



ADVANTAGE CO., LTD

# INSPECTION REPORT

[WWW.ADVANTAGE.CO.TH](http://WWW.ADVANTAGE.CO.TH)

Report No.

Audited date

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## SOCIAL AUDIT REPORT

**Supplier Name:** ABC

**Supplier Address:** ABC

**Client** ABC

**Product:** Wooden Boxes

**Audit Scope:** To evaluate Social Compliance and Quality System of the factory with focus on Manufacturing of Wooden Boxes.

**Date of Visit:** ABC

**Audit team:** ABC

**Audit Findings:** See details in section 1 - 2

**Summary:**

The factory located in ABC District , ABC City with area of 7,000 square meters and it was specialized in various types of boxes manufacturing and has a workforce of approximate 340 employees. The factory has some experience in implementing code of conduct system to meet social compliance requirements due to certified Thai Labor Standard – 8000 of which is similar to SA8000. Documented system for ethical business principle and environmental management control was established completely and deficiencies in wage and compensation, working hours, work safety, fire safety as well as medical supply were observed. On the other hands, industry issues such as endangered species, leather products, perfumes products, animal testing, conflict-free diamonds and dirty gold were not applicable for the factory processes.

The key activities were production, product engineering, material planning, warehousing, purchase, marketing and quality control. The factory can produce boxes from cardboard paper, art paper, cloth, wood and metallic components to finished products. Quality controls were imposed to control the quality at incoming materials and parts, work-in-process and final product stages.

It should be noted that the factory is certified to ISO 9001 (quality management system) and Thai Labor Standard (TLS) 8000 of which are validated to January 2012 and March 2011 respectively.



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### Conclusion:

Several issues which should be taken care of by the factory in order to comply with code of conduct, ethical principle and environmental management requirements. And the existing facilities, skillful workforce and QC activities were suitable for box production. Suitable measures have been deployed to control the quality of products to acceptable level except three non-compliance items were identified of which two items were major non-compliance and the rest was minor non-compliance..

***Example factory should submit corrective action plan and relevant supporting evidences to ADVANTAGE within one month. ADVANTAGE would review them and decide to accept or request more information in detail from factory.***

During the audit, Auditor selected 11 front-line operators both male and female at the ratio against structure of male and female operators. Pregnant operator was also interviewed.

Apart from interview, Auditor checked 15 employee records for working hours, wage and compensation and overtime work.

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## 1) Code of Conduct

### 1.1) Policies and documentation:

Policies for wage & compensation, working hours, child / forced / prison labour, disciplinary practices, discrimination, work safety were documented properly. Auditor visited information posted at the board where all employees could have access.

### 1.2) Wages and compensation:

Salary payment records in the period from January to June 2010 (last six months) for employee were checked randomly. Interviewed with front-line operators has confirmed compliance of wage and compensation against national requirement.

#### Potential for improvement:

- *Observed at wages and compensation, Auditor has realized the remuneration against Thai law of which confirmed by interview. However, there is a document that needs a revision. It is announcement no. TLS-028/2553 in which the rest time referred at ten minute after consecutive three hours overtime work whereas the actual situation is thirty minutes.*

### 1.3) Working hours:

Attendance records for employee were checked randomly from January to June 2010. Working hours were not exceeded 48 hours per week. All employees were allowed on day off in seven. No deviations to working hours from collected feedback from front-line operators.

### 1.4) Child/ Forced/ Prison Labour:

Based on the observation made during the day of visit, no sign of child labour, juvenile labour, forced labour and prison labour were noted. No deviations to child labour and prison labour from collected feedback from front-line operators.

#### Potential for improvement:

- *Refer to employment contract of daily-wage basis, it is normally determined necessary information regarding labor-oriented. Remaining portion to be revised, there is the title "the Facility has the right to change the working hours without notice". This matter is closed to forced employment.*

### 1.5) Disciplinary practices:

Based on the observation and interview made during the day of visit, no sign of excessive disciplinary practice was noted.

### 1.6) Discrimination:



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Based on the observation and interview made during the day of visit, no sign of significant discrimination was noted.

**Potential for improvement:**

- *Observed at internet Job Advertisement, the information posted is age above 28 years old for the Sales Coordinator.*

**1.7) Work safety:**

Working condition of the factory is normally clean and tidy, adequate toilets and drinking water facilities were observed. Personal protective equipments were properly provided to all employees depending on their risks.

**Violation as minor nonconformity:**

- *The Facility has provided only tag-out isolation whenever conduction a breakdown maintenance. The matter remained is lockout prior to maintenance.*

**Potential for improvement:**

- *Chemical handling is normally in place. However, one sulfuric acid was in the tank labeled “hydrochloric acid” and no dangerous sign posted.*
- *As a normal practice, the Facility has installed the guard- rail at all elevated. The additional rail is recommended at platform of Bag Filter where the pump is occasionally maintained.*

**1.8) Fire safety:**

In general emergency exit sign, emergency lighting and fire hose were installed in workshop and warehouse area properly. Fire drill was performed periodically against requirement of Ministry of Labour.

**1.9) Welfare- Dormitories:**

No dormitories were provided for employee. Interviewed operators have indicated no dormitory provided.

**1.10) Welfare- Canteen:**

Canteen facilities were checked and found clean and tidy.

**1.11) Welfare- Medical:**

There is a clinic in the factory and nurses are on duty during the working hour complied with Thai national standard. Moreover, the physician has scheduled visiting the employee. At the clinic, medicines were properly provided. There were OPD records available.



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## 1.12) Environmental Management:

ABC Environmental code of conduct, in Thai language, was available in the factory. Main environmental aspects were wastewater, air emission and industrial waste. The factory has controlled its pollution by treatment system. There were wastewater treatment system, dust collector and collection of industrial waste prior to delivery to governmental certified disposition firm.

### Violation as major nonconformity:

- *The Facility does not regularly monitor air emission and wastewater effluent as to whether the Thai national standards are complied with.*

## 1.13) Ethical Business Principle:

Policies regarding to ethical business that related to bribery prevention, sincerity, truthfulness, transparency, maintain promises, contribute to credible and sustainable business relationship with ABC were established in local language.

## 1.14) Industry Issues:

Industry issues related to endanger or protected species, leather finished products manufacturing, perfumes & cosmetic products, conflict-free diamonds procurement, dirty gold were also not applicable for all factory production processes of ABC products.

## 2) Quality Control

### 2.1) Quality Control System

There is QA department responsible for quality control system according to ISO 9001 standard. There were documented procedures and work instructions such as WI-QA-01, WI-QA-05 and WI-QA-06 all those subscribe to inspection of raw materials, work-in process and finished products.

Key measuring and test equipment	Point of control	No. of sample per checking	Control interval
Card board and art paper measured by ruler, venire and reference sample.	IQC	Sampling inspection MIL-STD-105D	Each lot
Color of art paper, plastic sheet and cloth verified by Pantone or approved sample	IQC	Full inspection	Each lot
Package materials visual inspection	IQC	Sampling inspection MIL-STD-105D	Each lot
Cardboard pattern measured by ruler and reference sample.	IPQC	First sample approval, followed by Full inspection or patrol sampling check	Regular interval of one hour
Silk screen printing process was checked with reference sample	IPQC	Regular check samples	Regular interval of one hour
Workmanship of semi-finished products by	IPQC	Regular check samples	Regular



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visual check against signed samples			interval of one hour
Workmanship checking of finished product by manual and venire	FQA	Sampling inspection MIL-STD-105D	Each lot
Color of finished product checked with Pantone or reference sample	FQA	Sampling inspection MIL-STD-105D	Each lot

## 2.2) Production station control and QC system review:

Major production facilities and workshops of paper linings, pattern cutting, printing process, box sub-assembling and final fabrication and QA & QC stations were visited. Quality control of generic process of box making was found in place. Availability of work instructions and product specifications were documented. Quality system focused on ABC products was found acceptable except several non-compliance items identified as below.

### Violation as major nonconformity:

- *Found deviations to quality assurance and production control – (1) specification mentioned in “Specification inspection check sheet (QF-QA-02)” dated June 1, 2010 did not comply with “Product Specification Revision 7” in terms of width and length. The measurement result dated June 1, 2010 of model ABC (for inner part) was not in line with aforementioned Product Specification accordingly. (2) Found expiry glue namely “ABC Plastic Resin” (expiry date June 8, 2010) is being used without any confirmation to glue specification.*

## 2.3) Control of non-conforming Products

Procedures of the control of non-conforming products were established and implemented properly. Relevant non-conforming products were identified and could be traceable except the situation stated in Section 2.2.



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## Annex – Photographs for Code of Conduct

	
<b>Inspection records not complied with product specification</b>	<b>Expiry glue namely Welwood Plastic Resin</b>
	
<b>No monitoring results indicated air emission</b>	<b>Wastewater treatment plant without monitoring</b>
	
<b>No lockout, only tagout</b>	<b>Internet job advertisement with age required</b>





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<b>No guard-rail</b>	<b>No identification of chemical "Sulfuric acid"</b>
	
<b>Production line</b>	<b>Production line</b>
	
<b>Production line</b>	<b>Production line</b>





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**Business registration license**



**ISO 9001 certificate**



**Office main building**



**Factory main building**



**Canteen area**



**Recreational area**



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**Drinking water facilities**



**Dangerous goods storage area**



**Exit with emergency sign**



**Fire alarm in workshop**



**Emergency evacuation map**



**Fire hose**



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**Machine safety operation procedures**



**No smoking warning in workshop area**



**Washing hand facilities**



**Toilet area**



**Worker wearing mask in production line**



**Garbage collection area**



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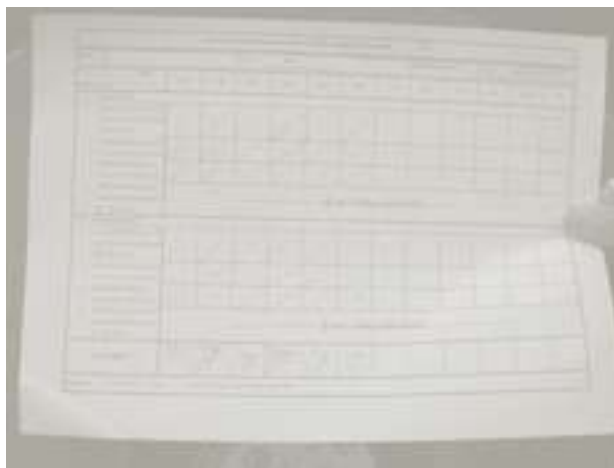
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**Suggestion boxes for employee**



**Fire drill record**



**Inspection record for fire hose**



**Training record for work safety issue**



**Worker wear face mask for respiratory protection**



**Emergency lighting in workshop**



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## Annex – Photographs for QC system



**IQC inspection specification**



**Drinking water analysis**



**Moulded boxes measured by caliper**



**Approved sample used for color verification**



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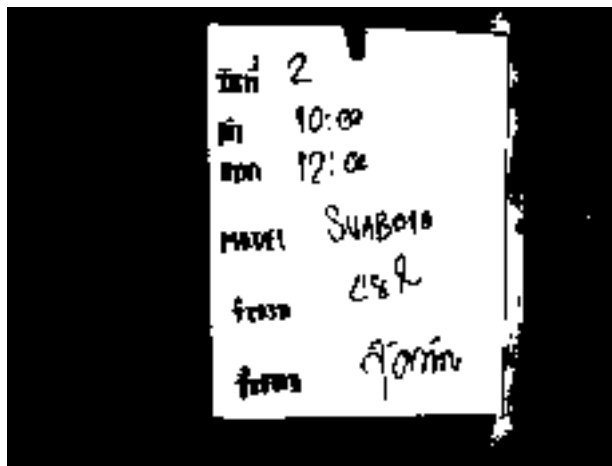
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**Non-conforming products were identified**

**Oven for paint curing**



**Oven temperature is controlled at 45-50 C**

**Drying time is controlled at 2 hours with identification on rack**

**- End of report-**



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