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# Refuse Bribery Demands and Fail Tests

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### **Factory Names International Certification Company in Complaint of Unethical Audit Behavior, Still No Response from Company**

#### **Factory: Failed to pass audits, no more orders**

According to Yangguang Plastic Factory union leader Mr. Li, the factory currently employs over 1,000 workers, and is certified for international toy company Mattel's OEM (Original Equipment Manufacturer) status, and has been a part of the International Council of Toy Industries (ICTI) for nearly six years. In order to follow international export conventions, the factory submits itself each year to auditing by a third party certification group, and last year before November, had successfully passed a number of third party firms' audits. Although at times audits discovered issues, the factory was always able to pass after correcting these problems. From last November, however, ICTI assigned international certification company BV to audit the factory four times through July 22 of this year, and the factory failed each time. As a result, the factory has no more orders and is on the verge of bankruptcy.

According to factory vice president Mr. Ning, last year on November 11, BV's Shenzhen office auditors conducted the first audit, and a team of three auditors discovered a total of 34 problems. A dispute resulted when the factory management and auditors had different views of certain problems, and finally, one of the auditors went so far as to suggest that "Your factory has so many problems, you should invite a consulting company to assist you."

According to union director Li, at 7 pm on February 28 of this year, a man called factory manager Mr. Jiang and said, "[informal: Old] Zhang, during the factory audit this time, give 30,000 RMB [\$4,412 USD] to ensure passing, we will give you this final chance." Jiang recorded the phone conversation. Finally, the factory decided to reject the request for money. On March 2 during the second factory audit, BV's Shenzhen office auditors once again discovered more than ten problems, and the factory could not understand why the auditors claimed to discover the same problems as in the original audit. Again, the factory did not pass. After this, Jiang called the man who offered the "bribery demand" and was told "If you want to give money now, it will take 70,000 RMB [\$10,294 USD] to guarantee a pass."

Li states that they were very angry, and reported to BV that the three auditors had demanded bribes. The three auditors were fired. After, on March 28 and July 22 of this year, BV conducted its third and fourth audits of the factory and again the factory did not pass, each time with the same assessment. As a result, the factory believed that BV company harbored a "vindictive" attitude, which led to the drop-off of orders and over 1,000 workers who now face unemployment as the factory approaches bankruptcy. For this reason, the factory presented the situation to the Henggang Road Union, the Longgang District Union, and the Shenzhen Federation of Trade Unions, and also submitted the "bribery demand" recording.

The BV Shenzhen subsidiary auditors are severely discriminatory, and unable to uphold ethical standards in their audits," stated the Yangguang Factory Union. "The audit materials they collected are extremely one-sided, and do not accurately represent actual circumstances in the factory. The audit division has its demons too; while they did not take no notice of complaints and other communication with the factory, they were evasive, which has caused serious financial losses to both the factory and its workers."

#### **Factory union: Has bribery demand recording, investigation underway**

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Yesterday morning, Henggang Road Union Vice-Chairman Mr. Zhang stated they had earlier received complaints from Yangguang Plastic Factory, and received the 'bribery demand' recording, and although they had contacted BV's Shenzhen subsidiary office, they had not yet made contact with someone to resolve the situation. If BV's Shenzhen office can not actively handle the issue, BV's Shenzhen office will be responsible for subsequent social instability.

Yesterday morning, a Longgang District Union Worker Rights Department official stated that the union was actively investigating the situation and was still waiting for a direct response from BV's Shenzhen office, with whom they are in actively communication. Yesterday afternoon, the Shenzhen City Federation of Trade Unions had begun investigating but had not yet decided on a final plan to handle the situation.

Since yesterday evening, the reporter has contacted BV's Shenzhen office but the group's HR, Social Responsibility and Quality Control Audit Departments all declined comment, displaying an evasive attitude. BV's Chen Fengyun stated that all relevant departments will deliver responses to the media but as of last night, no further information was provided.