

Social Responsibility Best Practices	SUBJECT Social Compliance Basic Factory Audit Checklist	LAST UPDATE July 2019
	APPLIES TO <ul style="list-style-type: none"> • Suppliers • Distributors 	FOCUS ON Factory Social Audit Checklist For Conformity With Basic Social Standards
	QUICK LINKS <ul style="list-style-type: none"> • PPAI Social Responsibility: www.ppai.org/inside-ppai/corporate-responsibility/social-responsibility/ • UL Responsible Sourcing: industries.ul.com/responsible-sourcing • Fair Labor Association: www.fairlabor.org/ 	

Intended for intermediate compliance programs

Italic grey text indicates a hyperlink listed in the Online Resources section of this document.

The consumer products market is increasingly regulated and subject to scrutiny by many government agencies and consumer groups. It is essential that promotional products professionals can provide assurances that our products meet—or exceed—all international standards for quality, safety and societal concerns. The term “social standards” typically refers to labor standards or the working conditions under which products are manufactured. If an end buyer or distributor asks you for assurances that a product is produced in a socially compliant way, do you know what policies and procedures you need to implement? Do you know what standards to apply? To answer that question, you may need to conduct a conformity assessment of both the product and the production process.

The following is an example of a factory audit checklist for conformity with social standards.

Minimum Wage

- Are hourly and piece-rate employees paid at least the applicable minimum wage rate?
- Do wage rates paid match those documented in employees’ files?
- Are wages paid properly calculated and meet minimum wage standards?
- What is the lowest wage paid to an employee?

Overtime

- Are applicable overtime wages properly calculated?
- Are overtime wages paid same as documented in files?

Child Labor

- Are the ages of employees verified by official documents?
- Is information on file regarding the individual’s employment at the facility?
- Does the worker’s appearance call into question the age noted in the employment file?

Benefits

- Are deductions or withholdings for benefits calculated properly?
- Are deductions or withholdings for benefits submitted to the proper government authority within the time required by applicable law?
- Are legally required allowances and benefits provided to employees?

Interview employees for whom records were selected. Verify above and confirm:

- Is employee paid regularly?
- Is employee paid by check?
- Is employee given pay stubs?
- Is employee required to perform work before or after hours?
- Is the employee given lunch or other breaks?
- Randomly select (x) number of employees. Select separate groups for each topic. Interview employees and verify status of items below. Note any exceptions and explain.

Forced Labor

- Is the relationship voluntary?
- Is the employee free to leave once his/her shift ends?
- Is the employee indebted to the company? For what?
- Is the employee bonded or indentured?
- Is the employee's freedom of movement restricted?

Harassment And Coercion

- Do supervisors threaten employees with violence?
- Do supervisors engage in verbal or psychological harassment or abuse?
- Do supervisors engage in sexual harassment or abuse?
- Do supervisors administer physical abuse?

Discrimination

Has the employee been discriminated against on the basis of race, religion, age, nationality, social or ethnic, gender or disability regarding:

- Hiring?
- Salary and benefits?
- Advancement?
- Job assignments?
- Discipline?
- Termination?
- Retirement?

Conduct Health And Safety Observations

- Are exits clearly marked, unblocked and unlocked?
- Are aisles, exits and stairwells kept clear at all times?
- Is there clearance between workstations for movement in an emergency?
- Are fire escapes available in a multi-story facility?
- Is there an evacuation plan easily visible to employees?
- Is there first-aid equipment near work areas?
- Are there fire extinguishers in appropriate locations?
- Are the fire extinguishers of a type appropriate for the fire risk?
- Are fire drills and evacuations drills conducted?

- Is personal protective equipment provided to workers?
- Are workers provided training on health and safety?
- Do employees have access to drinkable water?
- Are there clean and sanitary toilet areas?
- Is equipment properly safeguarded?
- Is equipment maintained to prevent fire or health hazards?
- Is ventilation adequate?
- Is lighting adequate?
- Is temperature adequate?
- Are hazardous chemicals properly handled, stored and disposed?
- Are employees trained in such procedures?

Conduct General Management Review

Identify and document individuals responsible for payroll, employee relations, health and safety. Interview each regarding their responsibilities.

- Are all applicable records up-to-date and secure?
- Are there labor contracts with employees?
- Are there any worker organizations or committees within the facility?
- Does management understand our company's code of product responsibility conduct?

Why Adopt A Corporate Code Of Conduct?

There is no specific law that requires a code of conduct, but adoption of a code gives distributors an extra level of confidence when doing business with a supplier who posts this code of conduct on their website or in their catalog. It offers end buyers that same confidence when selecting a distributor sales partner.

Solution:

PPAI has created a web form that will allow you to electronically sign the Code. Once you complete the form, PPAI will update your membership records to reflect your adoption of the Code. *Visit PPAI's website for details.*

PPAI Code Of Conduct

Our Company's Commitment To Ethical And Responsible Conduct

Our Company believes we must meet the highest ethical expectations of our customers and consumers. To that end, we have adopted standards for the quality and safety of the products we sell, and we are committed assuring that our manufacturing processes respect the rights of individuals and protect the environment.

We will work to assure compliance with all applicable laws, and we will conduct business in an ethical, responsible manner. We expect the same commitment from all businesses that provide us products as primary manufacturers or component subcontractors. We also expect those suppliers to implement procedures to ensure continual compliance and upon mutual agreement will open their factories and records for audits by our company's staff or qualified third-party organizations.

1. PRODUCT SAFETY

COMPLIANCE WITH LAWS AND STANDARDS. We will comply with all applicable laws and regulations regarding safety of products we sell. Where feasible and appropriate, we will meet applicable voluntary industry standards for our products and processes.

2. PRODUCT QUALITY

EXPECTATIONS CONSISTENTLY MET. We will support and expect manufacturing processes that ensure consistently met expectations of agreed-upon product quality and functionality.

3. SOCIAL COMPLIANCE

NO ABUSE OF LABOR. We will not use any form of forced labor, including indentured, prison, bonded, or slave labor. Physical abuse, the threat of physical abuse, sexual or other harassment, verbal abuse, or other forms of intimidation shall be prohibited.

EMPLOYMENT RELATIONSHIP. Employees shall be free to end employment at their discretion.

NO CHILD LABOR. We will comply with the minimum ages defined by ILO Conventions on child labor, or applicable laws and regulations if they specify to a higher age requirement.

FREEDOM OF ASSOCIATION: We respect the rights of employees to associate or organize without fear of reprisal or interference. If employees are represented by an organization recognized under law, we respect the right to bargain collectively.

NO DISCRIMINATION. We will not discriminate in employment hiring practices on the basis of age, nationality, race, religion, social status, ethnic origin, gender, sexual orientation, political affiliation, marital status, disability, or other protected class as determined by local law.

HOURS AND WAGES. We shall not require workers to work more than the regular and overtime hours allowed by the law of the country where the workers are employed. All overtime work shall be consensual. Employers shall compensate all overtime work at a premium rate.

WORKPLACE CONDITIONS. We will provide a safe, healthy, and secure workplace. We will abide by all applicable

4. ENVIRONMENTAL SUSTAINABILITY

MINIMIZING ADVERSE IMPACT. We will abide by all applicable environmental laws and regulations. We will manage our environmental footprint to minimize the adverse impact on the environment. We aim to manage our production processes, energy and water usage, and waste systems for maximum efficiency and minimal adverse impact on the environment.

5. SUPPLY CHAIN SECURITY

PRODUCT SECURITY THROUGH DELIVERY. We and our suppliers will implement procedures that ensure products have not been changed or tampered with from shipping point through delivery.

ETHICAL BEHAVIOR. Our suppliers are expected to conduct their business in accordance with the highest ethical standards and will strictly comply with all laws and regulations on bribery, corruption and prohibited business practices. No money, assets, gifts, fees, bribes or compensation of any kind may be given to our employees or our affiliates' employees in an attempt to unduly influence such person's decision making abilities.

OUR COMPANY'S COMMITMENT TO THESE BUSINESS PRINCIPLES

Our adoption of this Commitment to Ethical and Responsible Conduct Policy expresses our sincere commitment to the principles expressed. It is our guide to conducting our business

decisions and relationships. However, by adoption and application of these business philosophies, we do not waive and expressly reserve all our rights granted us under applicable law.

Online Resources:

About the Code <https://www.ppai.org/corporate-responsibility/ppai-code-of-conduct/>

Adopt the Code <https://www.ppai.org/corporate-responsibility/ppai-code-of-conduct/#294d3730-bdbb-4989-b9cc-2251279dbb4f>

FAQs <https://www.ppai.org/corporate-responsibility/ppai-code-of-conduct/#a7f0cacc-aecb-485c-acc4-1534be8438a4>

Promote the Code <https://www.ppai.org/corporate-responsibility/ppai-code-of-conduct/#8bfc006e-af03-4170-b489-d679526725c5>

Code of Conduct Adopters <https://www.ppai.org/corporate-responsibility/ppai-code-of-conduct/#deccba51-544b-4429-8f1f-707c59021166>

S O C I A L[™]
RESPONSIBILITY
POWERED BY PPAI