

Request Info				Scheduling			
Request Number	5772747	Factory ID	36162409	Schedule Date	11/17/2015	GP Office	NA
Importer Of Record	WAL-MART			Audit Date	11/17/2015		
Requestor Type	Associate	Audit Types	UNANNOUNCED - (Yellow Follow-Up)				
Request Status	Assessed	Retail Market	WAL-MART STORES INC. USA				
				Future PO Counts			
				Supplier Factory	0		
				Future Factory PO	0		

Factory Details		English	Local Language
Factory Name	PKG - Zhejiang Landl Printing Industry Co., Ltd. Primary/Component Factory		
Factory Address	West Industrial Park, Tiantai County, Zhejiang Province		
Factory City	TIANTAI		
Factory State	NA		
Factory Country	CHINA		
Factory Phone	0576-83050666		
Factory Fax	0576-83951530		
Factory Email	W7300@163.COM		
Factory Code	36162409		
Factory Contact	WangJianGuang		
Factory Importer Of Record	WAL-MART		

Violation Summary	
SECTION	COMPLIANCE OF WAGE
WAGE FOR NORMAL HOURS	
Answer	NO
Comments	<p>Previous audit (November 18, 2014) The previous audit was not conducted by Intertek.</p> <p>Document reviewed: Payroll records, attendance records, labour contracts and production records Compliance details: The payroll record and attendance record from Jul, 2014 to Sep, 2014 was available for review. Based on these records review, workers were paid no less than RMB1450 per month. The local minimum wage standard was RMB 1200 per month before Aug 2014 and RMB1350 per month since Aug 2014. The minimum wage provided by the factory was above the local minimum wage standard. It was also confirmed by workers interview.</p> <p>Yellow Follow Up Audit (November 16-17, 2015) In this audit, based on the provided payroll records, the minimum wage of facility in the sample months was RMB 1600 per month, which is higher than local minimum wage standard set at RMB 1350 per month.</p>
OVERTIME PREMIUM	
Answer	NO
Comments	Previous audit (November 18, 2014)

	<p>The previous audit was not conducted by Intertek.</p> <p>Document reviewed: Payroll records, attendance records, labour contracts and production records Compliance details: The payroll record and attendance record from Jul, 2014 to Sep, 2014 was available for review. Based on these records review, workers were paid no less than RMB1450 per month. The local minimum wage standard was RMB 1200 per month before Aug 2014 and RMB1350 per month since Aug 2014. The minimum wage provided by the factory was above the local minimum wage standard. It was also confirmed by workers interview. And the factory paid the overtime wages as per legal requirement, which were 150%, 200% and 300% of regular/normal pay for overtime work on regular weekdays, rest days and statutory holidays respectively.</p> <p>Yellow Follow Up Audit (November 16-17, 2015) Based on provided payroll records, the facility paid 150% of the normal wages if the extension of working hours is arranged; 200% of the normal wages if the extended hours are arranged on days of rest and no deferred rest can be taken; and 300% of the normal wages if the extended hours are arranged on statutory holidays.</p>
<p>UNCLEAR WAGE SYSTEMS</p> <p>Answer</p> <p>Comments</p>	<p>NO</p> <p>Previous audit (November 18, 2014) The previous audit was not conducted by Intertek.</p> <p>The payroll record and attendance record from Jul, 2014 to Sep, 2014 was available for review. Based on these records review, workers were paid no less than RMB1450 per month. The local minimum wage standard was RMB 1200 per month before Aug 2014 and RMB1350 per month since Aug 2014. The minimum wage provided by the factory was above the local minimum wage standard. It was also confirmed by workers interview. And the factory paid the overtime wages as per legal requirement. No inconsistency was identified during the audit by cross checking with the production records found on site and workers interviews.</p> <p>Yellow Follow Up Audit (November 16-17, 2015) In this audit, all required payroll, time record and production records were available for review. And the auditor reviewed the payroll and time records, crossed checked these records with other time-related records such as material in and out records, daily production records, and interviewed 5 randomly selected employees to corroborate the information in the payroll and time records provided by the management, no inconsistency was found. The working hours and wages could be verified in current audit.</p> <p>Currently, all employees' wages were calculated by hourly rate basis and paid to employees monthly by the 25th day of the next month after the working period. No deposit was deducted in the facility. The facility paid the employees by cash and the pay slips also given to employees when the wages issued. All appropriate employees enjoyed the mandated benefits such as child-bearing leave and paid annual leave.</p> <p>Remark</p> <p>Previous audit (November 18, 2014) Not applicable. The previous audit was not conducted by Intertek.</p> <p>Yellow Follow Up Audit (November 16-17, 2015)</p> <ol style="list-style-type: none"> 1) 12 months (from October 2014 to September 2015) payroll records were reviewed. 2) The local minimum standard set at RMB 1350 per month equivalent to RMB 7.76 (1350/21.75/8) per hour since August 1, 2014. 3) Total 5 records were reviewed in current audit, 1 from September 2015 (Current month), 1 from August 2015 (2nd current month), 1 from July 2015 (3rd current month), 1 from March 2015 (random month) and 1 from December 2014 (random month) respectively. 4) The employees were paid on 25th of each month for their work of previous month.
<p>SECTION</p> <p>MEDICAL CHECK UP / INSUFFICIENT INSURANCE COVERAGE</p> <p>Answer</p> <p>Pre Defined Comments</p> <p>Comments</p>	<p>BENEFITS</p> <p>YES</p> <p>Source:Payroll record Source:Others (please specify the source) Non compliance with Wal-Mart Standards For Suppliers Section 1 WM Standard: Suppliers and their designated manufacturing facilities (including Suppliers) must fully comply with all applicable national and/or local laws and regulations, including but not limited to those related to labor, immigration, health and safety, and the environment..</p>

Previous audit (November 18, 2014)

The previous audit was not conducted by Intertek.

In accordance with Law of the People's Republic of China on Prevention and Control of Occupational Diseases, Article 36: With regard to the workers who engage in operation exposed to occupational disease hazards, the employer shall, in accordance with the regulations of the public health administration department under the State Council, make arrangements for pre-service, in-service and job leaving occupational health checkups and truthfully inform the workers of the results of the checkups. The expenses for occupational health checkups shall be borne by the employer. No employer may assign to workers who have not received pre-service occupational health check-ups any jobs exposed to occupational disease hazards, nor assign to workers forbidden jobs. Workers whose signs of job-related injuries are shown by occupational health checkups shall be transferred from their original posts and proper arrangements shall be made for them. With regard to workers who have not received occupational health checkups before leaving their jobs, the employer may not cancel or terminate the labor contracts concluded with them. Occupational health checkups shall be undertaken by the medical and health institutions approved by the public health administration departments of the people's government at or above the provincial level. In accordance with Wal-Mart Standards for Suppliers, Health and Safety: Suppliers must provide workers with a safe and healthy work environment. Suppliers must take proactive measures to prevent workplace hazards.

It was noted that the factory did not arrange all workers in hazardous position to do occupational health examination.

Evidence observed: Based on document review and management interview, the factory did not arrange workers in hazardous position to do occupational health examination such as printing workers and sticking workers.

Recommendation: To conform to Law of the People's Republic of China on Prevention and Control of Occupational Diseases, Article 36, the factory should arrange workers in hazardous position to do occupational health examination.

Timeframe for completion of remediation and the responsible party: Ms. Wang Binfei is responsible for improve the finding, and will complete it within 3 months.

Factory comments: Factory manager acknowledged this finding and will improve it right away.

Yellow Follow Up Audit (November 16-17, 2015)

1. The finding had not been corrected in this audit.

Local Law: In accordance with the PRC Law of Prevention and Control of Occupational Diseases article 36, the employer shall conduct regular occupational health examination for those laborers who are engaged in using or contacting noxious articles in their working process as required by medical administrative department under the State Council. The occupational health examination should be conducted before laborers start to take work post, in the course of the work post and after leave the work post and employer should inform the laborers of the result of the occupational health examinations. The expense of the occupational health examination should be borne by employers.

Employer should not arrange laborers without the occupational health examination to be engaged in the work with using or contacting noxious articles, or laborers with any occupational prohibitions to be engaged in the prohibited work from them.

Once the occupational health examination indicates that employee is suffering from the occupational disease in relation to his or her occupation, the employer shall transfer such a laborer out of his or her original work post, and allocate him or her in a proper way. Employer should not rescind or terminate the contracts signed with those employees without the occupational health examination at time of leaving the work post.

Finding: No occupational health examination was provided to employees engaged in post with occupational disease hazards. During facility tour, auditor found that there were 10 employees (total 10 employees) were working in printing workshop on the ground floor of the production building with hazardous chemicals including printing ink and thinner. However, no occupational health examination reports which required by law for those 10 employees who engaged in printing were provided for review.

Recommended Action: To conform to the PRC Law of Prevention and Control of Occupational Diseases article 36 and Wal-Mart Standards for Suppliers, the facility shall conduct regular occupational health examination for those laborers who are engaged in using or contacting noxious articles in their working process.

Management Comments: The facility management agreed with the finding and would take

corrective actions without any comments.

The agreed deadline for correction: January 31, 2016

2. New finding was raised in this audit.

Local Law: In accordance with the Social Insurance Law of the People's Republic of China, Article 10 Employees shall participate in the basic endowment insurance, and the basic endowment insurance premiums shall be jointly paid by employers and employees. Article 23 Employees shall participate in the basic medical insurance for employees, and the basic medical insurance premiums shall be jointly paid by employers and employees in accordance with the relevant provisions of the state. Article 33 Employees shall participate in the employment injury insurance, and the employment injury insurance premiums shall be paid by their employers rather than the employees. Article 44 Employees shall participate in unemployment insurance, and the unemployment insurance premiums shall be jointly paid by employers and employees in accordance with the relevant provisions of the state. Article 53 Employees shall participate in maternity insurance, and the maternity insurance premiums shall be paid by employers rather than employees in accordance with the relevant provisions of the state.

Finding: Insufficient social insurance participated. Through document review, auditor found that there were 71 employees in the facility in September 2015, all 71 employees had participated in employment injury insurance, and only 63 employees had participated in other 4 types of social insurance including basic endowment insurance, basic medical insurance, unemployment insurance and maternity insurance.

Recommended Action: To conform to the Social Insurance Law of the People's Republic of China, Article 10, Article 23, Article 33, Article 44, Article 53 and Wal-Mart Standards for Suppliers, the facility should ensure all employees participate in the all 5 types of social insurances to comply with the Law.

Management Comments: The facility management agreed with the finding and would take corrective actions without any comments.

The agreed deadline for correction: January 31, 2016

SECTION

7TH-DAY REST

Answer

Pre Defined Comments

LABOR HOURS

YES

Source:Time card record

Source:Production record

Source:Workers? interviews

Non compliance with Wal-Mart Standards For Suppliers Section 3

Comments

Previous audit (November 18, 2014)

The previous audit was not conducted by Intertek.

In accordance with the China Labor Law, Article 38

The employing unit shall guarantee that its staff and workers have at least one day off in a week.

In addition, In accordance with Wal-Mart Standards for Suppliers Labor Hours

Suppliers must provide workers with rest days and must ensure that working hours are consistent with the law and not excessive.

Finding 1:

It was noted that workers did not have one day off per seven days.

Evidence observed: Based on attendance records review, 5 out of 5 workers maximum successive working days were 31 days in Jul 2014, Aug 2014, Oct 2014 and 4 out of 5 workers maximum successive working days were 30 days in Sep 2014.

Recommendation: To conform to China Labor Law, Article 38, the factory should ensure workers at least have one day off per seven days.

Timeframe for completion of remediation and the responsible party: Ms. Wang Binfei is responsible for improve the finding, and will complete it within 3 months.

Factory comments: Factory manager acknowledged this finding and will improve it right away.

Yellow Follow Up Audit (November 16-17, 2015)

The finding had not been corrected in this audit.

Local Law: In accordance with the PRC Labor Law article 38, the employing unit shall guarantee that its staff and employees have at least one day off in a week.

Finding: No at least one day off per week was provided for employees. Through document review, auditor found that:

- 1) Total 1 randomly selected employee (from printing workshop) worked for 27 consecutive days (from September 4, 2015 to September 30, 2015) without 1 day off in September 2015 (current month).
- 2) Total 1 randomly selected employee (from cutting workshop) worked for 31 consecutive days (from August 1, 2015 to August 31, 2015) without 1 day off in August 2015 (2nd current month).
- 3) Total 1 randomly selected employee (from binding workshop) worked for 31 consecutive days (from July 1, 2015 to July 31, 2015) without 1 day off in July 2015 (3rd current month).
- 4) Total 1 randomly selected employee (from after treatment workshop) worked for 31 consecutive days (from March 1, 2015 to March 31, 2015) without 1 day off in March 2015 (random month).
- 5) Total 1 randomly selected employee (from assembly workshop) worked for 31 consecutive days (from December 1, 2014 to December 31, 2014) without 1 day off in December 2014 (random month).

Recommended Action: To conform to the PRC Labor Law article 38 and Wal-Mart Standards for Suppliers, the facility should ensure employees have at least one day off in a week.

Management Comments:

- 1) What is the reason of this finding? Rush for the shipment
- 2) How many employees were affected by this issue? 100%
- 3) How to correct this problem? To add more employees
- 4) When this problem can be corrected? June 30, 2016

Employees have no comment for the above questions.

INCOMPLETE AND INCONSISTENT TIME SYSTEM

Answer NO

Comments Previous audit (November 18, 2014)
 The previous audit was not conducted by Intertek.
 The factory provided the attendance records from Jul 1, 2014 to the audit date for reviewing. And no inconsistency was identified during the audit. These records were complete and reliable.
 Yellow Follow Up Audit (November 16-17, 2015)
 In this audit, all required payroll, time record and production records were available for review. And the auditor reviewed the payroll and time records, crossed checked these records with other time-related records such as material in and out records, daily production records and interviewed 5 randomly selected employees to corroborate the information in the payroll and time records provided by the management, no inconsistency was found. The working hours and wages could be verified in current audit.

NON COMPLIANCE WITH LABOR HOURS (REGULAR WORKING HOURS: DAILY, WEEKLY, MONTHLY / OVERTIME WORKING HOURS: DAILY, WEEKLY, MONTHLY)

Answer YES

Pre Defined Comments Source:Payroll record
 Source:Time card record
 Source:Workers? interviews
 Non compliance with Wal-Mart Standards For Suppliers Section 3
 WM Standard: Suppliers must provide workers with rest days and must ensure that working hours are consistent with the law and not excessive. Written approval from any local government permitting overtime in excess of normally applicable laws is not acceptable to permit additional overtime hours.

Comments Previous audit (November 18, 2014)
 The previous audit was not conducted by Intertek.
 In accordance with China Labor Law, Article 41, the employing unit may extend working hours due to the requirements of its production or business after consultation with the trade union and laborers, but the extended working hour for a day shall generally not exceed one hour; if such extension is called for due to special reasons, the extended hours shall not exceed three hours a day under the condition that the health of laborers is guaranteed. However, the total extension in a month shall not exceed thirty six hours.
 In addition, In accordance with the Wal-Mart Standards for Suppliers Labor Hours: Suppliers

must provide workers with rest days and must ensure that working hours are consistent with the law and not excessive. It was noted that workers monthly overtime hours exceeded 36 hours in Jul 2014, Aug 2013, Sep 2014 and Oct 2014.

Evidence observed: During the audit, the factory provided working hour records from Jul, 2014 to the audit date for review, it was identified the workers monthly overtime hours exceeded 36 hours in Jul 2014, Aug 2013, Sep 2014 and Oct 2014 respectively. During the audit, 1 worker's working hour records in Jul 2014 were sampled for review, it was identified that the monthly overtime hours exceeded 36 hours and up to 110 hours; 2 workers working hour records in Aug, 2014 were sampled for review, it was identified that their monthly overtime hours exceeded 36 hours and up to 122 hours; 2 workers working hour records in Sep, 2014 were sampled for review, it was identified that their monthly overtime hours exceeded 36 hours and up to 114 hours; 2 workers working hour records in Oct, 2014 were sampled for review, it was identified that their monthly overtime hours exceeded 36 hours and up to 128 hours; And the maximum daily/weekly/monthly overtime hours were 2/26/128 hours respectively.

Recommendation: To conform to China Labor Law, Article 41, the factory should arrange workers to work overtime per legal requirement and ensure all workers monthly overtime hours do not exceed 36 hours. Timeframe for completion of remediation and the responsible party: Ms. Wang Binfei is responsible for improve the finding, and will complete it within 3 months.

Factory comments: Factory manager acknowledged this finding and will improve it right away.

Current status: The attendance record from Jul 1, 2014 to the audit date was available for review. Based on these records review and cross checking with workers interview, workers worked 8 hours per day from 7:30 to 11:30 and from 12:30 to 16:30. 5 days with total 40 regular working hours per week. Workers had overtime working on regular working days (Monday to Friday normally) with 2 hour per time from 18:00 to 20:00 when needed. And workers had overtime working on Saturdays and Sundays with 8 hours per day when needed. And overtime working was arranged on statutory holidays when needed. The maximum daily working hours was 10 hours (8 regular + 2 OT), the maximum weekly working hours was 66 hours (40 regular + 26 OT) and the maximum monthly working hours was 288 hours (160 regular + 128 OT)

Yellow Follow Up Audit (November 16-17, 2015)

The finding had not been corrected in this audit.

Local Law: In accordance with the PRC Labor Law article 41 The employing unit may extend working hours due to the requirements of its production or business after consultation with the trade union and laborers, but the extended working hour for a day shall generally not exceed one hour; if such extension is called for due to special reasons, the extended hours shall not exceed three hours a day under the condition that the health of laborers is guaranteed. However, the total extension in a month shall not exceed thirty-six hours.

Finding: Overtime hours exceeded 36 hours per month. Through document review, auditor found that:

- 1) In September 2015 (current month), the monthly overtime of total 1 randomly selected employee (from printing workshop) were 104 hours;
- 2) In August 2015 (2nd current month), the monthly overtime of total 1 randomly selected employee (from cutting workshop) were 112 hours;
- 3) In July 2015 (3rd current month), the monthly overtime of total 1 randomly selected employee (from binding workshop) were 110 hours;
- 4) In March 2015 (random month), the monthly overtime of total 1 randomly selected employee (from after treatment workshop) were 92 hours;
- 5) In December 2014 (random month), the monthly overtime of total 1 randomly selected employee (from assembly workshop) were 100 hours.

For example:

a) A from printing workshop, (September 2015) the maximum numbers of working hours (Regular Working Hours + Overtime Hours) in a week = 40 + 26 (Regular + OT) = 66 hrs/week (maximum); the maximum working hours (Regular Working Hours + Overtime Hours) per day = 8 + 2 (Regular + OT) = 10 hrs/day (maximum); the maximum overtime hours in a month = 104 hrs/ month (maximum)

b) B from cutting workshop, (August 2015) the maximum numbers of working hours (Regular Working Hours + Overtime Hours) in a week = 40 + 26 (Regular + OT) = 66 hrs/week (maximum); the maximum working hours (Regular Working Hours + Overtime Hours) per day = 8 + 2 (Regular + OT) = 10 hrs/day (maximum); the maximum overtime

hours in a month = 112 hrs/ month (maximum)

c) C from binding workshop, (July 2015) the maximum numbers of working hours (Regular Working Hours + Overtime Hours) in a week = 40 + 26 (Regular + OT) = 66 hrs/week (maximum); the maximum working hours (Regular Working Hours + Overtime Hours) per day = 8 + 2 (Regular + OT) = 10 hrs/day (maximum); the maximum overtime hours in a month = 110 hrs/ month (maximum)

Recommended Action: To conform to the PRC Labor Law article 41 and Wal-Mart Standards for Suppliers, the facility should reduce the overtime hours to ensure it is within 36 hours per month.

Management Comments:

- 1) What is the reason of this finding? Rush for the shipment
- 2) How many employees were affected by this issue? 100%
- 3) How to correct this problem? To add more employees
- 4) When this problem can be corrected? June 30, 2016

Employees have no comment for the above questions.

Remark:

Previous audit (November 18, 2014)

Not applicable. The previous audit was not conducted by Intertek.

Yellow Follow Up Audit (November 16-17, 2015)

1. 13 months 15 days (October 1, 2014 to November 15, 2015) attendance records were reviewed.
2. During employee interview, all the 5 randomly selected employees stated that they worked overtime on voluntary basis.
3. Total 5 records were reviewed in current audit, 1 from September 2015 (Current month), 1 from August 2015 (2nd current month), 1 from July 2015 (3rd current month), 1 from March 2015 (random month) and 1 from December 2014 (random month) respectively.
4. Only based on the attendance records provided by the facility, working hour statistics were as follows:
 - a) For September 2015 (current month), the average number of hours worked in a week for 1 randomly selected employee was 66 hours (40 hours as normal weekly working hours and 26 hours as overtime hours per week). Maximum working hour per week was 66 hours (total 1 randomly selected employee). And maximum working hours per day was 10 hours (8 hours as regular working hours and 2 hours as overtime hour) (total 1 randomly selected employee), maximum overtime hours in the month was 104 hours (total 1 randomly selected employee).
 - b) For August 2015 (2nd current month), the average number of hours worked in a week for 1 randomly selected employee was 66 hours (40 hours as normal weekly working hours and 26 hours as overtime hours per week). Maximum working hour per week was 66 hours (total 1 randomly selected employee). And maximum working hours per day was 10 hours (8 hours as regular working hours and 2 hours as overtime hour) (total 1 randomly selected employee), maximum overtime hours in the month was 112 hours (total 1 randomly selected employee).
 - c) For July 2015 (3rd current month), the average number of hours worked in a week for 1 randomly selected employee was 66 hours (40 hours as normal weekly working hours and 26 hours as overtime hours per week). Maximum working hour per week was 66 hours (total 1 randomly selected employee). And maximum working hours per day was 10 hours (8 hours as regular working hours and 2 hours as overtime hour) (total 1 randomly selected employee), maximum overtime hours in the month was 110 hours (total 1 randomly selected employee).
 - d) For March 2015 (random month), the average number of hours worked in a week for 1 randomly selected employee was 66 hours (40 hours as normal weekly working hours and 26 hours as overtime hours per week). Maximum working hour per week was 66 hours (total 1 randomly selected employee). And maximum working hours per day was 10 hours (8 hours as regular working hours and 2 hours as overtime hour) (total 1 randomly selected employee), maximum overtime hours in the month was 92 hours (total 1 randomly selected employee).
 - e) For December 2014 (random month), the average number of hours worked in a week for 1 randomly selected employee was 66 hours (40 hours as normal weekly working hours and 26 hours as overtime hours per week). Maximum working hour per week was 66 hours (total 1 randomly selected employee). And maximum working hours per day was 10 hours (8 hours

	as regular working hours and 2 hours as overtime hour) (total 1 randomly selected employee), maximum overtime hours in the month was 100 hours (total 1 randomly selected employee).
SECTION	EMPLOYMENT PRACTICES
NO ROBUST HIRING PROCEDURE.	
Answer	NO
Comments	<p>Previous audit (November 18, 2014)</p> <p>The previous audit was not conducted by Intertek.</p> <p>Document reviewed: Recruiting procedure, personnel files, labour contracts</p> <p>Compliance details: There was no underage labour or young worker in this factory. The youngest worker was 19 years old who was born on 23 Jul, 1995 and on board in this factory on 17 Feb, 2014.</p> <p>The recruiting procedure was established in this factory. The HR officer would verify workers personal file and age information during recruiting.</p> <p>Yellow Follow Up Audit (November 16-17, 2015)</p> <p>Currently, through document review and employees interview, the facility had established appropriate and legal written policy and procedure for hiring and disciplinary practices; the management also checked identification cards and sufficiently maintained all the employees' identification cards copies. The facility signed the labor contracts with all the employees within they joined one month. The facility provided suggestion box and regular meeting to gather the feedback from employees.</p>
SECTION	PPE / CHEMICAL SAFETY
NO OR INAPPROPRIATE SPILL	RESPONSE MATERIAL / SECONDARY CONTAINMENT (110%, MATERIALS USED)
Answer	YES
Pre Defined Comments	<p>Source:On site observation</p> <p>Non compliance with Wal-Mart Standards for Suppliers Section 7</p> <p>WM Standard: Suppliers must provide workers with a safe and healthy work environment. Suppliers must take proactive measures to prevent or manage workplace hazards. All hazardous, flammable, or combustible material must be stored in approved containers in designated storage areas, or appropriate flammable liquid storage cabinets. All hazardous or flammable materials maintained outside the designated storage area should be limited to the amount necessary for use during one shift or eight hours maximum.</p>
Comments	<p>Previous audit (November 18, 2014)</p> <p>The previous audit was not conducted by Intertek.</p> <p>In accordance with Regulations on the Safety Administration of Dangerous Chemicals, Article 20</p> <p>The units producing, storing dangerous chemicals shall, according to the categories and characteristics of the dangerous chemicals, set up the corresponding safety facilities and equipments of monitoring, aeration, sun-proof, temperature adjusting, fireproof, fire fighting, flameproof, pressure discharging, prevention of toxicants, neutralization, moisture proof, protection against thunder, protection against static, antiseptis, prevention of leakage, protection dams or segregated operations, and shall carry out maintenance and caring according to the State standards and the relevant provisions of the State, thus to guarantee the compliance with the requirements of safe operations</p> <p>In addition, in accordance with Wal-Mart Standards for Suppliers, Health and Safety: Suppliers must provide workers with a safe and healthy work environment. Suppliers must take proactive measures to prevent workplace hazards.</p> <p>It was noted that two chemicals were not equipped with secondary containments, and three secondary containments were not proper without enough height for the safeguard.</p> <p>Evidence observed: Based on site observation, two chemicals such as printing oil were not equipped with secondary containments, and three secondary containments were not proper without enough height for the safeguard.</p> <p>Recommendation: To conform to Regulations on the Safety Administration of Dangerous Chemicals, Article 20, the factory should equip proper secondary containments for all chemicals.</p> <p>Timeframe for completion of remediation and the responsible party: Ms. Wang Binfei is responsible for improve the finding, and will complete it within 3 months.</p> <p>Factory comments: Factory manager acknowledged this finding and will improve it right away.</p>

Yellow Follow Up Audit (November 16-17, 2015)

The finding had not been corrected in this audit.

Local Law: In accordance with the Regulations on the Safety Management of Dangerous Chemicals article 20, The units producing, storing dangerous chemicals shall, according to the categories and hazardous characteristics of the dangerous chemicals they producing, storing, set up the corresponding safety facilities and equipments for monitoring, aeration, protection against exposure to sun, temperature adjusting, fireproof, fire fighting, flameproof, pressure discharging, prevention of toxicants, neutralization, moistureproof, protection against thunder, protection against static, antisepsis, prevention of leakage, protection dams or segregated operations, etc.. In addition, the units shall carry out maintenance and caring regularly according to the national standards, industrial standards or the relevant provisions of the State, thus to guarantee the safety operations of facilities and equipments.

Finding: Safety facilities for hazardous chemicals were not compliant with legal requirement. During facility tour, auditor found that partial of hazardous chemicals such as alcohol, printing ink, thinner and gasoil, but there was no secondary containment.

Recommended Action: To conform to the Regulations on the Safety Management of Dangerous Chemicals article 20 and Wal-Mart Standards for Supplier, the facility should set up the corresponding safety facilities and equipments in workshop or warehouse for hazardous chemicals as per legal requirement.

Management Comments: The facility management agreed with the finding and would take corrective actions without any comments.

The agreed deadline for correction: December 17, 2015

NO MSDS / NO OR INSUFFICIENT HAZARDOUS SIGNING / NO OR IMPROPER LABELING / INVENTORY

Answer

YES

Pre Defined Comments

Source:On site observation

Non compliance with Wal-Mart Standards for Suppliers Section 7

WM Standard: Suppliers must provide workers with a safe and healthy work environment. Suppliers must take proactive measures to prevent or manage workplace hazards. An inventory of all hazardous substances used and stored in the facility must be kept, including an up-to-date Material Safety Data Sheet (MSDS)/Safety Data Sheet (SDS) for each substance. Workers must be appropriately trained to handle hazardous substances in their workplace in accordance with the substance MSDS/SDS.

Comments

Previous audit (November 18, 2014)

The previous audit was not conducted by Intertek.

In accordance with Regulations on Safety in Workplaces Where Chemicals Are Used, Article 12, The chemicals used by the employing units shall have the labels, and the dangerous chemicals should be attached with safety labels. Also, the safety and technical instructions of the chemicals shall be available for operators engaged in the use of the chemical.

Article 20, The employing unit shall let safety and sanitary documents of dangerous chemicals known to all employees and educate them to identify the safety labels, understand the safety and technical instructions, master the emergency handling and self-first-aid measures. The employing unit shall also regularly educate and train its employees regarding the safety use of chemicals at the workplaces.

In addition, in accordance with Wal-Mart Standards for Suppliers, Health and Safety: Suppliers must provide workers with a safe and healthy work environment. Suppliers must take proactive measures to prevent workplace hazards.

Finding 1:

It was noted that two chemical containers were not labelled, such as gasoline and alcohol.

Evidence observed: Based on site observation, two chemical containers were not labelled, such as gasoline and alcohol.

Recommendation: To conform to Regulations on Safety in Workplaces Where Chemicals Are Used, Article 12 and 20, the factory should label all chemicals.

Finding 2:

It was noted that the lubricating oil used in the finishing workshop without MSDS onsite.

Evidence observed: Based on on-site observation, the lubricating oil used in the finishing workshop without MSDS onsite.

Recommendation: To conform to Regulations on Safety in Workplaces Where Chemicals Are

Used, Article 12&20 and Wal-Mart Standards for Suppliers, Health and Safety, the factory should post the Chemical MSDS on the chemical used and stored area.

Timeframe for completion of remediation and the responsible party: Ms. Wang Binfei is responsible for improve the finding, and will complete it within 3 months.

Factory comments: Factory manager acknowledged this finding and will improve it right away.

Yellow Follow Up Audit (November 16-17, 2015)

1. The finding had not been corrected in this audit.

Local Law: In accordance with the Regulations on the Safe Use of Chemicals in Workplace, Article 12 The unit, which uses chemical, shall set up identification label for all chemicals in using. For dangerous chemical, a safety label shall be applied and MSDS be provided for worker.

Finding: No safety label for hazardous chemical. During facility tour, auditor found that there was no label for partial of chemical (such as alcohol, printing ink, thinner and gasoil) using at printing workshop on the ground floor at production building.

Recommended Action: To conform to the Regulations on the Safe Use of Chemicals in Workplace, Article 12 and Wal-Mart Standards for Supplier, safety labels should be attached for all hazardous chemicals for identification.

Management Comments: The facility management agreed with the finding and would take corrective actions without any comments.

The agreed deadline for correction: December 17, 2015

2. The finding had not been corrected in this audit.

Local Law: In accordance with the Regulations on the Safe Use of Chemicals in Workplace, Article 12 The unit, which uses chemical, shall set up identification label for all chemicals in using. For dangerous chemical, a safety label shall be applied and MSDS be provided for worker.

Finding: MSDS were not available for hazardous chemicals. During facility tour, auditor found that facility used alcohol, printing ink, thinner and gasoil in the printing workshop. However, no MSDS□iMaterial Safety Data Sheet□jwas provided in these areas.

Recommended Action: To conform to the Regulations on the Safe Use of Chemicals in Workplace, Article 12 and Wal-Mart Standards for Supplier, the facility should ensure MSDS is available for hazardous chemical in the workplace.

Management Comments: The facility management agreed with the finding and would take corrective actions without any comments.

The agreed deadline for correction: December 17, 2015

NO TRAINING FOR PPE / INAPPROPRIATE TYPE OF PPE / WORKERS NOT WEARING PPE APPROPRIATELY / NO PPE PROVIDED TO SOME WORKERS OR SOME DEPARTMENTS IN THE FACTORY

Answer

YES

Pre Defined Comments

Source:On site observation

Non compliance with Wal-Mart Standards for Suppliers Section 7

Comments

WM Standard: Suppliers must provide workers with a safe and healthy work environment. Suppliers must take proactive measures to prevent or manage workplace hazards. PPE must be adequate and appropriate to protect workers from the specific hazards they encounter in the scope of their work.

Previous audit (November 18, 2014)

The previous audit was not conducted by Intertek.

None observed

Yellow Follow Up Audit (November 16-17, 2015)

New finding was raised in this audit.

Local Law: In accordance with Law of the PRC on Work Safety article 42, manufacturing units shall provide personal protective equipment to employees. Manufacturing units shall supervise and train employees to ensure they properly wear and use the personal protective equipment.

Finding: Employees did not properly wear PPE (Personal Protective Equipment). During facility tour, auditor found that all 10 workers working in the printing Workshop were not wearing active carbon masks provided by the facility.

Recommended Action: To conform to Law of the PRC on Work Safety article 42 and Wal-Mart

	Standards for Supplier, the facility should provide suitable personal protective equipment for above employees, supervise and train the employees on properly wearing PPE.
	Management Comments: The facility management agreed with the finding and would take corrective actions without any comments.
	The agreed deadline for correction: December 17, 2015
NO APPROPRIATE PPE EMERGENCY PREPAREDNESS AND RESPONSE PROCEDURE	
Answer	NO
Pre Defined Comments	Source:Training records for EHS Source:Others (please specify the source)
Comments	Previous audit (November 18, 2014) The previous audit was not conducted by Intertek. In accordance with Wal-Mart Standards for Suppliers, Health and Safety: Suppliers must provide workers with a safe and healthy work environment. Suppliers must take proactive measures to prevent workplace hazards. It was noted that no PPE emergency preparedness or response procedure was available in the factory. Evidence observed: Based on workers and factory management interview, no PPE emergency preparedness or response procedure was available in the factory. Timeframe for completion of remediation and the responsible party: Ms. Wang Binfei is responsible for improve the finding, and will complete it within 3 months. Factory comments: Factory manager acknowledged this finding and will improve it right away. Yellow Follow Up Audit (November 16-17, 2015) The finding had been corrected in this audit. During the document review and employee interview, the facility had provided the PPE emergency preparedness procedure for review.
SECTION	MATERIAL HANDLING
EQUIPMENT NOT INSPECTED BEFORE USE (FORKLIFTS, CRANES, DERRICKS OR OTHER MATERIAL HANDLING EQUIPMENT)	
Answer	YES
Pre Defined Comments	Source:On site observation Source:Please explain in detail Non compliance with Wal-Mart Standards for Suppliers Section 7 WM Standard: Suppliers must provide workers with a safe and healthy work environment. Suppliers must take proactive measures to prevent or manage workplace hazards. Suppliers must implement procedures and safeguards to prevent accidents and injuries to workers. Suppliers of facilities must maintain a valid fire license or permit as required by applicable law. If required by law, such license or permit must be displayed in a visible location
Comments	Previous audit (November 18, 2014) The previous audit was not conducted by Intertek. In accordance with Production Safety Law of the People s Republic of China, Article 30, special equipment that threatens the safety of people's lives and is potentially more dangerous, as well as containers and transport vehicles for dangerous articles, to be used by production and business units shall be made by professional manufacturers in accordance with relevant State regulations, and they shall only be put to use after they pass the test and check by professionally qualified testing and checking authorities and safe use certificates or safety tags are issued. The said authorities shall be responsible for the results of the test and check. In addition, in accordance with Wal-Mart Standard for Suppliers Health and Safety: Suppliers must provide workers with a safe and healthy work environment. Suppliers must take proactive measures to prevent workplace hazards. It was noted that the factory did not provide safety inspection report or certificate for one forklift used in the factory. Evidence observed: During this audit, based on document review and factory management interview, it was noted no safety inspection report or certificate was available for one forklift used in the factory. Recommendation: To conform to Production Safety Law of the People s Republic of China, Article 30, the factory should obtain and provide safety inspection report or safety certificate for one forklift used in the factory. Timeframe for completion of remediation and the responsible party: Ms. Wang Binfei is responsible for improve the finding, and will complete it within 3 months.

	<p>Factory comments: Factory manager acknowledged this finding and will improve it right away.</p> <p>Yellow Follow Up Audit (November 16-17, 2015) The finding had not been corrected in this audit.</p> <p>Local Law: In accordance with Regulations on Safety Supervision of Special Appliance article 28, the operating unit with special appliances shall, pursuant to the regular inspection requirements of safety and technical manual, to apply for regularly inspection at the Special Appliance Inspection and Testing Institutions one month before the expiry date of the safety inspection approval. After the application, the Special Appliance Inspection and Testing Institution shall, pursuant to the requirements of the safety and technical manual, carry out the safety performance inspection and energy efficiency test timely. The special appliance shall not be used prior to pass the regularly inspection.</p> <p>Finding: No regular inspection for special appliances. During facility tour, auditor found that there was one fork lift in the facility. However the facility could not provide the inspection reports of the fork lift for review.</p> <p>Recommended Action: To conform to the Regulations on Safety Supervision of Special Appliance article 28 and Wal-Mart Standards for Suppliers, the facility should apply for the regularly inspection for those special appliances in Special Appliance inspection unit at least one month before the expiry date of the safety inspection.</p> <p>Management Comments: The facility management agreed with the finding and would take corrective actions without any comments.</p> <p>The agreed deadline for correction: January 31, 2016</p>
SECTION	ENVIRONMENT - WASTE MANAGEMENT
IMPROPER DISPOSAL OF GENERAL WASTE	
Answer	NO
Pre Defined Comments	Source:Documentation review Source:On site observation
Comments	<p>Previous audit (November 18, 2014) The previous audit was not conducted by Intertek.</p> <p>In accordance with Wal-Mart Standards for Suppliers, Environment Suppliers should ensure that every manufacturing facility complies with environmental laws, including all laws related to waste disposal, air emissions, discharges, toxic substances and hazardous waste disposal. Suppliers must validate that all input materials and components were obtained from permissible harvests consistent with international treaties and protocols in addition to local laws and regulations.</p> <p>It was noted that no evidence showed the general waste was disposed in proper way.</p> <p>Evidence observed: Based on management interview, the general waste such as life waste was transferred to environmental sanitation, but no evidence was kept and the factory could not prove general waste were treated properly.</p> <p>Timeframe for completion of remediation and the responsible party: Ms. Wang Binfei is responsible for improve the finding, and will complete it within 3 months.</p> <p>Factory comments: Factory manager acknowledged this finding and will improve it right away.</p> <p>Yellow Follow Up Audit (November 16-17, 2015) The finding had been corrected in this audit.</p> <p>During the document review, the auditor found that the facility had submitted the general waste to the Tiantai Country Environment sanitation to dispose. The facility had provided the contracts for review.</p>
SECTION	ENVIRONMENT - WASTEWATER & EFFLUENTS MANAGEMENT
DRAINAGE SYSTEM: (E.G. NO CLEAR LAYOUT, NO SEPARATION AMONG RAINWATER AND WASTEWATER, ETC...)	
Answer	YES
Pre Defined Comments	Source:Documentation review Non compliance with Wal-Mart Standards for Suppliers Section 9 WM Standard: Suppliers should ensure that every manufacturing facility complies with environmental laws, including all laws related to waste disposal, air emissions, discharges, toxic substances and hazardous waste disposal. All facilities must have a drainage system in place to convey wastewater and effluents to a legally-permitted treatment plant or final discharge point. A detailed scale drawing of the drainage system should be available for
Comments	

review.

Previous audit (November 18, 2014)

The previous audit was not conducted by Intertek.

In accordance with Wal-Mart Standards for Suppliers, Environment Suppliers should ensure that every manufacturing facility complies with environmental laws, including all laws related to waste disposal, air emissions, discharges, toxic substances and hazardous waste disposal. Suppliers must validate that all input materials and components were obtained from permissible harvests consistent with international treaties and protocols in addition to local laws and regulations.

It was noted that no drainage layout.

Evidence observed: Based on management interview, no drainage layout was available.

Timeframe for completion of remediation and the responsible party: Ms. Wang Binfei is responsible for improve the finding, and will complete it within 3 months.

Factory comments: Factory manager acknowledged this finding and will improve it right away.

Yellow Follow Up Audit (November 16-17, 2015)

The finding had not been corrected in this audit.

Local Law: No local law applies.

Observation:

No drain pipe network plan. Through management interview and facility tour, it was noted that the facility could not provide drain pipe network plan for review.

Recommended Action: The facility should provide drain pipe network plan for review and collect the rainwater and the waste water generated from the facility separately.

Management Comments: The facility management agreed with the finding and would take corrective actions without any comments.

The agreed deadline for correction: January 31, 2016

SECTION

ENVIRONMENT - AIR EMISSIONS MANAGEMENT

AIR EMISSION MONITORING NOT CONDUCTED AS PER APPLICABLE LEGAL / PERMIT REQUIREMENTS

Answer

NO

Pre Defined Comments

Source:Documentation review

Comments

Previous audit (November 18, 2014)

The previous audit was not conducted by Intertek.

In accordance with Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution (2000) Article 13, where atmospheric pollutants are discharged, the concentration of the said pollutants may not exceed the standards prescribed by the State and local authorities.

In addition, in accordance with Wal-Mart Standard for Suppliers Environment: Suppliers should ensure that every manufacturing facility complies with environmental laws, including all laws related to waste disposal, air emissions, discharges, toxic substances and hazardous waste disposal. Suppliers must validate that all input materials and components were obtained from permissible harvests consistent with international treaties and protocols in addition to local laws and regulations.

It was noted that the factory did not provide test report of industrial waste gas to prove that industrial waste gas discharged from the factory met legal requirement.

Evidence observed: Based on documents review, the factory had obtained valid EIA and approval from local environment protective bureau. The EIA and approval showed that industrial waste gas should be collected, catalyzed and combusted before emission. The factory disposed industrial waste gas per EIA and approval, but the factory did not provide test report of industrial waste gas to prove that industrial waste gas discharged from the factory met legal requirement.

Recommendation: To conform to Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution (2000) Article 13, the factory should obtain test report of industrial waste gas. Timeframe for completion of remediation and the responsible party: Ms. Wang Binfei is responsible for improve the finding, and will complete it within 3 months.

Factory comments: Factory manager acknowledged this finding and will improve it right away.

Yellow Follow Up Audit (November 16-17, 2015)

	<p>The finding had been corrected in this audit.</p> <p>During the document review, the auditor found that the facility had provided the monitoring report of the industrial waste gas for review. According to the report, the discharge of industrial waste gas was compliance with the local law.</p>
	<p>MAINTENANCE OF ODS (OZONE DEPLETING SUBSTANCES) CONTAINING EQUIPMENT (E.G. EQUIPMENTS INSPECTIONS NOT REGULARLY CONDUCTED, NO LEAKAGE CONTROLS IN PLACE, EVIDENCES OF LEAKAGES, ETC...)</p>
Answer	YES
Pre Defined Comments	Source:Documentation review
Comments	<p>Non compliance with Wal-Mart Standards for Suppliers Section 9</p> <p>WM Standard: Suppliers should ensure that every manufacturing facility complies with environmental laws, including all laws related to waste disposal, air emissions, discharges, toxic substances and hazardous waste disposal. Suppliers must establish an inventory of point sources of air emission. Suppliers must maintain an inventory of onsite ozone-depleting substances (ODS). Suppliers should regularly inspect and properly maintain ODS containment equipment to prevent accidental release. Suppliers must seek to expand the number, quality, and types of ODS containment equipment used in their facilities.</p> <p>Previous audit (November 18, 2014)</p> <p>The previous audit was not conducted by Intertek.</p> <p>In accordance with Wal-Mart Standards for Suppliers, Environment Suppliers should ensure that every manufacturing facility complies with environmental laws, including all laws related to waste disposal, air emissions, discharges, toxic substances and hazardous waste disposal. Suppliers must validate that all input materials and components were obtained from permissible harvests consistent with international treaties and protocols in addition to local laws and regulations.</p> <p>It was noted that the factory did not inspect the equipments related ODS.</p> <p>Evidence observed: Based on management interview, the factory did not inspect the equipments such as air conditioner related ODS.</p> <p>Timeframe for completion of remediation and the responsible party: Ms. Wang Binfei is responsible for improve the finding, and will complete it within 3 months.</p> <p>Factory comments: Factory manager acknowledged this finding and will improve it right away.</p> <p>Yellow Follow Up Audit (November 16-17, 2015)</p> <p>The finding had not been corrected in this audit.</p> <p>Local Law: No local law applies.</p> <p>Observation: No maintenance records of ODS containing equipments. Through document review and management interview, the facility did not provide its maintenance records of ODS containing equipments</p> <p>Recommended Action: The facility should maintain the ODS containing equipments and provide the relevant records for review.</p> <p>Management Comments: The facility management agreed with the finding and would take corrective actions without any comments.</p> <p>The agreed deadline for correction: January 31, 2016</p>
SECTION	ENVIRONMENT - MANAGEMENT SYSTEM
	NO ENVIRONMENTAL LEGAL REGISTER IN PLACE AND REGULARLY UPDATED
Answer	NO
Pre Defined Comments	Source:Documentation review
Comments	<p>Previous audit (November 18, 2014)</p> <p>The previous audit was not conducted by Intertek.</p> <p>In accordance with Wal-Mart Standards for Suppliers, Environment Suppliers should ensure that every manufacturing factory complies with environmental laws, including all laws related to waste disposal, air emissions, discharges, toxic substances and hazardous waste disposal. Suppliers must validate that all input materials and components were obtained from permissible harvests consistent with international treaties and protocols in addition to local laws and regulations.</p> <p>It was noted that the factory did not establish the inventory of local law and regulations.</p> <p>Evidence observed: Based on management interview, the factory did not establish the inventory of local law and regulations.</p> <p>Timeframe for completion of remediation and the responsible party: Ms. Wang Binfei is</p>

	<p>responsible for improve the finding, and will complete it within 3 months. Factory comments: Factory manager acknowledged this finding and will improve it right away.</p> <p>Yellow Follow Up Audit (November 16-17, 2015) The finding had been corrected in this audit.</p> <p>During the document review, the auditor found that the facility had established the inventory of local law and regulations.</p>
	<p>NO TRAINED MEMBER OF MANAGEMENT RESPONSIBLE FOR COORDINATION OF ENVIRONMENTAL MANAGEMENT ACTIVITIES</p>
Answer	YES
Pre Defined Comments	Source:Documentation review
Comments	<p>Non compliance with Wal-Mart Standards for Suppliers Section 9 WM Standard: Suppliers should ensure that every manufacturing facility complies with environmental laws, including all laws related to waste disposal, air emissions, discharges, toxic substances and hazardous waste disposal. Suppliers must validate that all input materials and components were obtained from permissible harvests consistent with international treaties and protocols in addition to local laws and regulations. Suppliers should encourage factories to: Appoint a member of the facility management team to be tasked with the coordination of environmental management activities. This person should be properly trained in environmental management.</p> <p>Previous audit (November 18, 2014) The previous audit was not conducted by Intertek. None observed</p> <p>Yellow Follow Up Audit (November 16-17, 2015) New finding was raised in this audit. Local Law: No local law applies</p> <p>Observation: No environment specialist. Through management interview, it was noted that the environment specialist in the facility had not been trained or qualified.</p> <p>Recommended Action: The facility should arrange qualified or trained environment specialist.</p> <p>Management Comments: The facility management agreed with the finding and would take corrective actions without any comments. The agreed deadline for correction: January 31, 2016</p>
	<p>INADEQUATE ENVIRONMENTAL TRAINING PROGRAMS: (E.G. NO OR IMPROPER TRAINING FOR WORKERS DEDICATED TO: HANDLING OR TRANSPORTING WASTE, MAINTAINING WASTEWATER TREATMENT SYSTEM, ETC...)</p>
Answer	YES
Pre Defined Comments	Source:Documentation review
Comments	<p>Non compliance with Wal-Mart Standards for Suppliers Section 9 WM Standard: Suppliers should ensure that every manufacturing facility complies with environmental laws, including all laws related to waste disposal, air emissions, discharges, toxic substances and hazardous waste disposal. Suppliers must validate that all input materials and components were obtained from permissible harvests consistent with international treaties and protocols in addition to local laws and regulations. Suppliers should encourage factories to: Develop an Emergency Response Plan to deal with possible environmental incidents. The Emergency Response Plan should include trained emergency response teams and regular drills.</p> <p>Previous audit (November 18, 2014) The previous audit was not conducted by Intertek. None observed</p> <p>Yellow Follow Up Audit (November 16-17, 2015) New finding was raised in this audit. Local Law: No local law applies</p> <p>Observation: No environmental training procedures, training documents and training records. Through document review, it was noted that the facility did not provide the environmental training records and training documents for review and no environmental training procedures was</p>

established.

Recommended Action: The facility should establish the environmental training procedures and maintain the reference training documents and record for review.

Management Comments: The facility management agreed with the finding and would take corrective actions without any comments.

The agreed deadline for correction: January 31, 2016

NO MONITORING OF ENVIRONMENTAL LAWS AND REGULATIONS FOR CHANGES/UPDATES.

Answer

NO

Pre Defined Comments

Source:Documentation review

Comments

Previous audit (November 18, 2014)

The previous audit was not conducted by Intertek.

In addition, In accordance with Wal-Mart Standards for Suppliers, Environment: Suppliers should ensure that every manufacturing facility complies with environmental laws, including all laws related to waste disposal, air emissions, discharges, toxic substances and hazardous waste disposal. Suppliers must validate that all input materials and components were obtained from permissible harvests consistent with international treaties and protocols in addition to local laws and regulations.

It was noted that the factory did not establish procedure to monitor the updates of laws and regulations regarding environment regularly.

Evidence observed: Based on interview with factory management, the factory did not establish procedure to monitor the laws and regulations regarding environment regularly.

Timeframe for completion of remediation and the responsible party: Ms. Wang Binfei is responsible for improve the finding, and will complete it within 3 months.

Factory comments: Factory manager acknowledged this finding and will improve it right away.

Yellow Follow Up Audit (November 16-17, 2015)

The finding had been corrected in this audit.

During the document review, the auditor found that the facility had established the procedure to monitor the laws and regulations regarding environment regularly.

SECTION

HEALTH AND SAFETY RISK ASSESSMENT

FACILITY DOES NOT MAINTAIN DOCUMENTS PERIODICALLY REVIEW RISK ASSESSMENTS RELATING TO OCCUPATIONAL HEALTH AND SAFETY RISKS

Answer

YES

Pre Defined Comments

Source:On site observation

Comments

Non compliance with Wal-Mart Standards for Suppliers Section 7

Previous audit (November 18, 2014)

The previous audit was not conducted by Intertek.

None observed

Yellow Follow Up Audit (November 16-17, 2015)

New finding was raised in this audit.

Local Law: In accordance with Provisions on the Supervision and Administration of Workplace Occupational Health Article 20, An employing entity with occupational hazards shall entrust an occupational health technical service agency with corresponding qualification to conduct evaluation on occupational hazard factors at least once every year. An employing entity with severe occupational hazards shall, in addition to the above requirement, entrusts an occupational health technical service agency with corresponding qualification to conduct assessment on occupational hazard status at least once every three years.

The results of the evaluation and assessment shall be kept in archive, reported to local administration department of work safety, and announced to the workers.

Finding: The facility did not conduct evaluation on occupational hazard factors. During facility tour, auditor found that hazardous factors existed in printing workshop on the ground floor where hazardous chemicals including alcohol, gasoil, printing ink and thinner were used. However, the facility could not provide evaluation report of occupational hazardous factors in 2014 for review.

Recommended Action: To conform to Provisions on the Supervision and Administration of Workplace Occupational Health Article 20 and Wal-Mart Standards for Supplier, the facility should apply for testing of factors of occupational hazards at least once a year, and keep the reports for review.

	<p>Management Comments: The facility management agreed with the finding and would take corrective actions without any comments.</p> <p>The agreed deadline for correction: January 31, 2016</p>
SECTION	EQUIPMENT SAFETY / MACHINE SAFETY
	NO APPROPRIATE TRAININGS FOR SAFE MACHINE OPERATION, INTERLOCKING AND AUTOMATIC SHUTDOWNS OF MACHINES, PASTING OF MACHINE SAFETY INSTRUCTIONS IN LOCAL LANGUAGE
Answer	YES
Pre Defined Comments	Source:Worker's interview Source:Documentation review
Comments	<p>Non compliance with Wal-Mart Standards for Suppliers Section 7 WM Standard: Suppliers must provide workers with a safe and healthy work environment. Suppliers must take proactive measures to prevent or manage workplace hazards. Suppliers must implement procedures and safeguards to prevent accidents and injuries to workers. Procedures and safeguards should include but not be limited to proper equipment maintenance, established inspection routines, adequate worker training and protection, facility structure maintenance, and proper fire prevention. Suppliers must ensure there are no unreasonable or uncontrolled risks to worker health and safety.</p> <p>Previous audit (November 18, 2014) The previous audit was not conducted by Intertek. None observed</p> <p>Yellow Follow Up Audit (November 16-17, 2015) New finding was raised in this audit.</p> <p>Local Law: In accordance with Regulations on Safety Supervision of Special Appliance article 38, the operator of special appliances (mentioned in Article 2, such as boiler, compressing equipment, lift, lifting appliance, etc) shall undergo relevant examination and qualifications to obtain special appliances certificate from the Special Appliance Quality Safety Monitoring department before operating those appliances.</p> <p>Finding: No certificate for special appliance operator. During facility tour, auditor found that there were two cargo lifts in the facility, however the facility could not provide the operator certificate for review.</p> <p>Recommended Action: To conform to Regulations on Safety Supervision of Special Appliance article 38 and Wal-Mart Standards for Supplier, the facility should ensure all special appliance operators obtain relevant certificates according to legal requirement before operating those appliances.</p> <p>Management Comments: The facility management agreed with the finding and would take corrective actions without any comments.</p> <p>The agreed deadline for correction: January 31, 2016</p>
	WHERE REQUIRED BY LAW, ALL PROPER EQUIPMENT CERTIFICATION/LICENSE ARE CURRENT AND ON FILE
Answer	YES
Pre Defined Comments	Source:Worker's interview Source:Documentation review
Comments	<p>Non compliance with Wal-Mart Standards for Suppliers Section 7 WM Standard: Suppliers must provide workers with a safe and healthy work environment. Suppliers must take proactive measures to prevent or manage workplace hazards. Suppliers must implement procedures and safeguards to prevent accidents and injuries to workers. Procedures and safeguards should include but not be limited to proper equipment maintenance, established inspection routines, adequate worker training and protection, facility structure maintenance, and proper fire prevention .Suppliers of facilities must maintain a valid fire license or permit as required by applicable law. If required by law, such license or permit must be displayed in a visible location..</p> <p>Previous audit (November 18, 2014) The previous audit was not conducted by Intertek. None observed</p> <p>Yellow Follow Up Audit (November 16-17, 2015) New finding was raised in this audit.</p> <p>Local Law: In accordance with Regulations on Safety Supervision of Special Appliance article 25, the operating unit with special appliance shall apply the registration for the special</p>

	<p>appliance from the Special Appliance Quality Safety Monitoring Department of the municipality city or above, before they are used or after they have been used for 30 days. The approved registration certificate/letter for special appliance should be affixed at the relevant special appliance.</p> <p>Finding: No registration for special appliances. During facility tour, auditor found that there was one fork lift in the facility. However, the facility could not provide the registered certificate of the fork lift.</p> <p>Recommended Action: To conform to the Regulations on Safety Supervision of Special Appliance article 25 and Wal-Mart Standards for Suppliers, the facility shall apply the registration for the relevant special appliance from the local Special Appliance Quality Safety Monitoring Department to comply with law.</p> <p>Management Comments: The facility management agreed with the finding and would take corrective actions without any comments.</p> <p>The agreed deadline for correction: January 31, 2016</p>
SECTION	FIRE SAFETY: TRAINING
	FACILITY EMERGENCY RESPONSE PERSONNEL ARE NOT VISUALLY DESIGNATED
Answer	YES
Pre Defined Comments	<p>During facility tour, observe to identify emergency response personnel. Include them in formal interviews</p> <p>Non compliance with Wal-Mart Standards for Suppliers Section 7</p> <p>WM Standard: Suppliers must provide workers with a safe and healthy work environment. Suppliers must take proactive measures to prevent or manage workplace hazards. Suppliers must provide training on the facility's emergency action plan to all workers. Facilities must have designated emergency response personnel identified, trained, and present for each floor, building, and shift. Designated emergency response personnel should be easily identifiable by all workers in the event of an emergency (e.g. specific arm band, flag, or uniform) and there should be two emergency response persons designated per shift.</p>
Comments	<p>Previous audit (November 18, 2014)</p> <p>The previous audit was not conducted by Intertek.</p> <p>None observed</p> <p>Yellow Follow Up Audit (November 16-17, 2015)</p> <p>New finding was raised in this audit.</p> <p>Local Law: No local law applies.</p> <p>Observation:</p> <p>Emergency response personnel were not visually designated. Through document review auditor found that there were two emergency response personnel in each floor of one 2-storey building and the facility had already provided training on emergency handling process to them. But during facility tour, the emergency response personnel were not visually designated.</p> <p>Recommended Action: The facility should ensure that the emergency response personnel should have visually identification.</p> <p>Management Comments: The facility management agreed with the finding and would take corrective actions without any comments.</p> <p>The agreed deadline for correction: November 30, 2015</p>
SECTION	FIRE SAFETY: FIRE PROTECTION
	FIRE EXTINGUISHERS ARE OVERCHARGED, ARE UNDERCHARGED
Answer	NO
Pre Defined Comments	<p>Sample fire extinguishers during facility tour and assess pressure gauge. Needle indicator should be within range, indicated in green or as full.</p>
Comments	<p>Previous audit (November 18, 2014)</p> <p>The previous audit was not conducted by Intertek.</p> <p>In accordance with Fire Prevention Law of the People's Republic of China, subparagraph (2) of Article 16 Organs, societies, enterprises and institutions should fulfill the following fire prevention safety responsibilities:(2) deploying fire-fighting facilities and equipment, putting up fire prevention safety signs pursuant to relevant state provisions, and organizing inspection and maintenance at regular intervals to ensure that fire-fighting facilities and equipment are in perfect condition and effective;</p>

In addition, in accordance with Wal-Mart Standards for Suppliers, Health and Safety: Suppliers must provide workers with a safe and healthy work environment. Suppliers must take proactive measures to prevent workplace hazards.

It was noted that one out of 10 sampling fire extinguishers on the 1st floor of the production building were over charged.

Evidence observed: Based on site observation, one out of 10 sampling fire extinguishers on the 1st floor of the production building were over charged.

Recommendation: To conform to Fire Prevention Law of the People's Republic of China, subparagraph (2) of Article 16 and Wal-Mart Standards for Suppliers, the factory should ensure all fire extinguishers are not over charged.

Timeframe for completion of remediation and the responsible party: Ms. Wang Binfei is responsible for improve the finding, and will complete it within 3 months.

Factory comments: Factory manager acknowledged this finding and will improve it right away.

Yellow Follow Up Audit (November 16-17, 2015)

The finding had been corrected in this audit.

During the facility tour, the auditor checked the fire extinguishers randomly and found that all the fire extinguishers were kept in good condition.







