

# Workplace Conditions Assessment Report

*Measured Results —Improved Performance*



## SEVEN WALL ARTS (XIAMEN) LIMITED

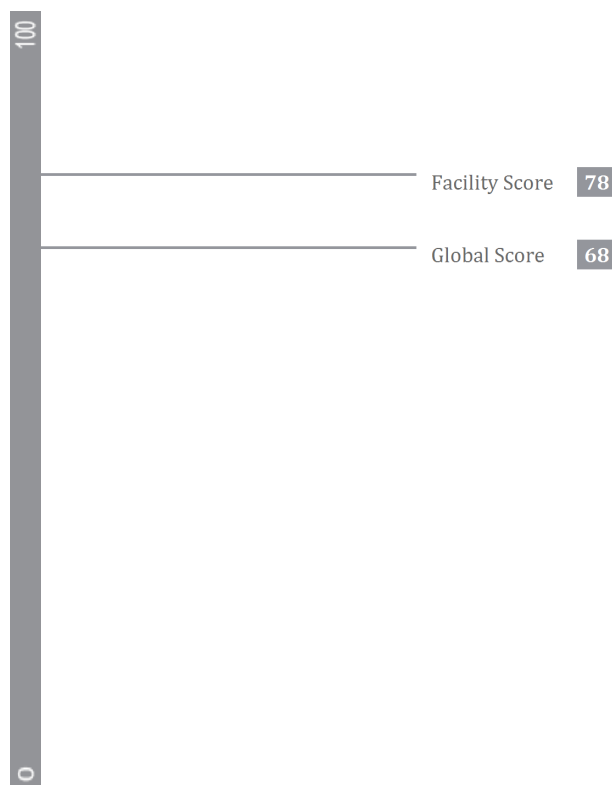
### GENERAL INFORMATION

Overall Facility Score : **78%**

Report No :	F_IAR_108560	City :	Xiamen
Audit Date :	May 14, 2018	Country :	China
Last Audit :	NA	Auditors :	Primary: Abby Xu
Assessment Stage	Initial		Secondary: None
Schedule Type:	Announced	Service Provider:	Intertek

### WORKPLACE PERFORMANCE INDEX AND SUMMARY

Participating facilities: 281



**Intertek**

## A. FACILITY PROFILE

### A1. FACILITY INFORMATION

<b>Facility Name:</b>	Seven Wall Arts (Xiamen) Limited	<b>Facility Legal Status:</b>	Privately owned
<b>Facility Legal Name:</b>	Seven Wall Arts (Xiamen) Limited	<b>Year facility began operations:</b>	2014
<b>Audit Location:</b>	No. 267 North Jinli Village, Xiamen	<b>Located in special economic zone:</b>	No
	Area of Pilot Free Trade Zone (Fujian) of China	<b>Person responsible for overall social compliance issues:</b>	Ms. Huang Liying
<b>City:</b>	Xiamen	<b>Valid certificate for social compliance certification program:</b>	None
<b>Country:</b>	China	<b>Vendor Name:</b>	Not provided
<b>Contact Name:</b>	Ms. Huang Liying	<b>Security systems in place:</b>	Yes <i>The security system was in place for controlling physical access to the facility.</i>
<b>Contact Title:</b>	General Manager		
<b>Industry:</b>	Hardlines		
<b>Building Description:</b>	The land areas occupied by the facility were about 1100 square meters. The audited facility occupied the floors (part area of 1/F and whole area of 3/F) of one 3-storey production building as workshop and warehouse. No dormitory, kitchen or canteen was available for employees. The production building was made of steel and cement.		
<b>Special building type:</b>	Multi-story building shared with other facilities/enterprises under separate ownership <i>The land areas occupied by the facility were about 1100 square meters. The audited facility occupied the floors (part area of 1/F and whole area of 3/F) of one 3-storey production building as workshop and warehouse. No dormitory, kitchen or canteen was available for employees. The production building was made of steel and cement. There were other 2 facilities located at the same 3-storey production building. The facility named Xiamen Yi Cai Xin Packing Co., Ltd occupied the other part area of the 1/F of the 3-storey production building; and the facility named Xiamen Ou Lin Kai Arts Co., Ltd was located on the 2/F of the 3-storey production building. Based on facility tour, auditor found that the other 2 facilities did have its facility logo in production building respectively. The other 2 facilities had different management system, business licenses with the audited facility and the audited facility claimed that no co-mingling employees would be used which was confirmed with the employees. So, the other 2 facilities were not in the audit scope.</i>		

## A2. PRODUCTION INFORMATION

<b>Products manufactured/ Services provided:</b>	Oil painting	<b>Time record system(s) used:</b>	Finger scan
<b>Production process/ Service elements:</b>	Photo frame: Cutting, Assembling Picture: Painting, framing inspection and packing.	<b>Chemicals or hazardous materials on-site:</b>	Yes <i>The chemical used in the facility such as paint, etc.</i>
<b>Production capacity a week:</b>	2,000 pieces	<b>Current production/ Services for client:</b>	No
<b>Total number of machines:</b>	3 sets		
<b>Main machine types:</b>	Cutting machines and packing machine.		
<b>Shifts and Operating hours:</b>	Employees worked for 5 days a week in one shift. The normal working hour was from 08:30 to 18:00 with 1.5 hours' lunch break from 12:00 to 13:30, the overtime hours on normal working days were from 19:00 to 21:00.		

## A3. EMPLOYEE INFORMATION

<b>Range of total number of employees at the facility:</b>	0-100 employees	<b>Female Employees:</b>	18
<b>Union name:</b>	None	<b>Male Employees:</b>	17
<b>Employs juvenile workers:</b>	None	<b>Mgmt Employees:</b>	11
<b>Hires through employment agent:</b>	No <i>The facility hired the employees directly.</i>	<b>Production (Non- Management) Employees:</b>	24
<b>Employee nationalities/ provinces:</b>	All employees in the facility were Chinese. And the migrant employees come from the provinces in China such as Henan, Hubei and Hainan, etc.	<b>Local Employees:</b>	23
		<b>Foreign/Migrant Employees:</b>	12
		<b>Languages spoken in the facility:</b>	Chinese
		<b>Management and employees speak same language :</b>	Yes

## A4. SUBCONTRACTOR INFORMATION

No subcontractor information given

## A5. GENERAL INFORMATION

This was an announced initial audit conducted by Intertek Testing Services Shenzhen Ltd. Auditor arrived at the facility at about 9:00 on May 14, 2018 (the audit date). The purpose and procedure of the visit were explained to Ms. Huang Liying/General Manager and the audit was permitted immediately. An opening meeting was held with Ms. Huang Liying/General Manager and Mr. Chen Weiqiang/Sales. Auditor had a facility tour in all areas in the facility with facility management accompany. Locked areas encountered during the audit were unlocked timely. Documentation requested for the review was provided timely. In general, facility representatives were receptive and cooperative during the whole audit. Though employee interview, all the interviewees were favorable with the management & facility environment and no negative information was raised. A closing meeting was held with the facility management, all findings were addressed. Ms. Huang Liying/General Manager would have an internal meeting to follow up and necessary changes would be made in accordance. A CIR report was left to Ms. Huang Liying/General Manager.

ZT and Major non-compliance: None

Current status:

Labour: The facility had established a system to ensure no recruitment of child labour. All employees were hired by the Human Recourse Department of the facility but not by any other department. Employees' ID and photo would be checked. The employees without valid ID certificates should not be hired. Minimum working age of the facility was above 18 year old.

2. Management system: Though the facility had established procedures about EHS.

3. Environment: Most of the requested environment permits were provided for review, but duplicated forms for transferring hazardous wastes was not provided for review in the audit..

Best practices: None

### Emergency Preparedness Summary

1. The facility had good control to manage the emergency preparedness, they had documented policy to ensure safe and hygienic working environment to be provided.
2. The facility appointed senior manager to be responsible for the facility's health and safety conditions.
3. Employees received regular fire safety training according to law requirements.
4. Regular fire drills were conducted twice a year. The last fire drill was conducted on May 8, 2018. The drill records in the past one year were kept.
5. Evacuation plans indicated sufficient information, such as escape route, the locations of the fire fighting equipments, fire alarms and reader were posted on each floor of the facility building.
6. Sufficient exit sign, fire extinguishers, fire hydrants and fire alarms, etc were installed in relevant areas of the facility building.
7. Fire fighting equipments such as fire hydrant, fire extinguishers and fire alarms in the facility were kept unblocked and were easily accessible.
8. There were at least 2 emergency exits on each floor of the facility building.
9. All evacuation passages and emergency exits in facility building were clear and unlocked.

## A6. AUDIT PROCESS

### *Audit pay period provided for review*

Records	From	To
12 Months Payroll	May 1, 2017	April 30, 2018
12 Months Attendance	May 1, 2017	May 14, 2018
Special Comments	N/A	

### *Employee interview sampling*

Individual	4 interview employees including 2 males and 2 females were selected from production workshop.
Group	None
Total interviewed	4 interview employees including 2 males and 2 females were selected from production workshop.

### *Payroll and attendance records sampling*

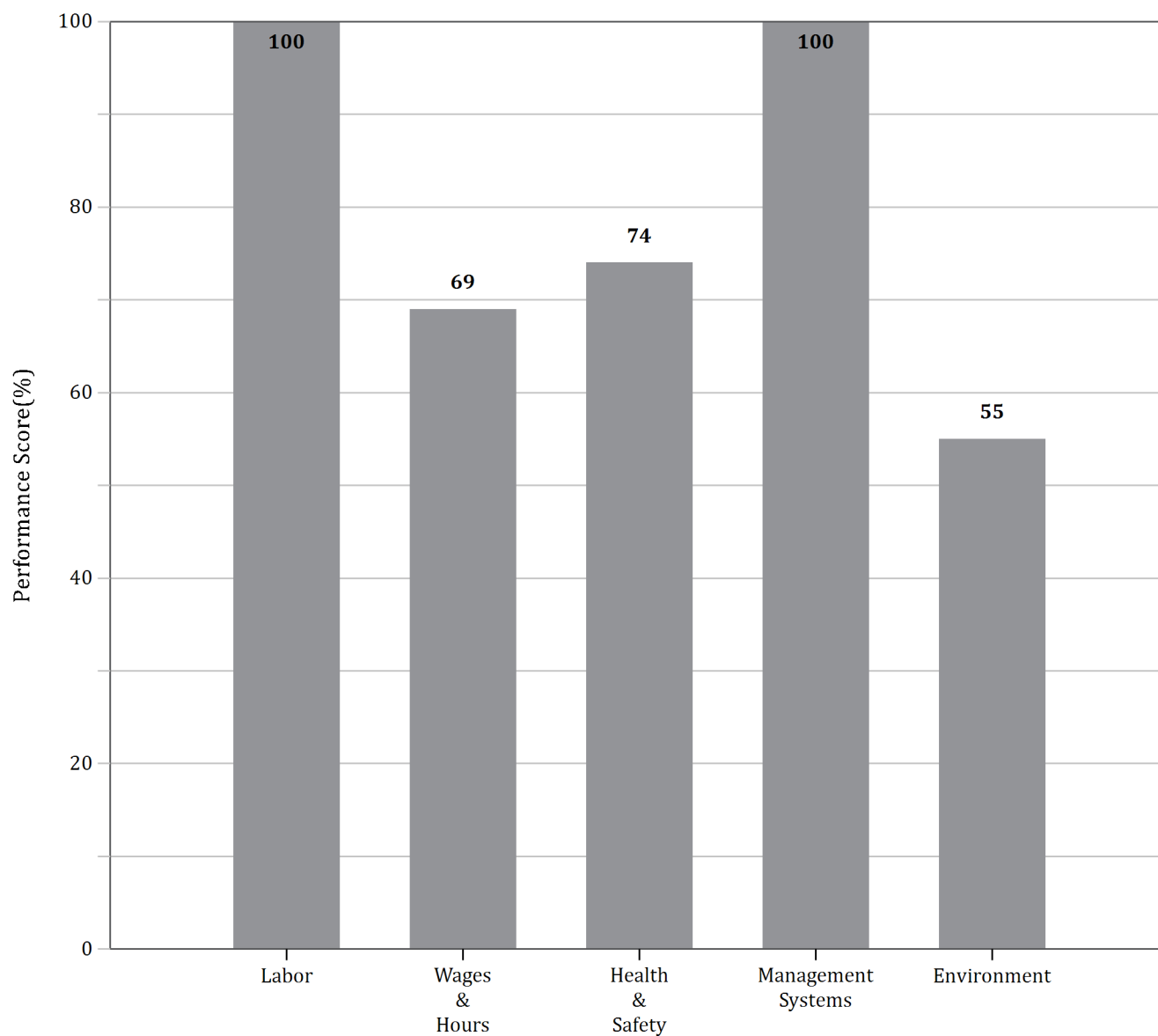
Period	From	To	Peak Season	Records Reviewed
Current Period	April 1, 2018	April 30, 2018	No	4
Period 1	January 1, 2018	January 31, 2018	No	3
Period 2	July 1, 2017	July 31, 2017	No	3
Total				10

### *Other records reviewed*

Personnel records  
Security log book  
Non-Production records  
Legal Permits  
Employee leave register  
Health examination records  
Other : Nil

Machine maintenance records  
Production records  
Employment contracts  
Social insurance documentation  
Infirmary logs

## B. FACILITY PERFORMANCE SUMMARY



## C. PERFORMANCE DETAILS

Current (14-May-2018)

### C1. Wages & Hours

*Sub Section:* **Working Hours**

Status	Findings	% Global freq of compliance
● <b>Moderate</b>	<p><b>122.00</b> : Total overtime hours exceeds allowable limits under applicable law or agreement.</p> <p><b>Auditor's comment</b> Overtime hours exceeded the legal requirement. Through provided attendance review, auditor found that 1) The monthly overtime of 4 out of 4 randomly selected employees in April 2018 (current month) was 68 hours; 2) The monthly overtime of 3 out of 3 randomly selected employees in January 2018 (random month) was 76 hours; 3) The monthly overtime of 3 out of 3 randomly selected employees in July 2017 (random month) was 82 hours.</p> <p><b>People's Republic of China Labor Law Article 41</b> 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 month shall not exceed 36 hours.</p>	56%

**Sub Section: Wages and Benefits**

Status	Findings	% Global freq of compliance
● <b>Moderate</b>	<p><b>150.00</b> : The facility does not provide social security, pensions, healthcare and/ or other insurance to employees as per legal requirement.</p> <p><b>Auditor's comment</b> Insufficient social insurance participated. Through document review, auditor found that there were 13 out of 35 employees had not participated in basic endowment insurance, employment injury insurance, basic medical insurance, unemployment insurance and maternity insurance.</p> <p><b>Social Insurance Law of the People's Republic of China Article 33</b> Employees shall participate in employment injury insurance, and the employment injury insurance premiums shall be paid by their employers rather than the employees.</p> <p><b>Social Insurance Law of the People's Republic of China Article 53</b> 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.</p> <p><b>Social Insurance Law of the People's Republic of China Article 10</b> Employees shall participate in the basic endowment insurance, and the basic endowment insurance premiums shall be jointly paid by employers and employees.</p> <p><b>Social Insurance Law of the People's Republic of China Article 23</b> 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.</p> <p><b>Social Insurance Law of the People's Republic of China Article 44</b> 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.</p>	67%



## C2. Health & Safety

### Sub Section: Occupational Injury

Status	Findings	% Global freq of compliance
● Moderate	<p><b>207.00</b> : Eyewash/shower stations with continuous water flow are not provided at relevant hazardous chemical areas</p> <p><b>Auditor's comment</b> No stable water source was supplied for the eye wash device installed at the workplace with toxic or hazardous substances. During facility tour, auditor found that chemical (such as paint, etc) were used in the painting area on the 3/F of the production building. But no water source was supplied to the eye wash station in the audit.</p> <p><b>Design of Industrial Enterprises (GBZ1-2010) 8.3</b> In workplaces or workshops where chemical burns or acute poisoning resulting from mucous absorption may occur, emergency response facilities should be established nearby based on the potential or existing occupational hazardous factors and characteristics. Emergency response facilities should include shower and eye wash devices with continuous water supply, gas protection cabinet, personal protective equipment, first-aid kit and medicine, stretcher and devices for transfer of patients, first aid equipment and communications equipment for emergency rescue.</p>	72%

### Sub Section: Safety Hazards

Status	Findings	% Global freq of compliance
● Moderate	<p><b>235.00</b> : Not all special equipment operators (forklift, cargo lift, boiler operator, electrician, hot work e.g. boring and welding, confined space work, energy isolation, line opening etc) are licensed where applicable</p> <p><b>Auditor's comment</b> No certificate for special appliance operator. During facility tour, auditor found that there was one cargo lift in the facility. However, the facility did not provide the safety management staff certificate for cargo lift for review in the audit.</p> <p><b>Special Appliance Quality Safety Monitoring Regulation Article 38</b> 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>	81%

### Sub Section: Chemical and Hazardous Materials

Status	Findings	% Global freq of compliance
● Moderate	<p><b>249.00</b> : Chemicals or materials are not labeled as per label instructions/ MSDS</p> <p><b>Auditor's comment</b> No safety label for hazardous chemical. During facility tour, auditor found that there was no label for about 3% the chemical used in the painting area of the production building.</p> <p><b>Regulation of Chemical Safety Usage in Workplace article 19</b> The unit shall, according to the danger of chemical, identify the containing, transportation, or storing equipment with specific color, label or sticker.</p>	87%

*Sub Section:* **Chemical and Hazardous Materials**

Status	Findings	% Global freq of compliance
● <b>Moderate</b>	<p><b>254.00</b> : Preventative measures are not in place to prevent chemical leakage</p> <p><b>Auditor's comment</b> Safety facilities for hazardous chemicals were not compliant with legal requirement. During facility tour, auditor found that hazardous chemicals such as paint, etc were used on site, but there was no secondary containment for about 30% the chemicals.</p> <p><b>Regulations on Safety Management of Hazardous Chemicals Article 20</b> 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, antiseptis, 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.</p>	73%

## C3. Environment

### Sub Section: Environment

Status	Findings	% Global freq of compliance
● <b>Moderate</b>	<p><b>329.00</b> : Solid waste are not disposed using licensed vendor per local legislation</p> <p><b>Auditor's comment</b> No duplicated forms for transferring hazardous wastes. During facility tour, auditor found that the hazardous wastes, including waste empty containers with paint and waste paint slag, were generated during manufacturing. However, the facility could not provide the duplicated form for transferring hazardous waste to prove that they had transferred the hazardous waste to the qualified unit.</p> <p><b>Law of the People's Republic of China on Prevention and Treatment of Environmental Pollution Caused by Solid Waste Article 57</b> Entities engage in the business of collection, storage or disposal of hazardous wastes shall apply to the environmental protection administrative department of the people's government at or above the county level for operation permit. Entities engage in the business of utilizing hazardous wastes shall apply to the environmental protection administrative department of the State Council or the environmental protection administrative department of the people's government of a province, self-governing region or municipality directly under the Central Government for operation permit. Specific administrative measures shall be provided by the State Council. It is prohibited to engage in the business of collection, storage, utilization or disposal of hazardous wastes without an operation permit or against the provisions of the operation permit. It is prohibited to supply or entrust entities, which are without operation permit, with hazardous wastes for the business of collection, storage, utilization or disposal.</p>	85%

**% Global Frequency of Compliance:** Represents the Implementation percentage performance of all suppliers participating in the WCA Community globally for each issue

**Identification numbers:** Represents the finding ID associated with each checklist question

### RECOMMENDATION FOR IMPROVEMENT PLAN TIMELINE

- Minor Take action within 0 ~ 6 months to make necessary improvements.
- Moderate: Take action within 0 ~ 3 months to make necessary improvements.
- Major : Take action within 0 ~ 1 month to make necessary improvements.
- Zero Tolerance: Take immediate action to make necessary improvements.

## D. STRENGTHS AND CHALLENGES

Facility Strengths: Facility performance ranks in the top percentile of the population and/or has implemented a best practice process	Rating	Global Freq. of Compliance%
The total weekly working hours (normal & overtime) are 60 or less than 60 hours	Moderate	59%
The facility conducts periodic assessments (including internal audit) of its management system in order to identify improvement opportunities	Moderate	60%
The facility establishes, maintains, and documents appropriate procedures to evaluate and select suppliers and/or subcontractors based on their performance and commitment towards social compliance	Moderate	60%

Challenges: Facility performance ranks in the bottom percentile of the population	Rating	Global Freq. of Compliance%
Chemicals or materials are not labeled as per label instructions/ MSDS	Moderate	87%
Solid waste are not disposed using licensed vendor per local legislation	Moderate	85%
Not all special equipment operators (forklift, cargo lift, boiler operator, electrician, hot work e.g. boring and welding, confined space work, energy isolation, line opening etc) are licensed where applicable	Moderate	81%
Preventative measures are not in place to prevent chemical leakage	Moderate	73%
Eyewash/shower stations with continuous water flow are not provided at relevant hazardous chemical areas	Moderate	72%
The facility does not provide social security, pensions, healthcare and/ or other insurance to employees as per legal requirement.	Moderate	67%

## DISCLAIMER

This report is for the exclusive use of the client of Intertek named in this report ("Client") and is provided pursuant to an agreement for services between Intertek and Client ("Client agreement"). No other person may rely on the terms of this report. This report provides a summary of the findings and other applicable information found/gathered during the audit conducted at the specified facilities on the specified date only. Therefore, this report does not cover, and Intertek accepts no responsibility for, other locations that may be used in the supply chain of the relevant product or service. Further, as the audit process used by Intertek is a sampling exercise only, Intertek accepts no responsibility for any non-compliant issues that may be revealed relating to the operations of the identified facility at any other date. Intertek's responsibility and liability are also limited in accordance to the terms and conditions of the Client Agreement. Intertek assumes no liability to any party, for any loss, expense or damage occasioned by the use of this information other than to the Client and in accordance with the Client Agreement and these disclaimers. In case there is any conflict between the disclaimers stated herein and the applicable terms and conditions of Intertek incorporated into the Client Agreement, then these disclaimers shall prevail.



Audit Date: May 14, 2018	Registration numbers: F_IAR_ 108560
Audit Team: Abby Xu	Facility Name: Seven Wall Arts (Xiamen) Limited

During facility tour, the auditor is required to take the photos and puts them on WCA Photo Report. Photos are not required to upload to the report in E-Tool, but complete photo report should be put in audit folders for record. Also some WCA clients may request to enclose this photo report in the report package or post it on GSCC. Below procedure and requirement must be followed.

- a) During the opening meeting, the auditor shall request the facility representatives for photo-taking permission. The auditor shall emphasize that the use of the photos will be limited for the audit report and relevant clients only. Photos taken will be treated confidential and would be retained in Intertek. The photos would NOT be disclosed to other third party in any way which would identify the audited facility identification unless Intertek obtains the applicant's written consent.
- b) After getting the photo-taking permission during the opening meeting, facility representatives who accompany the auditor during facility tour should also be informed in advance of any photo taking especially the sensitive area. If the facility representatives are hesitated for photo taking, the auditor should NOT try to persuade them. If the facility representatives refuse the photo taking, the auditor should state the reasons in audit report under "facility overview".

5 pages of photo form are provided in this document for the convenience of the users. Additional pages or excessive pages can be inserted or removed if necessary.

**Photographs include:**

**A. Non compliance Photos**

- Every Health & Safety finding which is listed in the CIR and report must be supported by a photo
- For Zero Tolerance finding(s), photos should be sent together with Alert form unless it is not possible due to any technical issues. In such cases, photos of Zero Tolerance finding(s) shall be sent to the audit requestor as early as possible after the completion of audit.

**B. General Facility Tour Photos**


- Facility overview with facility name
- Main gate and other gate(s)
- Fire exit(s)
- Fire fighting equipments such as fire extinguisher, fire hose
- Fire safety installation/ system such as fire alarm, smoke detector, fire sprinkler
- Typical work process such as cutting, sewing, pressing, packaging in a garment facility
- Aisles (primary and non-primary)
- Evacuation plans
- Electrical wiring box
- First aid kit and its contents
- Chemical storage area
- Personal protective equipment (PPE) being used
- Eye wash station/ shower station
- Available drinking water and/ or drinking facility
- Washroom/ restroom/ W.C./ Toilet
- Canteen/ Eating facility/ Pantry
- Kitchen such as cooking area, fridge, food storage area, food preparation area
- General condition in dormitory such as personal storage area, personal locker, bed, bunk, toilet facility, shower facility, fire safety installation, fire fighting equipment.
- Employee notice boards
- Any abnormalities about building structure observed such as notable cracks
- Any environmental issues include but not limited to waste treatment plant, waste storage place, waste discharge source etc.
- Any issues which are significant to the audit result and findings.

**C. Good Practices Photos**



Audit Date: May 14, 2018	Registration numbers: F_IAR_ 108560
Audit Team: Abby Xu	Facility Name: Seven Wall Arts (Xiamen) Limited

#### A. Non Compliance Photos:

	Nil	Nil
No secondary container or label for the chemical.	N/A	N/A

#### B. General Facility Tour Photos:

		
Facility name	Facility gate	Production building
		
Frame cutting	Frame assembling	Painting area



Audit Date: May 14, 2018	Registration numbers: F_IAR_ 108560
Audit Team: Abby Xu	Facility Name: Seven Wall Arts (Xiamen) Limited

		
Framing and packing area	Finished goods stored area	Chemical stored area
		
Lighting evacuation sign and fire extinguishers	Emergency exit with emergency light and exit sign	Fire hydrant with fire hose and nozzle

#### B. General Facility Tour Photos: (con't)

		
Fire hydrant	Fire extinguishers	Evacuation plan




Audit Date: May 14, 2018	Registration numbers: F_IAR_ 108560
Audit Team: Abby Xu	Facility Name: Seven Wall Arts (Xiamen) Limited

		
Aisle	Emergency light in the aisle	Electrical box with warning sign
		
Emergency light and exit sign	Fire alarm	Emergency assembly point
		
Eye washing device	PPE using sign and warning sign	Notice board
		





Audit Date: May 14, 2018	Registration numbers: F_IAR_ 108560
Audit Team: Abby Xu	Facility Name: Seven Wall Arts (Xiamen) Limited

Suggestion box	First aid kit	Drinking water
		
Attendance recorder	Smoke detector	Washing room

**C. Best Practice Photos:**

Nil	Nil	Nil
NA	NA	NA

<b>Facility Name:</b>	Seven Wall Arts (Xiamen) Limited	<b>Customer Name:</b>	SERVICIOS LIVERPOOL SA DE CV
<b>Facility Address:</b>	No. 267 North Jinli Village, Xiamen Area of Pilot Free Trade Zone (Fujian) of China	<b>Industry / Key Main Product</b>	Oil painting
<b>Facility Tel:</b>	86-592-5500370	<b>Facility Fax:</b>	86-592-6056853
<b>Facility Contact:</b>	Ms. Huang Liying	<b>Auditor(s):</b>	Abby Xu
<b>Facility Email:</b>	1403779051@qq.com	<b>Verification Date:</b>	14-May-2018

## TYPE OF ASSESSMENT:

☒ Initial
 ☐ Re-audit
 ☐ Annual Renewal
 ☐ Follow Up

## AUDIT RESULTS COMMUNICATED WITH:

Name:	
Title:	

A closing meeting has been performed at the end of the verification process in which the listed exceptions were explained and accepted by company representative.

## Signatures:

\_\_\_\_\_  
Auditor (s)

Abby Xu

18-May-2018

Date

\_\_\_\_\_  
Company Representative

Ms. Huang Liying

18-May-2018

Date

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Opportunity for Improvement		Finding Category	CAP Review and Verification	
			By Factory	By Intertek
			Proposed Corrective Action Plan	Verification Status (Open/Closed)
2	<u>Wages &amp; Hours</u>  Law Requirement	Moderate	Responsible Personnel:	

Opportunity for Improvement	Finding Category	CAP Review and Verification	
		By Factory	By Intertek
		Proposed Corrective Action Plan	Verification Status (Open/Closed)
<p>Law Title Social Insurance Law of the People's Republic of China Article 53 Law Regulation 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.</p> <p>Law Title Social Insurance Law of the People's Republic of China Article 23 Law Regulation 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.</p> <p>Law Title Social Insurance Law of the People's Republic of China Article 10 Law Regulation Employees shall participate in the basic endowment insurance, and the basic endowment insurance premiums shall be jointly paid by employers and employees.</p> <p>Law Title Social Insurance Law of the People's Republic of China Article 33 Law Regulation Employees shall participate in employment injury insurance, and the employment injury insurance premiums</p>			

Opportunity for Improvement		Finding Category	CAP Review and Verification	
			By Factory	By Intertek
			Proposed Corrective Action Plan	Verification Status (Open/Closed)
	<p>shall be paid by their employers rather than the employees.</p> <p>Law Title Social Insurance Law of the People's Republic of China Article 44 Law Regulation 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.</p> <p><b>Findings</b></p> <p>The facility does not provide social security, pensions, healthcare and/ or other insurance to employees as per legal requirement.</p> <p><i>Insufficient social insurance participated. Through document review, auditor found that there were 13 out of 35 employees had not participated in basic endowment insurance, employment injury insurance, basic medical insurance, unemployment insurance and maternity insurance.</i></p>		<p><b>Expected Completion Date:</b>      dd/mm/yy</p>	<p><b>Verification    Date:</b> dd/mm/yy</p>
3	<p><u><b>Health &amp; Safety</b></u></p> <p><b>Law Requirement</b></p>	Moderate	<b>Responsible Personnel:</b>	

Opportunity for Improvement		Finding Category	CAP Review and Verification	
			By Factory	By Intertek
			Proposed Corrective Action Plan	Verification Status (Open/Closed)
	<p>Law Title Design of Industrial Enterprises (GBZ1-2010) 8.3 Law Regulation In workplaces or workshops where chemical burns or acute poisoning resulting from mucous absorption may occur, emergency response facilities should be established nearby based on the potential or existing occupational hazardous factors and characteristics. Emergency response facilities should include shower and eye wash devices with continuous water supply, gas protection cabinet, personal protective equipment, first-aid kit and medicine, stretcher and devices for transfer of patients, first aid equipment and communications equipment for emergency rescue.</p> <p><b>Findings</b></p> <p>Eyewash/shower stations with continuous water flow are not provided at relevant hazardous chemical areas</p> <p><i>No stable water source was supplied for the eye wash device installed at the workplace with toxic or hazardous substances During facility tour, auditor found that chemical (such as paint etc) were used in the painting area on the 3/F of the production building. But no water source was supplied to the eye wash station in the audit.</i></p>		<p><b>Expected Completion Date:</b>      dd/mm/yy</p>	<p><b>Verification    Date:</b> dd/mm/yy</p>
4	<p><u><b>Health &amp; Safety</b></u></p> <p><b>Law Requirement</b></p>	Moderate	<p><b>Responsible Personnel:</b></p>	

Opportunity for Improvement		Finding Category	CAP Review and Verification	
			By Factory	By Intertek
			Proposed Corrective Action Plan	Verification Status (Open/Closed)
	<p>Law Title Special Appliance Quality Safety Monitoring Regulation Article 38 Law Regulation 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><b>Findings</b></p> <p>Not all special equipment operators (forklift, cargo lift, boiler operator, electrician, hot work e.g. boring and welding, confined space work, energy isolation, line opening etc) are licensed where applicable</p> <p><i>No certificate for special appliance operator. During facility tour, auditor found that there was one cargo lift in the facility. However, the facility did not provide the safety management staff certificate for cargo lift for review in the audit.</i></p>		<p><b>Expected Completion Date:</b>      dd/mm/yy</p>	<p><b>Verification Date:</b> dd/mm/yy</p>
5	<p><u><b>Health &amp; Safety</b></u></p> <p><b>Law Requirement</b></p>	Moderate	<p><b>Responsible Personnel:</b></p>	



Opportunity for Improvement		Finding Category	CAP Review and Verification	
			By Factory	By Intertek
			Proposed Corrective Action Plan	Verification Status (Open/Closed)
	<p>Law Title Regulation of Chemical Safety Usage in Workplace article 19 Law Regulation The unit shall, according to the danger of chemical, identify the containing, transportation, or storing equipment with specific color, label or sticker.</p> <p><b>Findings</b></p> <p>Chemicals or materials are not labeled as per label instructions/ MSDS</p> <p><i>No safety label for hazardous chemical. During facility tour, auditor found that there was no label for about 3% the chemical used in the painting area of the production building.</i></p>		<p><b>Expected Completion Date:</b>      dd/mm/yy</p>	<p><b>Verification    Date:</b> dd/mm/yy</p>
6	<p><u><b>Health &amp; Safety</b></u></p> <p><b>Law Requirement</b></p>	Moderate	<p><b>Responsible Personnel:</b></p>	

Opportunity for Improvement		Finding Category	CAP Review and Verification	
			By Factory	By Intertek
			Proposed Corrective Action Plan	Verification Status (Open/Closed)
	<p>Law Title Regulations on Safety Management of Hazardous Chemicals Article 20 Law Regulation 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, antiseptis, 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.</p> <p><b>Findings</b></p> <p>Preventative measures are not in place to prevent chemical leakage</p> <p><i>Safety facilities for hazardous chemicals were not compliant with legal requirement. During facility tour, auditor found that hazardous chemicals such as paint, etc were used on site, but there was no secondary containment for about 30% the chemicals.</i></p>		<p><b>Expected Completion Date:</b>      dd/mm/yy</p>	<p><b>Verification    Date:</b> dd/mm/yy</p>
7	<u><b>Environment</b></u>	Moderate		

Opportunity for Improvement		Finding Category	CAP Review and Verification	
			By Factory	By Intertek
			Proposed Corrective Action Plan	Verification Status (Open/Closed)
	<p><b>Law Requirement</b></p> <p>Law Title Law of the People's Republic of China on Prevention and Treatment of Environmental Pollution Caused by Solid Waste Article 57 Law Regulation Entities engage in the business of collection, storage or disposal of hazardous wastes shall apply to the environmental protection administrative department of the people's government at or above the county level for operation permit. Entities engage in the business of utilizing hazardous wastes shall apply to the environmental protection administrative department of the State Council or the environmental protection administrative department of the people's government of a province, self-governing region or municipality directly under the Central Government for operation permit. Specific administrative measures shall be provided by the State Council. It is prohibited to engage in the business of collection, storage, utilization or disposal of hazardous wastes without an operation permit or against the provisions of the operation permit. It is prohibited to supply or entrust entities, which are without operation permit, with hazardous wastes for the business of collection, storage, utilization or disposal.</p>		<p><b>Responsible Personnel:</b></p>	
	<p><b>Findings</b></p> <p>Solid waste are not disposed using licensed vendor per local legislation</p>		<p><b>Expected Completion Date:</b>      dd/mm/yy</p>	<p><b>Verification    Date:</b> dd/mm/yy</p>

Opportunity for Improvement	Finding Category	CAP Review and Verification	
		By Factory	By Intertek
		Proposed Corrective Action Plan	Verification Status (Open/Closed)
No duplicated forms for transferring hazardous wastes. During facility tour, auditor found that the hazardous wastes, including waste empty containers with paint and waste paint slag, were generated during manufacturing. However, the facility could not provide the duplicated form for transferring hazardous waste to prove that they had transferred the hazardous waste to the qualified unit.			

Additional Comment:


### Recommendation for Improvement Plan Timeline

Finding Rating	Improvement Timeline
<b>Zero Tolerance</b>	Take <b>immediate</b> action to make necessary improvements
<b>Major</b>	Take action within <b>0~1 month</b> to make necessary improvements
<b>Moderate</b>	Take action within <b>0~3 months</b> to make necessary improvements
<b>Minor</b>	Take action within <b>0~6 months</b> to make necessary improvements

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