

Monitored Party KKC CO., LTD	amfori ID 156-012766-000	Address WEST OF CLINIC, LONGHUA ROAD, ZHOUXIN STREET, QINGCHENG DISTRICT, 511538 QINGYUAN, Guangdong Sheng, China
Monitoring Activity amfori Social Audit - Manufacturing	Monitoring Type Follow-up Monitoring	Monitoring Partner Bureau Veritas Hong Kong Limited
Monitoring Start Date 09/06/2023	Closing Meeting Finished Date 09/06/2023	Submission Date 16/06/2023
Expiration Date 17/06/2024	Announcement Type Fully Announced	
Site KKC CO., LTD	Site amfori ID 156-012766-001	

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OVERALL RATING



SECTION RATING

PA1: Social Management System	C	
PA 2: Workers Involvement and Protection	B	
PA 3: The Rights of Freedom of Association and Collective Bargaining	A	
PA 4: No Discrimination	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 Labour	A	
PA 12: Protection of the Environment	A	
PA 13: Ethical Business Behaviour	A	

GENERAL DESCRIPTION

Name of lead auditor: Jimmy Sun; APSCA membership number: CSCA 21701689

Name of team auditor (if applicable): N/A; APSCA membership number: N/A

Name of observers, translators, trainees, advisors/consultants (if applicable): N/A

Monitoring partner name: Bureau Veritas Consumer Products Service; Audit Company APSCA Number: 11600002

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

Announcement Type: Announced Follow Up Audit. Therefore PA1, 2, 5, 6, 7, 13 were covered in this audit.

Business partner information: The audited factory was established on July 20, 2010 and the business license number was 91441802559147097F. Factory name in English was KKC CO., LTD. Factory local name was 清远市卓悦家居实业有限公司. Factory address in English was WEST OF CLINIC, LONGHUA ROAD, ZHOUXIN STREET, QINGCHENG DISTRICT, QINGYUAN, GUANGDONG, CHINA. Factory local address was 清远市清城区洲心街道龙华大道卫生院西侧的厂房. The factory specialized in the production of Household items, rattan stick and fiber stick. Production processes included cutting and packing. The peak season was not obvious.

Audited location information: The factory rented one 1-storey production building, one 2-storey warehouse building and one 4-storey office building with total land area of 2400 square meters. No dormitory or canteen was available in the factory.

Operating shifts and hours: All workers conducted 1 shift and the regular working hours were 8:30 to 17:30 with 1 hours' lunch break from 12:00 to 13:00. Employees worked 8 hours per day and 5 days per week. Their normal rest days were Saturdays and Sundays. According to sampled attendance records (5 samples from January 2023, April 2023 and December 2022 respectively), auditor noted that all sampled employees worked at most 84 overtime hours per month and 2 hours per day. The longest consecutive working days were 6 days and the total maximum weekly working hours were 58 hours.

Time recording system: facial recognition system

Salary payment details: Wages of employees were paid at around 20th of next month by cash with wage stubs issued to employees and the employees' signatures on the payrolls. All employees were paid by monthly rate. According to sampled payroll records (5 samples from January 2023, April 2023 and December 2022 respectively), auditor noted that employees were paid RMB1800 per month, which was higher than local minimum wages of RMB1620 per month since December 2021. Besides, all sampled employees were paid 150% and 200% of normal wages for the overtime worked on weekdays and weekends respectively, which met the legal overtime compensation rate. No overtime hours were noted on statutory holidays.

Worker number information:

- Total worker number 31
- Production worker number 1 male and 10 females
- Vulnerable worker number (domestic workers from other provinces of China were 0 males and 6 females)
- Any other special group workers N/A

Good practices: Nil

Worker organization details: Worker committee was established and worker representative was elected on July 9, 2022.

Circumstances: There was no special circumstance during the audit.

Summary of findings: It was a follow up audit. Based on the previous report, this PA12 was not included in this audit scope, which made the Environmental licenses not applicable. Non-compliances were found in PA1, PA2, PA5, PA6 and PA7. Detailed findings refer to the report.

Living wage calculation: BV has used the methodology which is similar with Anker Benchmark methodology to estimate the living wage by estimating the cost of a basic but decent life style for a worker and his/her family. This involves adding up the cost of three expenditure groups: food (for a low-cost nutritious diet), housing (for basic healthy housing), and other essential expenses for a family, and then adding a small margin for sustainability and emergencies. The reason BV does not use Anker benchmark is no data in GLWC for the area where the factory is located. The data source: onsite audit information collection (BV BNW).

Remarks: Documents not attached in the report:

- Contractor license/permit

Not Applicable. There was no contractor used in this factory.

- Agency labor contract

Not Applicable. There was no agency labor used in this factory.

- Government waivers

Not Applicable. There was no government waiver provided by the factory.

- Collective bargaining agreements

Not Applicable. No collective bargaining agreements were provided by the factory.

SITE DETAILS

Site
KKC CO., LTD

Site amfori ID
156-012766-001

GICS Classification

Sector
Consumer Discretionary

Industry Group
Consumer Durables & Apparel

Industry
Household Durables

Sub Industry
Home Furnishings

amfori Process Classifications

N.A.

NACE Classification

Manufacture of furniture

GS1 Classifications

N.A.

Water Stress Situation

N.A.

METRICS

Key Metrics

Total workforce	31	Workers
Legal minimum wage in local currency	1,620	Monthly
Lowest wage paid for regular work at the site	1,800	Monthly
Calculated living wage in local currency	1,768.41	Monthly
Total sample	5	Workers

Other Metrics

Male workers	5	Workers
Female workers	26	Workers
Permanent workers - Male	5	Workers
Permanent workers - Female	26	Workers
Temporary workers - Male	0	Workers
Temporary workers - Female	0	Workers
Seasonal workers - Male	0	Workers
Seasonal workers - Female	0	Workers
Management - Male	1	Workers
Management - Female	1	Workers
Apprentices - Male	0	Workers
Apprentices - Female	0	Workers
Workers on probation - Male	0	Workers
Workers on probation - Female	0	Workers
Workers with night shift - Male	0	Workers
Workers with night shift - Female	0	Workers
Workers with disabilities - Male	0	Workers
Workers with disabilities - Female	0	Workers
Domestic migrant workers - Male	0	Workers
Domestic migrant workers - Female	6	Workers
Foreign migrant workers - Male	0	Workers
Foreign migrant workers - Female	0	Workers
Workers hired directly - Male	5	Workers
Workers hired directly - Female	26	Workers
Workers hired indirectly - Male	0	Workers
Workers hired indirectly - Female	0	Workers
Unionised workers - Male	0	Workers
Unionised workers - Female	0	Workers
Workers under CBA - Male	0	Workers
Workers under CBA - Female	0	Workers
Pregnant workers	0	Workers

Workers on parental leave - Male	0	Workers
Workers on parental leave - Female	0	Workers
Sample - Male	1	Workers
Sample - Female	4	Workers

FINDINGS

PA1: Social Management System

Site: KKC CO., LTD | Site amfori ID: 156-012766-001

ENGLISH	LOCAL LANGUAGE
Finding(s)	
<p>Previous Finding: It was noted that the auditee had set up management system to comply with the BSCI Code of Conduct. But some policies were improperly implemented and the auditee did not monitor the management system accurately. Please refer to BSCI PA1.1</p> <p>Not Corrected: Based on document review, factory tour, management and worker interviews, it was noted that the auditee had set up management system to compliance with the BSCI Code of Conduct. But some policies were improperly implemented and did not monitor the management system accurately. This issue was cascaded by other issues and defined as partial non-compliance finding. Please refer to BSCI PA1.1</p>	<p>前次问题：被审核方建立了社会责任管理体系以符合BSCI行为准则，部分制度没有执行到位，并且对其社会责任体系执行情况监管不到位。请参看BSCI PA1.1</p> <p>没有改善：根据文件查阅，现场走访，管理层和员工访谈，审核发现被审核方建立了社会责任管理体系以符合BSCI行为准则，但是部分制度没有执行到位，并且对其社会责任体系执行情况监管不到位。此问题点属于其他问题的关联问题，判定为部分不符合项。请参看BSCI PA1.1</p>
<p>Previous Finding: The factory did not recruit enough employees or organize its workforce capacity to meet the expectations of the delivery order and/or contracts, so that employees' overtime hours exceeded legal limit. Please refer to BSCI PA 1.4</p> <p>Not Corrected: Based on document review, management and worker interviews, the factory did not organize its workforce capacity to meet the expectations of the delivery order and contracts, so that employees' overtime hours exceeded legal limit. This issue was cascaded by 6.2 and defined as partial non-compliance finding. Please refer to BSCI PA 1.4</p>	<p>前次问题：工厂没有足够的员工或者进行良好的生产组织来达成交付订单和/或合同预期，以至于员工加班超出法律规定。请参看BSCI PA1.4</p> <p>没有改善：根据文件查阅，管理层和员工访谈，审核发现工厂没有进行良好的生产组织来达成交付订单和合同预期，以至于员工月加班超出法律规定。此问题点属于6.2的关联问题，判定为部分不符合项。请参看BSCI PA1.4</p>

PA 2: Workers Involvement and Protection

Site: KKC CO., LTD | Site amfori ID: 156-012766-001

ENGLISH	LOCAL LANGUAGE
Finding(s)	
<p>Previous Finding: Per document review and management interview, it was noted that the factory defined long term goals to protect workers according to the BSCI COC. But the factory did not</p>	<p>前次问题：经过文件查阅和管理层访谈，审核员发现工厂有按照BSCI行为守则的期望制定明确保护工人的长期目标，但工厂没有对目标进行追踪。请参看 BSCI PA 2.2</p>

Finding(s)	
<p>trace the goals regularly. Please refer to BSCI PA 2.2</p> <p>Not Corrected: Based on document review, management and worker interviews, it was noted that the factory defined long term goals to protect workers according to the BSCI COC. But the factory did not trace the goals regularly. Because factory had established long term goals to protect workers, this issue was defined as partial non-compliance finding. Please refer to BSCI PA 2.2</p>	<p>没有改善：根据文件查阅，管理层和员工访谈，工厂有按照BSCI行为守则的期望制定明确保护工人的长期目标，但工厂没有对目标进行追踪。由于工厂建立了长期目标，此问题点判定为部分不符合项。请参看 BSCI PA 2.2</p>
<p>Previous Finding: It was noted that the auditee did not establish the grievance mechanism for communities, such as stakeholders, and also not conduct regular survey and set up the indicators of satisfaction on the grievance mechanism for internal individuals. Please refer to BSCI PA 2.5</p> <p>Not Corrected: Based on document review, management and worker interviews, it was noted that the facility didn't establish an effective operational-level grievance mechanism for external stakeholders (i.e. neighbors, factories, suppliers, local government, NGO, etc.). Because internal grievance mechanism had been established, the issue was defined as partial non-compliance finding. Please refer to BSCI 2.5</p>	<p>前次问题：工厂未建立针对社区（如利益相关方）的申诉机制，也未进行内部申诉机制的定期满意度调查并设立满意度指标。请参看BSCI的要求2.5</p> <p>没有改善：根据文件查阅，管理层和员工访谈，审核员发现工厂没有建立针对外部利益相关方（如周边居民，工厂，供应商，当地政府，NGO等）的有效的申诉机制。由于工厂建立了内部申诉机制，此问题判定为部分不符合项。请参看BSCI的要求2.5</p>

PA 5: Fair Remuneration

Site: KKC CO., LTD | Site amfori ID: 156-012766-001

ENGLISH	LOCAL LANGUAGE
Finding(s)	
<p>Previous Finding: According to the social insurance payment receipt provided by factory management, it was noted that 22 out of 24 (91.7%) employees were provided with accident, unemployment, maternity, pension and medical insurance in May 2022. And the factory did not provide other commercial accident insurance for employees. Please refer to BSCI PA 5.5 and Article 73 of the Labor Law of the People's Republic of China.</p> <p>Not Corrected: Based on document review, management and worker interviews, it was noted that that only 29/31 (93.5%) employees were provided with accident, pension, medical, maternity and unemployment insurance in May 2023. Factory management stated that 2 employees were not</p>	<p>前次问题：审核员发现工厂的社会保险覆盖不足。根据厂方提供的2022年5月社会保险缴费单据显示工厂为22/24（91.7%）名员工提供工伤，失业，生育，养老和医疗保险。工厂没有为员工提供其它商业保险。请参看BSCI PA 5.5 及《中华人民共和国劳动法》第73条。</p> <p>没有改善：根据文件查阅，管理层和员工访谈，工厂在2023年5月仅为29/31(93.5%)名员工提供工伤/养老/医疗/生育和失业保险。工厂表示有2名员工不愿意参保。由于超过80%的员工参加了社保，此问题点判定为部分不符合项。请参看BSCI PA 5.5 及《中华人民共和国劳动法》第73条。</p>

Finding(s)

willing to participate in social insurance. Because more than 80 percent employees had purchased social insurance, this issue was defined as partial non-compliance finding. Please refer to BSCI PA 5.5 and Article 73 of the Labor Law of the People's Republic of China.

PA 6: Decent Working Hours

Site: KKC CO., LTD | Site amfori ID: 156-012766-001

ENGLISH

LOCAL LANGUAGE

Finding(s)

Previous Finding: It was noted that 15 out of 15 sample population employees worked in excess of the statutory overtime hour limits. A review of 15 sample population employees' time records (5 samples from April 2022 as the most recent paid month, 5 samples from February 2022 and 5 samples from December 2021) yielded the following: 1) 5 out of 5 sample population employees worked in excess of 36 overtime hours per month (i.e. 78 to 80 hours) in April 2022. 2) 5 out of 5 sample population employees worked in excess of 36 overtime hours per month (i.e. 56 hours) in February 2022. 3) 5 out of 5 sample population employees worked in excess of 36 overtime hours per month (i.e. 78 hours) in December 2021. Please refer to BSCI PA6.2 & Article 41 of the Labor Law of the PRC

Not Corrected: Based on document review, management and worker interviews, it was noted that 15 out of 15 sample population employees worked in excess of the statutory overtime hour limits. A review of 15 sample population employees' time records (5 samples selected from April 2023/January 2023/ December 2022 respectively) yielded the following:

- 1) 5 out of 5 sample population employees worked in excess of 36 overtime hours per month (i.e. 78 hours) in April 2023, which was not in compliance with the legal requirement;
- 2) 5 out of 5 sample population employees worked in excess of 36 overtime hours per month (i.e. 38 hours) in January 2023, which was not in compliance with the legal requirement;
- 3) 5 out of 5 sample population employees worked in excess of 36 overtime hours per month (i.e. 84

前次问题：根据厂方提供的工时记录，员工加班时间超出了法定标准。审核员从厂方提供的工时记录中抽取15个样本(从2022年4月/2022年2月/2021年12月各抽取5个)，发现共有15个样本加班时间超出了法定标准，具体为：1) 5/5名员工在2022年4月的加班时间78-80小时，超过每月加班时间不能超过36小时的法律规定；2) 5/5名员工在2022年2月的加班时间56小时，超过每月加班时间不能超过36小时的法律规定；3) 5/5名员工在2021年12月的加班时间78小时，超过每月加班时间不能超过36小时的法律规定；请参看BSCI PA 6.2及《中华人民共和国劳动法》第41条

没有改善：根据文件查阅，管理层和员工访谈，审核员抽取15个样本(从2023年4月/2023年1月和2023年12月分别抽取5个)，发现共有15名员工加班时间超出了法定标准，具体为：

5/5名抽样员工在2023年4月的加班时间为78小时，超过每月加班时间不能超过36小时的法律规定；

5/5名抽样员工在2023年1月的加班时间为38小时，超过每月加班时间不能超过36小时的法律规定；

5/5名抽样员工在2022年12月的加班时间为84小时，超过每月加班时间不能超过36小时的法律规定。

工厂表示员工自愿加班工作满足紧急生产需求。此问题点判定为不符合项。请参看BSCI PA 6.2及《中华人民共和国劳动法》第41条

Finding(s)

hours) in December 2022, which was not in compliance with the legal requirement. Factory management stated that employees volunteered to work overtime hours in case for urgent production needs. This issue was defined as non-compliance finding. Please refer to BSCI PA6.2 & Article 41 of the Labor Law of the PRC

PA 7: Occupational Health and Safety

Site: KKC CO., LTD | Site amfori ID: 156-012766-001

ENGLISH

LOCAL LANGUAGE

Finding(s)

Previous Finding: It was noted that the factory did not provide the training records / certificate of safety production knowledge and management skill of the principal in charge for review. Please refer to BSCI PA7.1 and Article 21 of Law of the People's Republic of China on Production Safety.
Not Corrected: Based on document review and management interview, it was noted that the factory did not provide the training records / certificate of safety production knowledge and management skill of the principal in charge for review. The facility management represented that they would take corrective action soon. This issue was defined as non-compliance finding. Please refer to BSCI PA7.1 and Article 21 of Law of the People's Republic of China on Production Safety.

前次问题：工厂无法提供该工厂主要负责人的安全生产知识和管理能力培训记录/证书供审阅。请参看BSCI PA 7.1及《中华人民共和国安全生产法》第二十一条
没有改善：根据文件查阅和管理层访谈，审核员发现工厂无法提供主要负责人的安全生产知识和管理能力培训记录/证书供审阅。工厂管理层表示会尽快改善。此问题点判定为不符合项。请参看BSCI PA 7.1及《中华人民共和国安全生产法》第二十一条

Previous Finding: According to the social insurance payment receipt provided by factory management, it was noted that 22 out of 24 (91.7%) employees were provided with accident, unemployment, maternity, pension and medical insurance in May 2022. And the factory did not provide other commercial accident insurance for employees. Therefore, accident insurance didn't cover all employees. Please refer to BSCI PA7.2 & Article 73 of the Labor Law of the People's Republic of China
Not Corrected: Based on document review, management and worker interviews, it was noted that that only 29/31 (93.5%) employees were provided with accident insurance in May 2023. Factory management stated that 2 employees were not willing to participate in social insurance. Factory didn't provide commercial insurance to any

前次问题：根据厂方提供的2022年5月社会保险缴费单据显示工厂为22/24 (91.7%) 名员工提供工伤保险。工厂没有为员工提供其它商业保险。因此工厂的工伤保险没有覆盖全体员工。请参看BSCI PA 7.2及《中华人民共和国劳动法》第73条
没有改善：根据文件查阅，管理层和员工访谈，工厂在2023年5月仅为29/31(93.5%)名员工提供工伤保险。工厂表示有2名员工不愿意参保。工厂没有为员工提供其它商业保险。此问题点判定为不符合项。请参看BSCI PA 7.2

Finding(s)	
employees, this issue was defined as non-compliance finding. Please refer to BSCI PA 7.2	
<p>Previous Finding: It was noted that 1 out of 4 electric connection boxes in the warehouse was not posted with a warning sign. Please refer to BSCI PA 7.9 and Article 2-7 of Warning Sign in the Guidelines for Safety Signs and Usage GB 2894-2008</p> <p>Not Corrected: Based on factory tour, it was noted that 1 out of 4 electric connection boxes in the warehouse was not posted with a warning sign. Because factory had posted warning signs for most electric boxes, the issue was defined as partial non-compliance finding. Please refer to BSCI PA 7.9 and Article 2-7 of Warning Sign in the Guidelines for Safety Signs and Usage GB 2894-2008</p>	<p>前次问题：审核发现工厂仓库有1/4个电箱没有张贴警示标识。请参看BSCI PA7.9《安全标志及使用导则(GB 2894-2008)》警示标志2-7</p> <p>没有改善：根据现场走访，审核发现工厂仓库有1/4个电箱没有张贴警示标识。由于工厂为大多数电箱张贴了警示标志，此问题点判定为部分不符合项。请参看BSCI PA7.9《安全标志及使用导则(GB 2894-2008)》警示标志2-7</p>
<p>Previous Finding: 1. It was noted that factory management was unable to provide the fire acceptance check for the production building and office building. The factory building had a construction area of about 2000 square meters and 400 square meters respectively. Please refer to BSCI Code of Conduct 7.11 and Article 13 of the Construction Project Fire Safety Supervision and Management Regulation 2. It was noted that factory management was unable to provide the construction safety document (e.g. report or registration files of inspection for completed building construction projects) for the production building and office building. The factory was not clear of when the buildings were built. Please refer to BSCI Code of Conduct 7.11 and Article 61 of Construction Law of the People's Republic of China and Article 49 of Regulation on the Quality Management of Construction Projects</p> <p>Not Corrected: 1. Based on document review and management interview, it was noted that factory management was unable to provide the fire acceptance check for the production building, warehouse building and office building. The factory buildings had a total construction area of about 2400 square meters. This issue was defined as non-compliance finding. Please refer to BSCI Code of Conduct 7.11 Article 13 of the Construction Project Fire Safety Supervision and Management Regulation 2. Based on document review and management interview, it was noted that factory management was unable to provide the</p>	<p>前次问题：1. 厂方未能提供生产楼和办公楼的消防验收合格证明，该建筑面积分别约为2000平米和400平方米。请参看BSCI PA 7.11 及《中华人民共和国消防法》第13条。2. 厂方未能提供生产楼和办公楼的结构安全证明文件（如建筑工程竣工验收报告或相关备案资料）。厂方不清楚该建筑的竣工时间。请参看BSCI PA 7.11 及《中华人民共和国建筑法》第61条及《建设工程质量管理条例》第四十九条。</p> <p>没有改善：1. 根据文件查阅和管理层访谈，厂方未能提供生产楼、仓库和办公楼的消防验收合格证明，建筑总面积约为2400平米。此问题点判定为不符合项。请参看BSCI PA 7.11 及《中华人民共和国消防法》第13条。2. 根据文件查阅和管理层访谈，厂方未能提供生产楼、仓库和办公楼的结构安全证明文件（如建筑工程竣工验收报告或相关备案资料）。厂方不清楚该建筑的竣工时间。此问题点判定为不符合项。请参看BSCI PA 7.11 及《中华人民共和国建筑法》第61条及《建设工程质量管理条例》第四十九条。</p>

Finding(s)

construction safety document (e.g. report or registration files of inspection for completed building construction projects) for the production building, warehouse building and office building. The factory was not clear of when the buildings were built. This issue was defined as non-compliance finding. Please refer to BSCI Code of Conduct 7.11 and Article 61 of Construction Law of the People's Republic of China and Article 49 of Regulation on the Quality Management of Construction Projects