



Validation Audit Report

Factory Name : **Foshan Nan Hai Towel Co., Limited**
Address: **Shimutou, Villager Group, Wuyi village, Helangsha, shengli village, Lishui town Nan Hai Guangdong China**
Questionnaire Name: **SAFE Rating Sheet 2017 - For small factories**
Assessment Date : **24 Aug 2017**
Lead Monitors : **George Zhou**





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FACTORY INFORMATION

General Information

Factory Name	Foshan Nan Hai Towel Co., Limited
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Basic information

Other Names	
Street	Shimutou, Villager Group, Wuyi village, Helangsha, shengli village, Lishui town
City/Town	Nan Hai
Province/State	Guangdong
Postal Code	528244
Country	China
Phone	(86)-757-75785663281
Fax	(86)-757-75785663281
Primary Contact	Mr. Alan Huang (mx10@aquila-mfg.com)
Private Contacts	Chu Bosco (bosco@aquila-mfg.com), Helen Yang (mx11@aquila-mfg.com)

Assessment Information

Assessment Date	24 Aug 2017
Auditor	PUMA

Executive Summary

184986	Assessment Closing Comments	The follow-up audit was done by one manday at supplier of Foshan Nan Hai Towel Co., Limited which locates at Shimutou, Villager Group, Weyi Village, Helangsha, Shengli Village, Lishui Town, Nanhai District, Foshan City, Guangdong Province, China. The factory was specialised in towels manufacturing with about 6% of its production devoted to Puma currently. During the audit, the following activities were performed: • Opening meeting with Factory Management • Factory Tour of the Complete Factory • Documents review for a sample of 25 workers • Interviews with 10 workers • Summary meeting and agreement of corrective action plan. There were 0 zero tolerance issues and 2 critical issues identified, which were: 1. No building safety certificates are obtained for 4 flats used as boiler room/ electrical
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station/printing screen warehouses. 2. No fire safety certificates are obtained for 4 flats used as boiler room/ electrical station/printing screen warehouses. A CAP has been elaborated and agreed with the factory management. As good practice example, the factory engages in 1. Maintaining good of social compliance procedures and demonstration documents; 2. Maintaining good of fire safety management; 3. Made possible efforts to correct some of violations which revealed in last audit. For example Factory deemed to correct some of violations which revealed in last audit, for example attendance and payroll records were reliable maintained on site, established detail and clear wage compensation procedures for workers, installed roof above garbage station etc. As a result of the audit it can be concluded that the factory has an Average Compliance performance resulting in a rating of B-, with score 85.11%, next audit will be carried in 12 months. . With this rating, the factory is authorized to produce for PUMA and provided all other requirements in terms of RSL testing, quality, etc. are fulfilled.

Designation: B-



RATING SHEET

Areas of Concern Weight	Maximum Points	Earned Points	Rating Value
Additional Information			
Additional Findings / Remarks	0.00	0.00	0.00
Total	0.00	0.00	0.00%
Labor Performance			
Overall Social Performance and Management Commitment (Management Systems)	4.00	2.00	50.00
Recruitment and Contracts Management	7.00	7.00	100.00
Compensation & Benefits	11.00	9.00	81.82
Forced Labor	7.00	7.00	100.00
Discrimination	3.00	3.00	100.00
Harassment & Abuse	3.00	3.00	100.00
Termination & Retrenchment	2.00	2.00	100.00
Homework, Vulnerable & Special Labor	3.00	3.00	100.00
Hours of Work	5.00	5.00	100.00
Labor Relations	4.00	4.00	100.00
Best Practices	0.00	0.00	0.00
Total	49.00	45.00	91.84%
Environmental Concerns			
Environmental Concerns	17.00	17.00	100.00
Best Practices	0.00	0.00	0.00
Total	17.00	17.00	100.00%
Health & Safety			
General Health & Safety (Management System)	22.00	10.00	45.45
Fire Safety	10.00	8.00	80.00



Electrical and Mechanical Safety	17.00	16.00	94.12
Chemical Safety	11.00	11.00	100.00
Ergonomics	3.00	3.00	100.00
Dormitory and Welfare Amenities	0.00	0.00	0.00
Kitchen and Canteen	7.00	7.00	100.00
Best Practices	0.00	0.00	0.00
Total	70.00	55.00	78.57%
Anti-Corruption			
Anti-corruption / Management	5.00	3.00	60.00
Total	5.00	3.00	60.00%
Total			
Total	141.00	120.00	85.11%



FINDINGS AND REMEDIATION ISSUES

Labor Performance - Overall Social Performance and Management Commitment (Management Systems)

Subheader	Overall Social Performance and Management Commitment (Management Systems)
Assesment Question	Does the factory maintain training records for all factory employees? (B)
Response	No
Details of Failure Found (Explanation)	Incomplete training records kept on site as no training photos and no training appraisal system was established to evaluate its training effectiveness. More over, based on workers interview, some workers were not aware mandated benefits such as sick leave etc.
Compliance Classifications	
Root Cause	
Root Cause Details	
Company Plan of Action	Factory shall establish training appraisal system to evaluate its training effectiveness and ensure workers were aware legal mandated benefits etc.
Factory CAP	
Factory CAP Date	
Responsible Person	Mr. Gao
Action Taken	next training, we will keep the photo for reference.
Action Verified Status	No
Action Verified Date	9/6/2017 12:00:00 AM
Verification of Action Taken (Action Verified Details)	Can not be verified due to factory did not provided any CAP supporting evidence.
Comments	
Photo(s)	

Labor Performance - Compensation & Benefits

Subheader	Compensation & Benefits
Assesment Question	Are workers given a copy of their pay slip on each payday, and in relevant local language that indicates regular, overtime hours worked, holiday pay (if applicable), other benefits and incentives due, and deductions made? (B)
Response	No



Details of Failure Found (Explanation)	No issue date of wage indicated on payroll records.
Compliance Classifications	
Root Cause	
Root Cause Details	
Company Plan of Action	Factory shall indicate wage issue date on all payroll records.
Factory CAP	
Factory CAP Date	
Responsible Person	Mr. Gao
Action Taken	will indicate wage issue date on all payroll records from Aug wage payroll.
Action Verified Status	No
Action Verified Date	9/6/2017 12:00:00 AM
Verification of Action Taken (Action Verified Details)	Can not be verified due to factory did not provided any CAP supporting evidence.
Comments	
Photo(s)	

Health & Safety - General Health & Safety (Management System)

Subheader	General Health & Safety (Management System)
Assesment Question	Do test results for workplace inspections on health& safety reflect the nature of risk including humidity, wind speed, air quality, noise level, temperature, lighting, ventilation, temperature, dust, volatility of organic chemicals, vibration, magnetic field, radiation (x-rays, infrared)? (B)
Response	No
Details of Failure Found (Explanation)	The noise level for some workshops were exceeded 85db which was up to 102.3 db such as knitting
Compliance Classifications	
Root Cause	
Root Cause Details	
Company Plan of Action	Factory shall try best to eliminate the noise level in workplace
Factory CAP	
Factory CAP Date	



Responsible Person	Mr. Gao
Action Taken	We only increase PPE in current.
Action Verified Status	No
Action Verified Date	9/6/2017 12:00:00 AM
Verification of Action Taken (Action Verified Details)	Can not be fully verified due to incomplete evidence. Factory shall try best to eliminate the noise level in workplace
Comments	
Photo(s)	
Subheader	General Health & Safety (Management System)
Assesment Question	Does the factory possess a valid building/facilities safety license in compliance with local law? (B)
Response	No
Details of Failure Found (Explanation)	1. No building safety certificates are obtained for 4 flats used as boiler room/ electrical station/printing screen warehouses. 2. No fire safety certificates are obtained for 4 flats used as boiler room/ electrical station/printing screen warehouses.
Compliance Classifications	CI question
Root Cause	
Root Cause Details	
Company Plan of Action	Factory shall maintain building safety certificates and fire safety certificates for all buildings.
Factory CAP	
Factory CAP Date	
Responsible Person	Mr. Gao
Action Taken	It is very difficult to correct due to the local government action. But We are now in consultation with the local government and hope to issue the land certificate to us
Action Verified Status	No
Action Verified Date	9/6/2017 12:00:00 AM
Verification of Action Taken (Action Verified Details)	Can not be verified due to factory did not provided any CAP supporting evidence.
Comments	
Photo(s)	



Health & Safety - Fire Safety	
Subheader	Fire Safety
Assesment Question	Are other legally mandatory fire fighting equipment such as smoke detectors, sprinklers, fire buckets, explosive-proof lighting sufficiently provided? (B)
Response	No
Details of Failure Found (Explanation)	The lights and electrical switches in the painting and some semi-finished warehouse are not explosive proof ones.
Compliance Classifications	
Root Cause	
Root Cause Details	
Company Plan of Action	Factory shall make sure that the lights and electrical switches are the explosive proof ones.
Factory CAP	
Factory CAP Date	
Responsible Person	Mr. Gao
Action Taken	Semi-finished warehouse, we did not install light at all, for painting shop, electrical switches, which set by local government, we can not change any, please understand.
Action Verified Status	No
Action Verified Date	9/6/2017 12:00:00 AM
Verification of Action Taken (Action Verified Details)	Can not be verified due to factory did not provided any CAP supporting evidence.
Comments	
Photo(s)	
Subheader	Fire Safety
Assesment Question	Are means of egress (like fire exits, stairwells, aisles/corridors) in accordance with the minimum prescribed width as per local fire safety and SAFE standard? (B)
Response	No
Details of Failure Found (Explanation)	Found some raw materials and semi-products were piled against to wall.
Compliance Classifications	
Root Cause	



Root Cause Details	
Company Plan of Action	At least 0.5m shall be remained between materials and walls.
Factory CAP	
Factory CAP Date	
Responsible Person	Mr. Gao
Action Taken	for some raw-production and raw material, we are using wall compartments to store, it is difficult to do 0.5 meters away from the wall, otherwise it will pile instability, please kindly understand
Action Verified Status	No
Action Verified Date	9/6/2017 12:00:00 AM
Verification of Action Taken (Action Verified Details)	Can not be fully verified due to incomplete evidence.
Comments	
Photo(s)	

Health & Safety - Electrical and Mechanical Safety

Subheader	Electrical and Mechanical Safety
Assesment Question	Are all electrical wirings, insulation, switches and electrical in building/equipment/machinery properly installed, grounded and maintained? (B)
Response	No
Details of Failure Found (Explanation)	Found no insulation boards were installed in electrical junction boxes in printing workshops..
Compliance Classifications	
Root Cause	
Root Cause Details	
Company Plan of Action	Factory shall install inner insulation board in all electrical junction boxes in printing workshop.
Factory CAP	
Factory CAP Date	
Responsible Person	Mr. Gao
Action Taken	for painting shop, electrical switches, which set by local government, we can not change any, please understand



Action Verified Status	No
Action Verified Date	9/6/2017 12:00:00 AM
Verification of Action Taken (Action Verified Details)	Can not be verified due to factory did not provided any CAP supporting evidence.
Comments	
Photo(s)	

Anti-Corruption - Anti-corruption / Management

Subheader	Anti-corruption / Management
Assesment Question	Are all employees including managerial staff and workers provided with periodic training on anti-corruption? (B)
Response	No
Details of Failure Found (Explanation)	No periodic training on anti-corruption was conducted to all employees including managerial staff and workers.
Compliance Classifications	
Root Cause	
Root Cause Details	
Company Plan of Action	Factory shall conduct periodic training on anti-corruption was conducted to all employees including managerial staff and workers.
Factory CAP	
Factory CAP Date	
Responsible Person	Mr. Gao
Action Taken	will train on anti-corrution for all employees.
Action Verified Status	No
Action Verified Date	9/6/2017 12:00:00 AM
Verification of Action Taken (Action Verified Details)	Can not be fully verified due to incomplete evidence.
Comments	
Photo(s)	



PHOTO EVIDENCE



Attendance records



Business License



Health certificate for kitchen workers



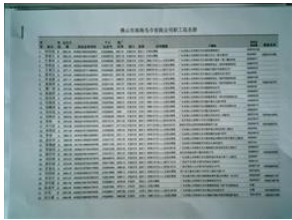
Kitchen hygiene certificate



Labor contract 1



Labor contract 2



NHT-02



Payroll records



Personal file 1



Personal file 2



Social insurance receipt



PHOTO DOCUMENTATION



Canteen



Cutting section



Factory overview



Finished warehouse



Knitting section



Packing section



Printing workshop



Seomi-finished warehouse



Sewing section



Washing section



Waste water treating center



Yarn Warehouse

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