hours are not within allowable limits under applicable law.</p> <p><i>Overtime hours exceeded the legal requirement. Through document review, auditor found the monthly overtime hours of 7 out of 7 randomly selected employees were 66-68 hours in July 2020 (current month); the monthly overtime hours of 5 out of 5 randomly selected employees were 56-58 hours in April 2020 (random month); and the monthly overtime hours of 5 out of 5 randomly selected employees were 72 hours in November 2019 (random month).</i></p> <p>Law Title/Text: - In accordance with the PRC Labour Law article 41 The employing unit may extend working hours due to the requirements of its production or business after consultation with the trade union and labourers, but the extended working hour for a day shall generally not exceed one hour; if such extension is called for due to special reasons, the extended hours shall not exceed three hours a day under the condition that the health of labourers is guaranteed. However, the total extension in a month shall not exceed thirty-six hours.</p> <p>Management Response - The facility management agreed with this finding without any comment.</p> <p>Proposed Corrective Action - It is recommended that the facility should reduce the overtime hours to ensure it is within 36 hours per month.</p>	61%

% Global Frequency of Compliance:	Represents the implementation percentage performance of all suppliers participating in the L'Oreal Community globally for each issue.
Identification numbers:	Represents the finding ID associated with each checklist question

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- Satisfactory
- Needs Immediate Action
- Access Denied
- Needs Continuous Improvement
- Zero Tolerance
- Not Applicable

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D. SUBCONTRACTING

Facility Capacity:	125000 pcs per week
Production Output per day:	Not provided

Subcontractor Details

SubContractor Name:	No subcontractor was used.
SubContractor Name:	N/A
SubContractor Name:	N/A
SubContractor Name:	N/A
SubContractor Name:	N/A