

## 1. Definitions:

A non-compliance is a specific breach of the standard or code against which the employment site was audited.

Non-compliances may be Critical, Major or Minor

A **minor non-compliance** is:

- an occasional or isolated problem;
- an issue which presents a low risk to workers/ those on-site;
- A policy issue or misunderstanding where there is no evidence of a material breach.

A **major non-compliance** is:

- a breach which represents a danger to workers/ those on-site;
- a material breach of a code requirement/ law;
- a systematic violation of a code requirement/ law.

A **critical non-compliance** is:

- an issue which presents imminent risk to workers' safety/risk to life and limb or constitutes a significant breach of workers' human rights, and/or;
- a major non-compliance that has not been addressed or for which no significant improvement has been made by the time of a follow up audit, in spite of supplier commitment to resolve the issue;
- an attempt to pervert the course of the audit through fraud, coercion, deception or interference.

A **good practice example** is:

- an issue that the auditor feels is over and above the standard against which the employment site was audited.

## 2. Critical Conditions:

Sections	Checkpoints concerned	Conditions for critical nonconformity
General		<ol style="list-style-type: none"> <li>1. Factory operates without business license</li> <li>2. Factory refused the entrance to the site, access to documents, worker interviews during audits</li> <li>3. Bribery or corruption attempt</li> </ol>
Hygiene, Health & Safety	1.4 1.6 1.13 1.14 1.15 1.16 1.17 1.18 1.20 1.23 1.24 1.26 1.34 1.35	<ol style="list-style-type: none"> <li>1. Personal Protective Equipment are not provided by factory</li> <li>2. No legal construction certificate (Building Structure) available, or building structure at risk (cracks,...)</li> <li>3. Emergency exits not arranged according to regulations (in number, location,...)</li> <li>4. There is no fire alarm or firefighting equipment in the factory.</li> <li>5. Dangerous work environment which implies an immediate risk for workers' health and/or security</li> <li>6. Poor electrical safety maintenance, fire equipment maintenance or boiler maintenance that endangers the safety of the workers</li> <li>7. Dormitories are within the same building of production workshop or warehouse</li> <li>8. Emergency exits are found to be kept locked</li> </ol>
Waste Management	2.2 2.8 2.9 2.12 2.13 2.15 2.16	<ol style="list-style-type: none"> <li>1. Factory has been sued for damage on the environment within last 2 years</li> <li>2. Factory is operating without legal approval for activities</li> <li>3. Evidence of spill of hazardous wastes directly into the environment</li> <li>4. Evidence of spill of waste water directly into the environment</li> <li>5. Evidence of spill of polluted air without treatment directly into the environment</li> </ol>
Child Labor	3.1 3.5	<ol style="list-style-type: none"> <li>1. Presence of child/children on production site on audit day (no matter if the child/children is/are working or not)</li> <li>2. Documentary evidence (eg. ID card) even without any presence of child/children</li> <li>3. If "presumption" and no procedure nor documentary evidence and (with adequate comments)</li> <li>4. Oral witness during interviews. Employee assumes he or she is a child but no documentary evidence is provided</li> <li>5. Oral witness during interviews and neither procedure nor ground allowing to assess workers' age</li> <li>6. Young workers are found to be working in hazardous conditions</li> </ol>
Working Hours	4.1 4.2	<ol style="list-style-type: none"> <li>1. Evidence of double booking or forged documents made on purpose of misleading auditor</li> <li>2. Evidence of coaching for workers' interviews</li> <li>3. Evidences that working hours are exceeding 72 hours per week, in a repeated way, and without specific justification</li> <li>4. Evidences that workers do not have 1 day off in 7 days (or 2 days off in 14 days where applicable)</li> </ol>
Wages &	5.1	<ol style="list-style-type: none"> <li>1. Evidence of double booking or forged documents made on</li> </ol>

Benefits	5.2	<p>purpose of misleading auditor</p> <ol style="list-style-type: none"> <li>2. Evidence of coaching for workers' interviews</li> <li>3. Documentary evidence that legal minimum wage is not reached</li> <li>4. Oral witness during interviews (at least 1) that legal minimum wage is not reached but lack of evidence due to absence of documents</li> <li>5. Documentary evidence that overtime hours are not paid at all or with a rate lower than normal working hours</li> </ol>
Forced Labor	7.1 7.2 7.3 7.4 7.5	<ol style="list-style-type: none"> <li>1. Proved forced labor (According to the ILO definition : « every work or service required from someone under any kind of threat, and which is not done of one's own free will”), including recruitment, transportation, harboring or receipt of people for the purpose of slavery, prostitution, bonded labor, forces labor and/or debt bondage</li> <li>2. Presence of prison labor on manufacturing site</li> </ol>
Discrimination	8.1 8.2	<ol style="list-style-type: none"> <li>1. Proof of discrimination in term of employment, promotion, compensation, welfare, dismissal and retirement, etc. within the company based on criteria of race, birth, religion, national or social origins, sex, family responsibilities, marital status, handicap, sexual orientation or political opinions</li> <li>2. Use of blood test, pregnancy test of virginity test for hiring</li> </ol>
Disciplinary practices	9.1	<ol style="list-style-type: none"> <li>1. Proof of mental/physical/sexual ill-treatment as part of the management style of supplier</li> <li>2. Proof of excessive disciplinary measures, outside of legal framework (including fines as disciplinary practices)</li> </ol>

### 3. Scoring System

#### 3.1 Score per checkpoint:

- If a checkpoint is rated "Pass", it receives 1 point
- If a checkpoint is rated with a Minor, Major or Critical NC, it receives 0 point
- if a checkpoint is N/A (not applicable), it is not included in scoring

#### 3.2 Score per section:

- The score of each section is calculated by adding the number of point reached (number of "Pass" checkpoints) and divide by the maximum potential score (number of scored checkpoints), and bring back to a score /10
- If there is 1 or more checkpoint receiving a Critical NC in any section, the score for the whole section will be 0/10

**Example:** Child Labour Section has 8 checkpoints evaluated. In example below, 4 checkpoints evaluated, 3 checkpoints are Pass and 1 checkpoint has a Minor NC found.

Result is: (3 points (for 3 Pass checkpoints) + 0 point (for 1 Minor NC)) / 4 (checkpoints evaluated) = 7.5/10

Critical NC	Major NC	Minor NC	Score /10
0	0	1	7.5/10

#### 3.3 Overall Score:

- Overall Score is calculated by applying the indicated weights to each section's score

	WEIGHT	Critical NC	Major NC	Minor NC	Score out of 10
Health & Safety, Hygiene	35%	0	6	5	6.5
Waste Management	20%	0	0	2	8.9
Child Labor	15%	0	0	1	7.5
Hours, Wages & Benefits	20%	0	0	0	10
Labor Practices	10%	0	0	1	9.3
<b>Total</b>		<b>0</b>	<b>6</b>	<b>9</b>	<b>8.1</b>

NC: Non-Compliances

**In example below:**

- Health & Safety: 6.5/10, weight 35% => 2.275 points
- Waste Management: 8.9/10, weight 20% => 1.78 points
- Child Labour: 7.5/10, weight 15% => 1.125 points
- Hours, Wages & Benefits: 10/10, weight 20% => 2 points
- Labor Practices: 9.3/10, weight 10% => 0.93 points

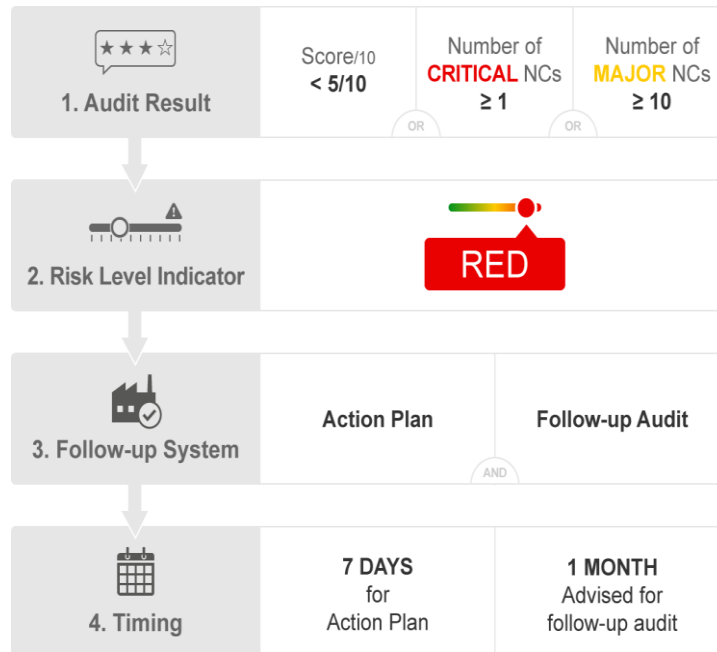
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Total:  $2.275+1.78+1.125+2+0.93 = 8.1/10$

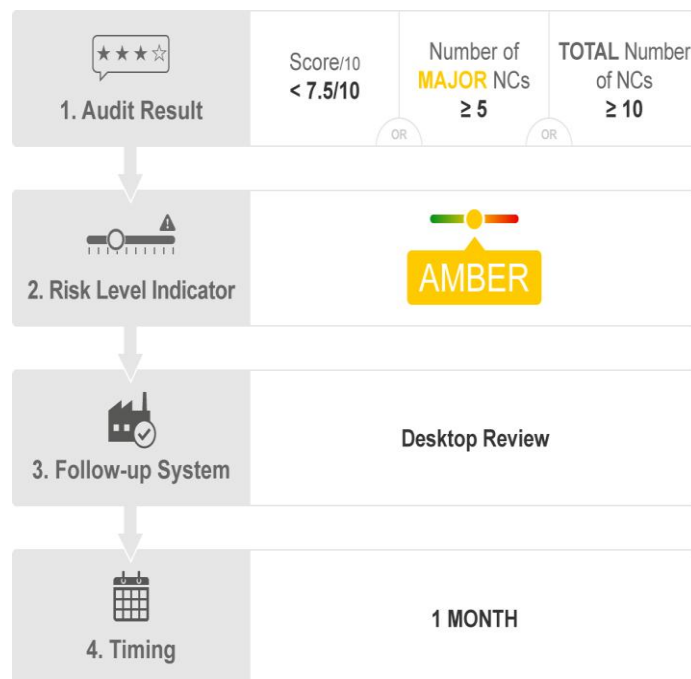
#### 4/ Color Indicator

Color indicator and recommendation are determined as follow:

##### RED



##### AMBER



**GREEN**

