

DONGGUAN CHANGAN LOFTILY JEWELLERY FACTORY

GENERAL INFORMATION

Overall Result:		Needs Continuous Improvement	
Report No:	F_IAR_188041	City:	Dongguan
Assessment No:	A5172333	Country:	China
Audit Date:	15-Jul-2024	Auditors:	Primary:
Last Audit:	27-Jul-2023 (NIA)		Secondary:
Assessment Stage:	Follow Up	Type of Audit:	Onsite

PERFORMANCE SUMMARY

Participating facilities: 6322

Assessment Area	Section Result	Compliance Level					
		Zero Tolerance	Needs Immediate Action	Needs Continuous Improvement	Satisfactory	Access Denied	Not Applicable
Overall	NCI	-	-	4	136	-	118
Child Labor	S	-	-	-	4	-	7
Forced & Compulsory Labor	S	-	-	-	13	-	6
Health & Safety	NCI	-	-	2	85	-	71
Freedom of Association	NA	-	-	-	-	-	11
Non-discrimination	S	-	-	-	6	-	4
Disciplinary Practices	S	-	-	-	7	-	3
Harassment & Abuse	S	-	-	-	5	-	3
Compensation and Benefits	NCI	-	-	1	9	-	4
Hours of Work	NCI	-	-	1	7	-	4
Subcontracting	NA	-	-	-	-	-	5

Dongguan Changan Loftily Jewellery Factory

A. FACILITY PROFILE

A1. FACILITY INFORMATION

Factory Name:	Dongguan Changan Loftily Jewellery Factory
Physical Address:	Room 401, No. 18 Shanquan Road, Changan Town, Dongguan City, Guangdong Province, China
City/Town:	Dongguan
State/Province:	Guangdong
Country:	China
Phone:	NA
Fax:	NA
Contact Name:	
Contact Title:	NA
Email:	

Postal Code:	--
Legal Status:	Private
Year Started:	2019
Compliance Officer:	Yes
Website:	Nil

A2. EMPLOYEE INFORMATION

	Management	Production
Language(s) Spoken:	Chinese	Chinese
Total Nr of Employees:	5 management employees consisted of 2 male employees and 3 female employees. All 5 management employees were permanent direct employees.	14 production employees consisted of 7 male employees and 7 female employees. All 14 production employees were permanent direct employees.
Youngest Employee Age:	21	
Age Documentation:	Personnel files with ID card copy.	
Number of Apprentices:	0	
Past Labor Strikes/Conflicts:	NA	

Legal Minimum Age:	16 years old
Number Of Historical Child Labor:	0
Name Of Union:	NA
Number Of First Aiders:	2

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) =

This information was not provided by the facility.

Dongguan Changan Loftily Jewellery Factory

A3. SUPPLIER INFORMATION

No supplier information

A4. PRODUCTION INFORMATION

Product Type:	Jewellery	
Labels WIP:	Label Name 1 / (Percentage of output)%:	Not provided
	Label Name 2 / (Percentage of output)%:	Not provided
	Label Name 3 / (Percentage of output)%:	Not provided
	Label Name 4 / (Percentage of output)%:	Not provided
	Capacity a Week:	50000 pieces
	Total Number of Machines:	9 sets
Brand Presence (if applicable):	Percentage of production devoted to client:	Not provided
	Other brands being produced:	Not provided

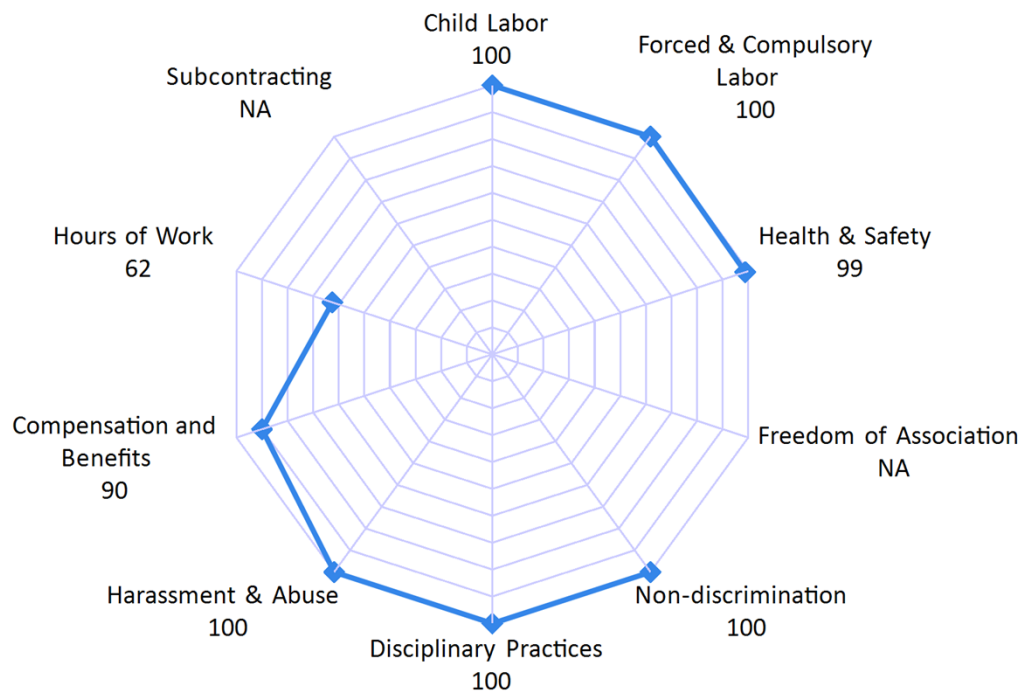
A5. AUDIT SAMPLE SIZE

# Payroll:	Payroll records from July 2023 to May 2024 were available in this audit.
Payroll Months Analyzed:	7 samples of May 2024 (current month), 5 samples of January 2024 (random month) and 5 samples of December 2023 (random month).
# Interviews:	7 selected production employees consisted of 3 male employees and 4 female employees. All 7 employees were permanent direct employees.

Dongguan Changan Loftily Jewellery Factory

B. PERFORMANCE METRICS

B1. RESULT SUMMARY



Dongguan Changan Loftily Jewellery Factory

B2. PERFORMANCE TREND ANALYSIS

Section Name	Current (15-Jul-2024)	Last (27-Jul-2023)	First (27-Jul-2023)	Change (Current-Last)	Change (Current-First)
Child Labor	S	S	S	■	■
Forced & Compulsory Labor	S	S	S	■	■
Health & Safety	NCI	NCI	NCI	▲	▲
Freedom of Association	NA	NA	NA	■	■
Non-discrimination	S	S	S	■	■
Disciplinary Practices	S	S	S	■	■
Harassment & Abuse	S	S	S	■	■
Compensation and Benefits	NCI	NIA	NIA	■	■
Hours of Work	NCI	NIA	NIA	■	■
Subcontracting	NA	NA	NA	■	■
Overall Result	NCI	NIA	NIA	▲	▲

▲ Advancers ■ Constant ▼ Decliner

Dongguan Changan Loftily Jewellery Factory

B3. COMPENSATION

# of Employees Present:	19
# of Employees on Payroll:	19
Payroll Records Sampled:	from July 2023 to May 2024
# of Sample Taken:	7 samples of May 2024 (current month), 5 samples of January 2024 (random month) and 5 samples of December 2023 (random month).
Form of Payment:	Cash
Pay Day:	On or before 30th of each month

	Payroll	Interview	Law	Unit
Minimum Wage:	RMB1900 per month equivalent to RMB10.92 per hour	RMB1900 per month equivalent to RMB10.92 per hour	RMB1900 per month equivalent to RMB10.92 per hour	Hourly
Regular Overtime Rate :	RMB16.38 (150%)	RMB16.38 (150%)	RMB16.38 (150%)	Hourly
Rest Day Overtime Rate:	RMB21.84 (200%)	RMB21.84 (200%)	RMB21.84 (200%)	Hourly
Holiday Overtime Rate:	RMB32.76 (300%)	RMB32.76 (300%)	RMB32.76 (300%)	Hourly
Lowest Piece Rate :	NA	NA	NA	Hourly
Average Salary:	RMB5784	RMB5784	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:	12	12	NA
Average Overtime Hours Per Week:	8	8	NA
Overtime Rate Per Hour:	150%/200%/300%	150%/200%/300%	150%/200%/300%
Number Of Shifts:	1	1	NA

Local Legal Working Hours Per Week:	40 normal working hours per week
Time Record System Used:	Other: Finger print
Total Numbers of Hours Worked Per Week:	The weekly working hour statistic is as followings: 1) In May 2024, the total number of hours worked (regular + OT) per employee per week were 48-52 hours, the maximum weekly hours were 52 hours (4 out of 7 randomly samples); 2) In January 2024, the total number of hours worked (regular + OT) per employee per week were 48-52 hours, the maximum weekly hours were 52 hours (4 out of 5 randomly samples); 3) In December 2023, the total number of hours worked (regular + OT) per employee per week were

Dongguan Changan Loftily Jewellery Factory

48-52 hours, the maximum weekly hours were 52 hours (4 out of 5
randomly samples).

Dongguan Changan Loftily Jewellery Factory

C. PERFORMANCE DETAILS

Current (15-Jul-2024) Last (27-Jul-2023)

C1. HEALTH & SAFETY

NCI

Sub Section: Emergency Preparedness

Status	Local Law	Findings	Global freq of compliance
● Corrected	NA	<p>O0272 - Previous Non-Compliance - Most, but not all fire equipment is sufficient, appropriate for use and accessible.</p> <p>Auditor Comment Follow up audit (July 15, 2024) Corrected. During facility tour, auditor found that no fire equipment was blocked. All fire equipments were accessible.</p> <p>Law Title/Text: - NA</p> <p>Management Response - The facility representative agreed with the finding and no other comment.</p> <p>Proposed Corrective Action - It is recommended that the facility should ensure all the fire fighting equipments are accessible.</p>	90%

Sub Section: Machine Safety

Status	Local Law	Findings	Global freq of compliance
● Corrected	NA	<p>O0391 - Previous Non-Compliance - The facility does not have valid inspection certificates for boilers, elevators, pressure vessels and other equipment per local regulation.</p> <p>Auditor Comment Follow up audit (July 15, 2024) Corrected. Through document review, it was noted that the inspection reports of two cargo lifts were valid to June 2025.</p> <p>Law Title/Text: - NA</p> <p>Management Response - The facility representative agreed with the finding and no other comment.</p> <p>Proposed Corrective Action - It is recommended that the facility should apply the regular inspection for special appliances from the Special Appliance Inspection and Testing Institutions one month before the expiry date of the safety inspection approval.</p>	90%

Sub Section: First Aid and Medical Services

Status	Local Law	Findings	Global freq of compliance
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Dongguan Changan Loftily Jewellery Factory

<p>● NCI</p>	<p>Yes</p>	<p>O0424 - The facility does not have an occupational health inspection certificate issued by local government authority.</p> <p>Auditor Comment <i>Follow up audit (July 15, 2024) Not corrected. No occupational health examination for employees. Auditor found that the facility did not conduct occupational health examination for employees engaged in post with occupational disease hazards before they start to take the post, in the course of the work and after leave the post, such as polishing employees.</i></p> <p>Law Title/Text: - Legal Regulation</p> <p>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 representative agreed with the finding and no other 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>	<p>96%</p>
<p>● NCI</p>	<p>No</p>	<p>O0432 - First Aid and Medical Services Additional Finding 1</p> <p>Auditor Comment <i>Follow up audit (July 15, 2024) Not corrected. The facility did not conduct evaluation on occupational hazard factor. During facility tour, auditor found that dust existed in polishing workshop. However, the facility could not provide the evaluation on occupational hazard factors for review.</i></p> <p>Law Title/Text: - NA</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 conduct evaluation on occupational hazard factor.</p>	<p>0%</p>

C2. COMPENSATION AND BENEFITS

NCI

Sub Section: Compensation and Benefits

Dongguan Changan Loftily Jewellery Factory

Status	Local Law	Findings	Global freq of compliance
● Corrected	NA	<p>O0822 - Previous Non-Compliance - Payroll records have unreliable documentation/discrepancies and wages & hours cannot be verified.</p> <p>Auditor Comment Follow up audit (July 15, 2024) Corrected. During this audit, auditor cross-checked production records (such as daily production records, QC records, materials input and output records), payroll records, attendance records and leave records, no inconsistency was found. So, the minimum wage and overtime wage could be verified.</p> <p>Law Title/Text: - NA</p> <p>Management Response - The facility representative agreed with the finding and no other comment.</p> <p>Proposed Corrective Action - It is recommended that the facility should provide accurate and complete attendance and payroll records to demonstrate the compliance of Minimum Wage and Overtime Wage.</p>	90%
● NCI	Yes	<p>O0846 - Employees are not given legally mandated benefits/social insurances for equal to or less than 20% of the sample.</p> <p>Auditor Comment Follow up audit (July 15, 2024) New finding. Insufficient social insurance participated. Through reviewing the social insurance receipt of June 2024, auditor found that total 19 employees (including 2 retirees hired to work again), but only 14 employees (82%) had participated in basic medical insurance, employment injury insurance, basic endowment insurance, maternity insurance and unemployment insurance. In addition, the facility bought employer liability insurance for 23 employees, the valid period was from March 1, 2024 to February 28, 2025.</p> <p>Law Title/Text: - Legal Regulation</p> <p>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 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 representative agreed with the finding and no other 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>	77%
● Corrected	NA	<p>O0847 - Previous Non-Compliance - Employees are not given legally mandated benefits/social insurances for more than 20% of the sample.</p> <p>Auditor Comment Follow up audit (July 15, 2024) Corrected. Employees are not given social insurances for no more than 20% of the sample. Through reviewing</p>	77%

Dongguan Changan Loftily Jewellery Factory

	<p>the social insurance receipt of June 2024, auditor found that total 19 employees (including 2 retirees hired to work again), but only 14 employees (82%) had participated in basic medical insurance, employment injury insurance, basic endowment insurance, maternity insurance and unemployment insurance. In addition, the facility bought employer liability insurance for 23 employees, the valid period was from March 1, 2024 to February 28, 2025.</p> <p>Law Title/Text: - NA</p> <p>Management Response - The facility representative agreed with the finding and no other 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
<p>● Corrected</p>	<p>NA</p>	<p>O0874 - Previous Non-Compliance - Working hours documentation has discrepancies and working hours cannot be verified.</p> <p>Auditor Comment Follow up audit (July 15, 2024) Corrected. During this audit, auditor cross-checked production records (such as daily production records, QC records, materials input and output records), payroll records, attendance records and leave records, no inconsistency was found. So, the working hours and overtime hours could be verified. Remark: the maximum daily overtime hours of randomly selected samples were 2 hours, the maximum weekly working hours of randomly selected samples were 52 hours and the maximum consecutive days of randomly selected samples were 6 days.</p> <p>Law Title/Text: - NA</p> <p>Management Response - The facility representative agreed with the finding and no other comment.</p> <p>Proposed Corrective Action - It is recommended that the facility should provide accurate and complete attendance and payroll records to demonstrate the compliance of working hours and overtime hours.</p>	<p>90%</p>
<p>● NCI</p>	<p>Yes</p>	<p>O0884 - Overtime hours are not within allowable limits under applicable law.</p> <p>Auditor Comment Follow up audit (July 15, 2024) Not corrected. Overtime hours exceeded the legal requirement. The monthly overtime hours of 4 out of 7 randomly selected employees were 48 hours in May 2024 (current month), 4 out of 5 randomly selected employees were 50 hours in January 2024 (random month) and 5 out of 5 randomly selected employees were 40-54 hours in December 2023 (random month).</p> <p>Law Title/Text: - Legal Regulation</p> <p>People’s Republic of China Labor 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 laborers, 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 laborers is guaranteed. However,</p>	<p>60%</p>

Dongguan Changan Loftily Jewellery Factory

		<p>the total extension in month shall not exceed 36 hours.</p> <p>Management Response - The facility representative agreed with the finding and no other comment.</p> <p>Proposed Corrective Action - It is recommended that the facility should ensure monthly overtime hours within 36 hours.</p>	
<p>● Corrected</p>	<p>NA</p>	<p>O0910 - Previous Non-Compliance - Employees are not provided 1 day of rest out of every seven, but receive 2 days rest out every 14 days.</p> <p>Auditor Comment Follow up audit (July 15, 2024) Corrected. During this audit, auditor found that the maximum consecutive days of randomly selected samples were 6 days. All employees were provided 1 day of rest out of every seven.</p> <p>Law Title/Text: - NA</p> <p>Management Response - The facility representative agreed with the finding and no other comment.</p> <p>Proposed Corrective Action - It is recommended that employees should provide 1 day of rest out of every seven.</p>	<p>87%</p>

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

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

Dongguan Changan Loftily Jewellery Factory

D. SUBCONTRACTING

Facility Capacity:	50000 pieces per week
Production Output per day:	10000 pieces per day

Subcontractor Details

No subcontractor information given

Dongguan Changan Loftily Jewellery Factory

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