

**To:** *Family Dollar Suppliers*

**Subject:** *WCA (Workplace Condition Assessment) Social Compliance Audit-2015*

## What is the WCA -Social Compliance Audit Process?

The Social Compliance Audit Process is a key part of Family Dollar's commitment to ensure social responsibility and ethical business sourcing practices with all vendors and factories.

Family Dollar's Quality and Compliance Program defines core values and principles, while clearly outlining expectations of our vendors. This includes but not limited to policies on child/forced labor, harassment/abuse, discrimination and/or bribery. Family Dollar's audit objectives are to enforce these expectations, while educating and working together with our vendors to achieve common values on fair employee compensation and working hours, safe work places and the management systems to support vendor's sustainability of their policies and processes. Family Dollar expects that all vendors, including any approved sub-contractors, are in full compliance with all aspects of the Family Dollar Quality and Compliance Program, as well as any country law(s).

## Who is Intertek?

Intertek is a third-party, independent service provider, that works directly with Family Dollar to ensure the commitment of all suppliers/vendors to the Code of Conduct.

Intertek developed a range of supplier assessment standards and support tools to help retailers and vendors better manage reputational risk, measure performance, communicate results and improve compliance performance against industry benchmarks. Through the use of a Workplace Conditions Assessment (WCA) audit we are able to better manage compliance to Family Dollar's Quality and Compliance Program.

## What is a WCA Report?

- ❖ A world-class standard focused on improving working conditions
- ❖ Alignment with the Global Social Compliance Program (GSCP), recognized by many world-wide brands and retailers
- ❖ Measures your facility performance against global, country and industry benchmarks and standards
- ❖ The standards include 5 sections: Workplace Management System, Wages and Working hours, Labor, Health and Safety, Workplace Environment
- ❖ Specific to Family Dollar WCA program only, factories achieving a score of 85 or above (Green/High Performance) will be granted a 24 month approval, before the next audit is due.

## What to expect with your first WCA audit?

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Family Dollar vendors are required to submit detailed factory information to Intertek to arrange a WCA audit. Upon receipt of our confirmation, Intertek local office will contact you directly to arrange the audit. Factories will be subject to semi-announced assessments - the auditor(s) from Intertek will arrive at your location, within the 2-week window provided. Please extend all courtesies and cooperation to any Intertek auditor(s) that arrive to conduct these visits. If you have a current Intertek WCA achievement award – you *may* be exempt from WCA audits.

The audit will be based on document review, employee interviews and visual observations made while in the facility. The factory is responsible for providing all necessary documents on the day of the audit. **These documents are included on the document checklist form from Intertek.** The Intertek audit team is expected to have full and unrestricted access to all areas within the factory and records to complete the assessment. Your factory management will be given a verbal review of the findings at the end of the audit process and will also receive a Continuous Improvement Report (CIR) from Intertek if any areas of improvement are identified.

What to expect after the audit is completed?

- ❖ Within 5 to 7 working days after audit, you will receive official WCA audit report from Family Dollar. Note, the audit report will be issued to Family Dollar first, for the initial review.

Family Dollar will accept an Intertek valid “Achievement Award” for WCA assessment for facilities with score over 85 and with no Major finding. If you have a copy of your last assessment report, please feel free to forward to Family Dollar for review, as it *may* exempt you from the audit if it is considered valid. We encourage you to continuously improve and engage proactively in the Intertek program and contact Intertek should you require more information.

- ❖ Family Dollar would like to emphasize that these audits will be conducted as per the schedule. Should the factory fail to keep the schedule and/or deny Intertek entry into the facility to perform the audit, a charge for the total cost of the aborted/cancelled audit plus expenses incurred, will be charged directly to the vendor. If a change in schedule is absolutely needed, you must contact Intertek at least 5 or more business days in advance. If cancelled/rescheduled within 2-5 business from schedule window, a 50% surcharge will be charged directly to the vendor; to cover audit fee and expenses incurred (Ground Transportation Only). Only under special circumstances will the schedule be postponed or cancelled. Any changes to the schedule must have prior approval from Family Dollar.

We look forward to continuing to work closely with you and appreciate your cooperation. Please do not hesitate to contact Intertek Auditing Team with any questions you may have about this request. The contact directory is located on the following page.

Sincerely,

Overview: Audit Process and Requirements

Audit Process

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Opening Meeting / Management Interview

The purpose of the opening meeting is the following: Introduce the Intertek Audit team, discuss the process and explain the scope of audit with management, and Interview management about general facility policies related to compliance.

Facility Tour

The Intertek Audit team will check ALL areas of the facility without exception. Full access is required.

Interviews

Intertek Audit team shall perform the employee interview during the facility tour and/ or after the documentation review process. A representative sampling of workers by facility section will be confidentially interviewed.

Document Review

The facility is required to assemble the documents according to Document Checklist for Facility Preparation for Intertek auditor review.

Closing Meeting

The purpose of the closing meeting is the following:

- ❖ Gather facility management and key personnel who are responsible for auditing.
- ❖ To have any outstanding questions or issues answered by the facility representatives.
- ❖ Present the Continuous Improvement Report (CIR) and summarize the findings to the facility representatives.
- ❖ Ensure all findings are well communicated and facility representatives fully understand.
- ❖ To thank facility representatives for their cooperation.





## Who do I contact for questions regarding the WCA Audit Process?

Intertek will provide the necessary resources to organize and implement the operational procedures associated with this Program. Intertek will perform at a high level of customer service in both administrative and technical aspects and will dedicate key staff members to manage the Program as indicated below:

<b>Program Manager:</b> (Maintaining client program procedure, requirement. Overseeing operation globally for the program.)	<b>Joyce Ng</b> Tel: 86-18277221348 Email: <a href="mailto:joyce.ws.ng@intertek.com">joyce.ws.ng@intertek.com</a>
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### Audit Program Contacts:

(Handle day-to-day coordination activities, please send your audit requests to the following local contacts)

#### Asia-Pacific

Name	Location Coverage	Contact Details
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