



**Qingdao Double Butterfly Group Co Ltd**

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**Statement of Continued Support**

December 13, 2017

To our stakeholders:

I am pleased to confirm that Qingdao Double Butterfly Group Co Ltd reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.

In this annual Communication on Progress, we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations. We also commit to share this information with our stakeholders using our primary channels of communication.

Sincerely yours,

Liu Hongyu

Chairwoman

## **Communication of Progress**

### **Human Rights**

- **Principle 1 - Businesses should support and respect the protection of internationally proclaimed human rights**
- **Principle 2 - Make sure that they are not complicit in human rights abuses**

We, as a condom manufacturer, are always in support of the human rights as described in the Universal Declaration of Human Rights and other international standards. We are SA8000 certified and the Universal Declaration of Human Rights is one of the documents being followed as part of this certification. We strongly believe in the safeguarding of human rights as a fundamental and integral part of our business strategy. We supply good quality condoms in large quantity to UNFPA and other purchasers for the protection against unwanted pregnancy and diseases, which represents an express reflection of our support of human rights, health and welfare.

We are based in China where the risk of human right violations is relatively low. Those who have complaints have easy access to local legal assistance.

One of our specific goals is to keep our SA8000 certification valid on the long term. During July 2017, we had an independent audit on our SA8000 certification. We have successfully completed all the required corrective actions and passed this audit.

### **Implementation**

We have suggestions boxes and various other means including the normal reporting line through which suggestions, ideas and complaints can be communicated effectively. We hold general shareholders and employees representative meetings every year to discuss various important business matters. We have the Workers Union within the company that work to protect the interests of the employees and promote their welfare.

We conduct induction trainings and subsequent trainings for our employees so that they can become aware of their rights and interests protected by the law.

Our Human Resource team as part of our Administration department are responsible for taking care of the welfare and interests of employees, while the senior management team is ultimately responsible for making all the major decisions on related matters.

We have various HR policies and procedures that help protect the human rights of our employees.

### **Measurement of outcomes**

In order for a company like ours to succeed and prosper, it is highly important for us to attract and retain good people. We have made improvement in various specific areas such as dipping workshop environment and emergency alerting system.

We follow our Social Responsibility Management Manual to deal with any events related to Human Rights.

We receive periodic external audits from TUV and Beijing Zhonghua on our SA8000 (valid until March 10, 2019) and GB/T28001 (valid until May 17, 2019, similar to ISO18001 OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM) certifications. Our auditors have been happy with performance and our certificates remain valid.

### **Labour**

- **Principle 3 - Businesses should uphold freedom of association & effective recognition of the right to collective bargaining**
- **Principle 4 - The elimination of all forms of forced and compulsory labour**
- **Principle 5 - The effective abolition of child labour**
- **Principle 6 - Eliminate discrimination in respect of employment and occupation**

We are SA8000 certified and our current certification will remain valid until March 10, 2019. We have our Social Responsibility Management Manual detailing out the policies and principles that we need to follow, including those promoted by the International Labor Organization Conventions and the Universal Declaration of Human Rights.

In the above-referenced Manual, we are also committed to doing what is possible to encourage and influence our business partners, suppliers and subcontractors to adhere to the Global Compact principles. We include a Social Responsibility Commitment Letter as part of the agreements with our major suppliers and we carry out annual reviews of these suppliers.

In our Social Responsibility Management Manual, we have detailed policies and procedures on freedom of association, collective bargaining, and other ILO conventions. In the upcoming year, we will continue to be certified in

SA8000, which serves as a clear indicator of our compliance with Labours Rights principles and policies.

### **Implementation**

We have managed to keep the temperature in our dipping room below 40°C during the summer and our QA has verified this in August 2017. The level of dust in our workshops is kept within the national limit (8mg/m<sup>3</sup>) and third independent organization tested our workshops' dust level (C<sub>TWA</sub>) maximum 0.71 mg/m<sup>3</sup> in August 2017. This helps not only provide a better workplace, but also reduce the consumption of energy.

We have set a target of reducing number of workplace injuries by 10% in 2017 and far to now our production department confirms real workplace injury number is 0.

### **Measurement of outcomes**

We follow the related laws and international standards in dealing with any labor-related events.

We have taken all the required corrective and follow-up actions and successfully passed the external audits on our SA8000 certification during 2017.

### **Environment**

#### **Principle 7 - Businesses should support a precautionary approach to environmental challenges**

- **Principle 8 - Undertake initiatives to promote greater environmental responsibility**
- **Principle 9 - Encourage the development and diffusion of environmentally friendly technologies**

As a condom maker, we are ISO14001 certified as part of our efforts to further reduce the relatively limited impact of our operational activities on the environment. We are committed to maintaining such certification on a long term basis.

We have our Environment, Occupational Health and Safety Management Manual and various detailed procedures to follow in our day-to-day activities to reduce the impact of our operations on the environment.

In 2017, the emission during condoms production processes have meet national environmental protection emission standards, all solid waste are

disposed legally, and all waste water discharge meet national standards ,in which the content of suspended solid is below 35mg/m<sup>3</sup>, PH Value between 7-8, chemical oxygen demand below 47mg/m<sup>3</sup>, and ammonia nitrogen below 34mg/m<sup>3</sup>.

In 2015 we introduced dry electric testing machines to reduce electrical noise level and dust level during ET process, we have maintained our goal of keeping the density of dust in the workshops and extracted outside within the national limit and also kept the noise level of our workshops below the national limit of 85 decibels.

### **Implementation**

Among other activities, we have set up Used Battery Bin to dispose of used batteries properly so that their impact on the environment is controlled. We have also further improved the insulation system in our dipping room and this has helped not only provide a better workplace to our people, but also reduced the use of electricity.

We include a Commitment Letter as part the supply agreements with our major suppliers so that our key suppliers are equally committed to the protection of environment.

Our management team is responsible for any environment related decisions, and we have one designated person focusing on environment related work.

### **Measurement of outcomes**

Every year we have one external audit on our ISO14001 certification, during which every aspect of our environment-related systems and procedures and details are being reviewed. The last audit was conducted during April 2017. We have taken all the corrective and follow-up actions and have successfully passed this audit. We are committed to maintaining such certification as part of our overall strategy to keep our company eco-friendly.

### **Anti-Corruption**

#### **Principle 10 - Businesses should work against all forms of corruption, including extortion and bribery.**

We have a zero-tolerance policy against such illegal practices. The local government have been stepping up their efforts against such practices and we are completely supportive of such progress. Following the laws is one of the fundamental practices of our doing business in a successful and sustainable

manner. The procedure against corruption as part of our company policies provide more detailed guidelines on how to abide by national laws and company policy in ensuring the implementation of our zero-tolerance policy against any form of corruption. We have conducted training sessions to our employees to improve their awareness of this important policy and ability of following it.

End.