

Monitored Party Hip-home Industrial Co., Limited	amfori ID 156-024902-000	Address Longtoushan Industrial Estate, Beiguan Town, Yangdong District, 529500 Yangjiang, Guangdong Sheng, China
Monitoring Activity amfori Social Audit - Manufacturing	Monitoring Type Full Monitoring	Monitoring Partner TUV Rheinland
Monitoring Start Date 04/12/2023	Closing Meeting Finished Date 04/12/2023	Submission Date 11/12/2023
Expiration Date 11/12/2024	Announcement Type Semi Announced	
Site Hip-home Industrial Co., Limited	Site amfori ID 156-024902-001	

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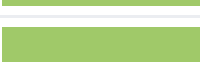

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OVERALL RATING



SECTION RATING

PA1: Social Management System	C	
PA 2: Workers Involvement and Protection	A	
PA 3: The Rights of Freedom of Association and Collective Bargaining	A	
PA 4: No Discrimination, Violence or Harassment	A	
PA 5: Fair Remuneration	A	
PA 6: Decent Working Hours	D	

PA 7: Occupational Health and Safety	A	
PA 8: No Child Labour	A	
PA 9: Special Protection for Young Workers	A	
PA 10: No Precarious Employment	A	
PA 11: No Bonded, Forced Labour or Human Trafficking	A	
PA 12: Protection of the Environment	A	
PA 13: Ethical Business Behaviour	A	

GENERAL DESCRIPTION

Name of Lead Auditor: Beal Lu, CSCA, registration number 21701824.

Monitoring partner name: TUV Rheinland

Audit schedule details: The audit is planned for 1 auditor x 1 day.

Announcement type: Semi-Announced

Business partner information:

Hip-home Industrial Co., Limited (阳江市阳东区名厨刀具有限公司) was located at Longtoushan Industrial Estate, Beiguan Town, Yangdong District, Yangjiang, Guangdong, China (中国广东省阳江市阳东区北惯镇龙头山工业区). The auditee was established in 2013.

The auditee specialized in manufacturing of kitchenware/tableware, and its main production processes were punching, water grinding, polishing, washing, welding, injection, assembly and packing. As per management team, no production process was subcontracted to other company.

Audited location information:

There were mainly 5 buildings with about 3800 square meters of the construction area: two 1-storey production building, one 2-storey production building, one 1-storey office building and one 1-storey dormitory building. All buildings in this boundary were used by the auditee only. There was no any other company shared any building with the auditee. The auditee provided one area of the dormitory building as kitchen and canteen area, the kitchen were used by workers for cooking by themselves.

The 2-storey production building: 1F was water grinding, polishing and washing; 2F was polishing, assembly and packing, warehouse.

Operating shifts and hours:

There was no obvious high and low season in the auditee. The normal working hour of the factory was 8 hours per day and 5 days per week. Two shifts for security guards: 7:30-15:30, 15:30-23:30. Normal shift for other workers: 8:00-11:30, 13:00-17:30, overtime for 2 hours from 18:30 to 20:30. 8 hours at Saturdays and never overtime on Sundays/Public Holidays. Electronic data processing system was accessed during this audit. The factory provided working time records from November 1 2022 to audit date and 10 samples were randomly selected for review. Maximum 2 hours overtime per day, maximum 16 hours overtime per week, maximum 74 hours overtime per month. At least 1 day off after 6 days consecutive working days.

Time recording system: The auditee used finger print attendance system to record workers' working time.

Salary payment details: The factory established series of procedure such as wage rule, annual leave rule, sick leave rule, marriage leave rule, etc.. Through selected 10 workers wage records from November 2022 to October 2023 as samples, workers' wage was calculated by hourly rate for workers and workers' minimum wage was RMB 11 per hour, which were higher than the local minimum wage RMB 1620 / month or RMB 9.31 / hour from December 1 2021. Workers' wages were paid on or before 25th of each month for previous month by cash. Pay slips were provided to workers on the date of wages issue date. And no illegal deduction was made. Post allowance was provided. Annual leave, statutory leave, wedding leave, sick leave etc. were provided.

Worker number information:

No dispatched worker, homemaker, child labor, young worker, student worker or temporary worker was hired.

There were total 48 workers in the auditee, with 3 non-production workers (2 male workers and 1 female workers), 45 production workers (16 male workers and 29 female workers), and total 16 domestic workers (8 male workers and 8 female worker).

Good practices: The auditee provided free dormitory to workers.

Worker organization details: There was no union, worker committee or any other worker organizations in the auditee. The factory respected the right of workers to form unions freely. There 2 worker representative were freely elected by workers in February 2023. Communication between worker representatives and workers was not restricted. And management

staffs exchange workplace information with worker representative/workers regularly including updated policies, H&S affairs and etc..

Circumstances: There was no special circumstance during the audit. During audit, management were very friendly. Opening and closed meeting were held successfully. No interfere happened during worker interview. Management also allowed auditor to take some photos onsite. The auditee representative signed the findings report.

Summary of findings:

PA1: insufficient CSR management and insufficient capacity planning

PA5: insufficient social insurance.

PA6: insufficient monthly overtime control.

PA7: did not provide the test report of occupational diseases hazards, no occupational diseases examination was provided to workers, no qualification certificates of the argon arc welding workers, insufficient management on PPE, insufficient management on chemical, insufficient management on distribution box and switches, insufficient management on machine safety, poor condition in canteen and kitchen area.

PA12: polishing dust and cooking fume was insufficient management on without treatment

Living wage calculation: #Living wage: 1. No anker wage available for the producers location, so we used the data provided by auditing company; 2. The calculation methodology refers to anker living wage structure; 3. The data comes from the local bureau of statistics for the current year.

Attachment:

1, There is no contractor used by the auditee, which makes the contractor license/permit not applicable. There are no agencies used by the auditee, which makes the agency labor contract not applicable. There are no collective bargaining agreements owned by the auditee, which makes the collective bargaining agreements not applicable. No Comprehensive Working Hour System waiver or social insurance waiver obtained by factory, so Government waivers is not applicable.

2, The Personal Information Protection Law of the People's Republic of China was effective as of 1 November 2021, the producer signed General Terms and Conditions of Business of TUV Rheinland in China before the audit and ensured that relevant personal data and information provided to TUV Rheinland auditor(s) had been obtained the individual's consent during the audit.

SITE DETAILS

Site

Hip-home Industrial Co., Limited

Site amfori ID

156-024902-001

GICS Classification

Sector

Consumer Discretionary

Industry Group

Consumer Durables & Apparel

Industry

Household Durables

Sub Industry

Housewares & Specialties

amfori Process Classifications

N.A.

NACE Classification

N.A.

GS1 Classifications

N.A.

Water Stress Situation

N.A.

METRICS

Key Metrics

Total workforce	48	Workers
Legal minimum wage in local currency	1,620	Monthly
Lowest wage paid for regular work at the site	1,914	Monthly
Calculated living wage in local currency	1,906.95	Monthly
Total sample	10	Workers

Other Metrics

Male workers	18	Workers
Female workers	30	Workers
Non-binary workers	0	Workers
Permanent workers - Male	18	Workers
Permanent workers - Female	30	Workers
Permanent workers - Non-binary	0	Workers
Temporary workers - Male	0	Workers
Temporary workers - Female	0	Workers
Temporary workers - Non-binary	0	Workers
Seasonal workers - Male	0	Workers
Seasonal workers - Female	0	Workers
Seasonal workers - Non-binary	0	Workers
Management - Male	1	Workers
Management - Female	1	Workers
Management - Non-binary	0	Workers
Apprentices - Male	0	Workers
Apprentices - Female	0	Workers
Apprentices - Non-binary	0	Workers
Workers on probation - Male	0	Workers
Workers on probation - Female	0	Workers
Workers on probation - Non-binary	0	Workers
Workers with night shift - Male	2	Workers
Workers with night shift - Female	0	Workers
Workers with night shift - Non-binary	0	Workers
Workers with disabilities - Male	0	Workers
Workers with disabilities - Female	0	Workers
Workers with disabilities - Non-binary	0	Workers
Domestic migrant workers - Male	8	Workers
Domestic migrant workers - Female	8	Workers
Domestic migrant workers - Non-binary	0	Workers
Foreign migrant workers - Male	0	Workers

Foreign migrant workers - Female	0	Workers
Foreign migrant workers - Non-binary	0	Workers
Workers hired directly - Male	18	Workers
Workers hired directly - Female	30	Workers
Workers hired directly - Non-binary	0	Workers
Workers hired indirectly - Male	0	Workers
Workers hired indirectly - Female	0	Workers
Workers hired indirectly - Non-binary	0	Workers
Unionised workers - Male	0	Workers
Unionised workers - Female	0	Workers
Unionised workers - Non-binary	0	Workers
Workers under CBA - Male	0	Workers
Workers under CBA - Female	0	Workers
Workers under CBA - Non-binary	0	Workers
Pregnant workers	0	Workers
Workers on parental leave - Male	0	Workers
Workers on parental leave - Female	0	Workers
Workers on parental leave - Non-binary	0	Workers
Sample - Male	4	Workers
Sample - Female	6	Workers
Sample - Non-binary	0	Workers

FINDINGS

PA1: Social Management System

Site: Hip-home Industrial Co., Limited | Site amfori ID: 156-024902-001

Question: 1.1 Is there satisfactory evidence that the auditee has set up an effective management system to implement the amfori BSCI Code of Conduct?

ENGLISH	LOCAL LANGUAGE
Finding	
<p>The auditee partially respects this principle. Through management interview, document review and factory tour, the CSR management system was not completed in implementation. Such as the factory had established working hours, benefits and compensations and health and safety management procedure. But they were not 100% implemented or systematic followed, such as the factory did not provide social insurance to all workers, the factory did not effectively control monthly overtime hours and insufficient OHS management etc.. Reference: amfori BSCI System manual.</p>	<p>被审核方部分遵守该原则。通过管理人员访谈、文件查阅和现场查看，工厂的社会责任管理系统在实施方面不够完善。比如建立了工时制度，薪资福利制度，健康安全管理等程序，但这些程序没有被完全遵守或没有系统的规划，比如工厂没有给所有员工提供社保，工厂没有有效控制月加班时间和职业健康安全管理不足等。</p> <p>参考：amfori BSCI 系统手册。</p>

Question: 1.4 Is there satisfactory evidence that the auditee's workforce capacity is properly organised to meet the expectations of the delivery order and/or contracts?

ENGLISH	LOCAL LANGUAGE
Finding	
<p>The auditee partially respects this principle. Through document review, the factory established capacity planning procedure; through management interview, the factory need to calculate the costs of production and delivery times (including labor costs) during contract reviewing in order to arrange production plan. However, through reviewing working hours records and workers interview, it was noted that capacity planning was not too effective, monthly overtime of sampled workers exceeded law requirement. Reference: amfori BSCI System manual.</p>	<p>被审核方部分遵守该原则。通过文件查阅，工厂有建立产能规划程序。通过管理人员访谈，在合同评审阶段，被审核方需要计算出实际生产成本和交付时间（包括劳动成本），以便安排生产计划。但是，通过查看工时记录和员工访谈，发现被审核方产能计划不是太有效，抽样员工的月加班都超过了法律规定。</p> <p>参考：amfori BSCI 系统手册。</p>

PA 5: Fair Remuneration

Site: Hip-home Industrial Co., Limited | Site amfori ID: 156-024902-001

Question: 5.5 Is there satisfactory evidence that the auditee provides workers with the social benefits that are legally granted without negative impact on their pay, level of seniority, position, or promotion prospects?

ENGLISH	LOCAL LANGUAGE
Finding	
<p>The auditee partially respects this principle. Through the social insurance payment receipt from December 2022 to November 2023 provided by factory management and management interview, there were 48 workers in the audited factory in November 2023 (including 8 retired age workers), there were 40 employees were eligible to bought social insurances, 37 out of 40 workers were not provided with pension insurance, unemployment insurance, medical insurance, maternity insurance and injury insurance. Through management interview and workers interview, the factory did not use home workers and dispatch workers. There was no new employed workers in the past one month. The management and workers said part workers did not want to buy the social insurance as they had bought rural co-operative medical insurance, the management did not count how many workers bought rural co-operative medical insurance. Refer to Social Insurance Law of the People's Republic of China, Article 10, 23, 33, 44 and 53. Remark: The factory provided commercial accident insurance to all workers, the period from April 12 2023 to April 11 2024.</p>	<p>被审核方部分遵守该原则。通过工厂提供2022年12月至2023年11月的社保缴纳凭证及管理访谈，被审核方2023年11月份有48名员工（包含8名退休年龄员工），40人符合参保，40名员工中有37名员工未参与养老保险，失业保险，医疗保险，生育保险和工伤保险。通过管理访谈和员工访谈，工厂未使用家庭工和派遣工。工厂过去1个月没有新雇佣的员工。管理层和员工表示部分员工购买了农村合作医疗保险，因此未购买社保。管理层未统计有多少员工购买了农村合作医疗保险。（查看《中华人民共和国社会保险法》第10条，第23条，第33条，第44条和53条）。备注：工厂给所有员工提供了商业意外险，期限从2023年4月12日至2024年4月11日。</p>

PA 6: Decent Working Hours

Site: Hip-home Industrial Co., Limited | Site amfori ID: 156-024902-001

Question: 6.2 CRUCIAL: Is there satisfactory evidence that the auditee request of overtime is in line with the requirements of the amfori BSCI Code of Conduct?

ENGLISH	LOCAL LANGUAGE
Finding	
<p>The auditee did not respects this principle. Based on attendance records assessment from November 1 2022 to audit day, the sampled workers' monthly overtime exceed 36 hour from November 2022 to November 2023 (except January 2023). Such as 10 out of 10 sampled workers' monthly overtime exceeded 36 hours in December 2022 and the maximum were 74 hours, 10 out of 10 sampled workers' monthly overtime exceed 36 hours in April 2023 and the maximum were 70 hours, 9 out of 10 sampled workers' monthly overtime exceeded 36 hours in October 2023 and the maximum were 62</p>	<p>被审核方未遵守该原则。基于考勤记录2022年11月1日至审核日的评估，抽样的员工从2022年11月至2023年11月的月加班都有超过36小时（除开2023年1月）。比如抽样10名员工中10名的2022年12月份的月加班都超过36小时，最大为74小时；抽样的10名员工中10名的2023年4月份的月加班超过了36小时，最大为70小时，抽样的10名员工中9名的2023年10月份的月加班超过了36小时，最大为62小时。通过文件审核，管理层没有建立加班管控程序。通过管理访谈，人事部门仅仅负责根据员工的考勤记录计算工资。管理层没有一个系统阻止月加班时间超过36小时的员工继续加班。且工厂考勤系统没有</p>

Finding

hours. Through documents review, the management did not establish overtime control and management procedure. Through management interview, HR department only took charge of calculating salaries according to workers' attendance records. Management did not have a system to stop workers to continue taking overtime, whose monthly overtime had exceeded 36 hours. The factory recording system did not have the capacity to flag excessive working hours. The workers said there was no peak season. Reference law: PRC Labor Law Article 41. Remark: 10 out of 10 sampled workers' overtime in December 1-04 2023 not exceed 36 hours, the maximum were 8 hours.

预警加班超时的功能。员工表示工厂没有淡旺季。参考法规：《中华人民共和国劳动法》第41条。备注：抽样的10名员工中10名2023年12月1日至04日的月加班未超过36小时，最大达到8小时。

PA 7: Occupational Health and Safety

Site: Hip-home Industrial Co., Limited | Site amfori ID: 156-024902-001

Question: 7.1 Is there satisfactory evidence that the auditee observes occupational health and safety regulations applicable for its activities?

ENGLISH

LOCAL LANGUAGE

Finding

The auditee partially respects this principle.
1, Based on onsite observation, documents review and management interview, the punching, polishing, water-grinding, washing, injection and assembly area would generate occupational diseases hazards, such as noise, dust and n-heptane etc., but the factory did not provide the test report of occupational diseases hazards in the workplace. Reference: Provisions on the Administration of Occupational Health at Work Sites (2021), Article20;
2, Based on onsite observation, workers interview and management interview, the punching, polishing, water-grinding, washing, injection and assembly area would generate occupational diseases hazards, such as noise, dust and n-heptane etc., the factory did not provide the pre-job, on-service and post-service occupational diseases examination for employees who were exposed to occupational diseases hazards positions. The management said they knew the requirement, but due to cost considerations, no occupational diseases examination was provided to

被审核方部分遵守该原则。
1，基于现场观察，文件审核和管理访谈，工厂的冲压，抛光，水磨，清洗，注塑和组装区域会产生职业病危害，如噪声，粉尘和正庚烷等，但工厂没有提供工作场所的职业病危害检测报告。参考《工作场所职业卫生管理规定》（2021）第20条。
2，基于现场观察，员工访谈和管理访谈，工厂的冲压，抛光，水磨，清洗，注塑和组装区域会产生职业病危害，如噪声，粉尘和正庚烷等，但是工厂没有向从事有职业病危害工种的人员提供岗前，在岗和离岗职业健康检查。管理层表示知道这个要求，但是因为成本考虑，没有提供体检给员工。参考《中华人民共和国职业病防治法》第35条。

Finding	
workers. Reference: Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, Article 35.	

Question: 7.6 Is there satisfactory evidence that the auditee enforces the use of PPE to provide protection to workers alongside other controls and safety systems?

ENGLISH	LOCAL LANGUAGE
Finding	
<p>The auditee partially respects this principle. Through onsite, workers interview and management interview, there were 3 punching workers and water-grinding workers did not wear protective earplugs; there were 8 polishing workers did not wear protective earplugs and anti-dust mask; there were 4 laser-marking workers did not wear protective goggle. Workers and management said that the auditee had provided PPEs to workers, but workers often forgot to wear PPEs. Reference law: The law PRC on Work Safety, article 45.</p>	<p>被审核方部分遵守该原则。通过现场，员工访谈和管理访谈，有3名冲压员工和水磨员工未佩戴防护耳塞；有8名抛光员工未佩戴防护耳塞和防尘口罩；有4名激光打标员工未佩戴防护眼镜。员工和管理层表示，被审核方有提供个人防护用品给员工，但是员工时常忘记佩戴个人防护用品。参考《中华人民共和国安全生产法》第45条。</p>

Question: 7.7 Is there satisfactory evidence that the auditee implements engineering and administrative control measures to avoid or minimise the release of hazardous substances into the work environment, keeping the level of exposure below internationally established or recognised limits?

ENGLISH	LOCAL LANGUAGE
Finding	
<p>The auditee partially respects this principle. Through onsite, workers interview and management interview, there was no leakproof installation provided for lubricating oil containers and washing agent containers in punching area and washing area, such as secondary container. And there was no chemical safety label for washing agent containers and n-heptane containers in assembly and packing area. Management said it was negligence of management. Refer to Article 20 of dangerous chemicals safety management regulations and Regulation on chemical safe handling in workplace (1997), Article 12.</p>	<p>被审核方部分遵守该原则。通过现场，员工访谈和管理访谈，冲压和清洗区域的润滑油容器和清洗剂容器没有配置防泄漏设施，比如二次容器。且清洗剂容器以及组装和包装区域使用的白电油容器没有化学品安全标签。管理层表示这是管理的疏忽。参考：危险化学品安全管理条例，第20条和《工作场所安全使用化学品规定》（1997）第12条。</p>

Question: 7.13 Is there satisfactory evidence that the auditee makes sure a competent person periodically checks the electrical installations and equipment?

ENGLISH	LOCAL LANGUAGE
Finding	
<p>The auditee partially respects this principle. Based on documents review, the factory had established health and safety procedures to maintenance electricity facilities. Based on onsite observation and management interview, the factory had posted electricity warning signs on the distribution box and switches, but there were no out covers for 5 distribution boxes and 3 switches in punching, polishing and injection workshops. And the distribution boxes were installed on wooden boards without insulating partitions. Management said it was negligence of management. Reference law: Code for Design of Building Fire Protection and Prevention (GB 50016-2014), article 10.2.4 and Code for Design Of Low Voltage Electrical Installations GB50054-2011, article 5.1.1.</p>	<p>被审核方部分遵守该原则。基于文件审核，工厂有制定健康安全程序去维护电力设施。基于现场观察和管理访谈，工厂给电箱和开关张贴了电力警示标识，但是在冲压，抛光和注塑车间有5个电箱和3个开关没有外盖，且电箱安装在木板上，且未安装绝缘隔板。管理层表示这是管理的疏忽。参考法规：《建筑设计防火规范》（GB 50016-2014）第10.2.4条和《低压配电设计规范》GB50054-2011，第5.1.1条。</p>

Question: 7.17 Is there satisfactory evidence that the auditee ensures adequate safeguards for any machine part, function, or process which may cause injury to workers?

ENGLISH	LOCAL LANGUAGE
Finding	
<p>1, The auditee partially respects this principle. Per site observation, workers interview and management interview, there were no sufficient safety facilities equipped for 10 out of 11 punching machines in punching area of the auditee, such as light control protective devices, safety guards for pedal. And there were no belt guards for one punching machine in punching area. The management said these were old version punching machine, the safety facility was not installed as cost reason. Reference law: Safety production code for presswork (GB 8176-2012), Article 7.5.1.</p> <p>2, The auditee partially respects this principle. Based on documents review, workers interview and management interview, the factory regularly provides OHS trainings to workers. there were 2 argon arc welding workers in the factory, but the factory did not provide qualification certificates of the argon arc welding workers for review. Reference laws: Article 30 of "law of the People's Republic of China on safe production".</p>	<p>1，被审核方部分遵守该原则。据现场观察，员工访谈和管理访谈，被审核方冲压区域有11台冲压机中有10台没有安装充分的安全防护装置，如光控式保护罩，脚踏防护罩等。且冲压区域有一台冲压机没有皮带轮防护罩。管理层表示这些都是老式冲压机，因为成本原因所以没有安装。参考：《GB 8176-2012冲压车间安全生产通则》第7.5.1条。</p> <p>2，被审核方部分遵守该原则。基于现文件审核，员工访谈和管理访谈，工厂定期提供职业健康安全培训给员工。工厂有2名氩弧焊工人，但是工厂未能提供氩弧焊工人的资格证供评审。参考法规：《中华人民共和国 安全生产法》第30条。</p>

Question: 7.21 Is there satisfactory evidence that the auditee provides workers with access to an appropriate, clean area for storing food, eating and/or cooking?

ENGLISH

LOCAL LANGUAGE

Finding

The auditee partially respects this principle. Per site observation, workers interview and management interview, the factory provides a kitchen for employees to cook dishes by themselves. The on-site audit found that there is no sink set in the kitchen, dust accumulation on the wall and ceiling and no fly-killing lamp set in the kitchen and dining room. Reference law: Articles 4.2.5, 5.3.3, 13.8 of Safety Practice Specification for Food and Drinking Services.

被审核方部分遵守该原则。据现场观察，员工访谈和管理访谈，工厂提供一个厨房供员工自己炒菜，现场审核发现，厨房的未设置水池，墙面和天花板有积灰，厨房和餐厅没有设置灭蝇灯。参考法规：餐饮服务食品安全操作规范，第4.2.5、5.3.3、13.8条。

PA 12: Protection of the Environment

Site: Hip-home Industrial Co., Limited | Site amfori ID: 156-024902-001

Question: 12.4 Is there satisfactory evidence that waste is managed in a way that does not lead to the pollution of the environment?

ENGLISH

LOCAL LANGUAGE

Finding

The auditee partially respects this principle. Based management interview and onsite observation, the factory had provided the monitoring reports of wastewater, waste gas and noise. But the dust produced by polishing is discharged directly without treatment, and the cooking fume produced by the canteen is discharged directly without treatment. Reference law: Article 81 of the law of the people's Republic of China on the prevention and control of air pollution.

被审核方部分遵守该原则。基于管理访谈和现场审核发现，工厂提供了废水，废气和噪声的监控报告。但是抛光产生的粉尘未经处理直接排放，食堂产生的油烟未经处理直接排放。参考法规：中华人民共和国大气污染防治法，第81条。