

Factory Audit Report

Client Name	Confidential	Service No.	DQC-FA-031208
Supplier Name	Confidential	Auditors	Ben Wong
Factory Name	Confidential	Audit date	Dec. 7 th - 8 th , 2003

Part 1 Factory profile

	Item	Finding	Comment
1	Date of foundation	1 st , May, 1997	
2	Legal status	Private (China)	
3	Location	No. xx, XXX District, XXXXX City, Zhejiang Province. China	
4	Area	12,000 sq. meter	
5	Number of office staff	18	
6	Number of worker	150	
7	Factory Manager	Mr. Wang	
8	Main products	Smoking sets;	
9	Main market	Europe, America	
10	Annual turnover	USD3,000,000	
11	Business license	Certificate No.: 3303021001xxx(1/1) Date of Issue: 21 st April. 1997 Expiration: 20 th April. 2007	
12	Telephone	86-57X-xxxxxxx	
	Fax	86-57X-xxxxxxx	
	Computer	16 pieces	
	Internet	ADSL connect	
	Digital camera	2 pieces	

Related pictures:



Gate of factory



Office building



Office



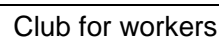
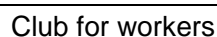
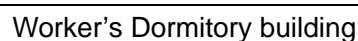
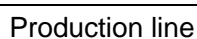
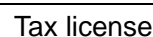
Sample Room



R & D department



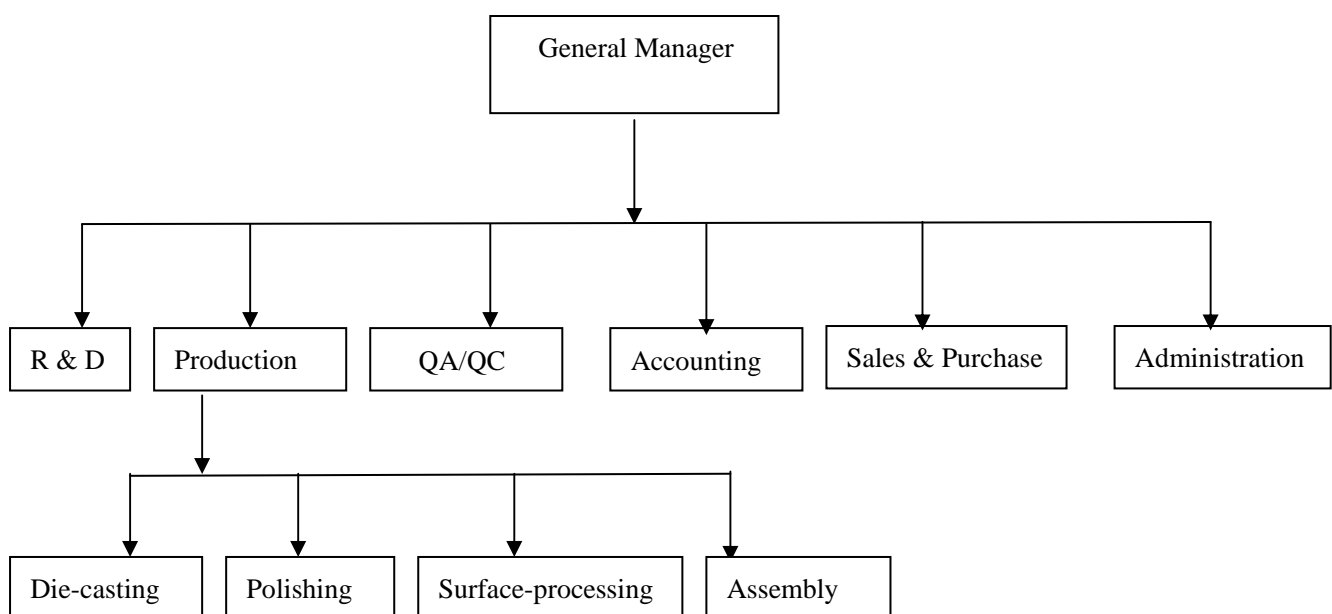
Workshop building



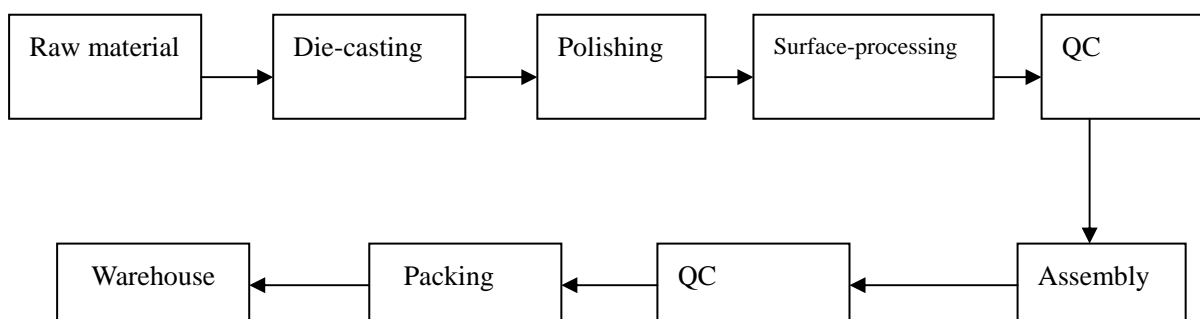
	
Award by local government	Show room

Part 2 Factory Organization Structure and Work Flow Chart

Factory Organization Structure Chart



Work Flow Chart



Related pictures:



Production process – Injecting



Production process - polishing



Production process –silk printing



Production process –grinding



Production process – QC checking



Production process – packing



Production process – Oven



Production process – polishing



Raw material QC



QC on line

Part 3 Factory Facilities / Machinery Conditions

	Item	Finding	Comment
1	Main machines for production	Please see the following pictures	
			
	Cutting machine (3pcs)	silk printing Machine (6pcs)	
			
	Die-casting machine (5 pcs)	Grinding Machine (17 pcs)	
			
	Drill press (4 pcs)	Turret milling machine (1 pc)	



Injection machine (4 pcs)



UL welding machine (2 pcs)



Oven line (6 pcs)






leak tester(1 pc)


2 Warehouse condition



OK



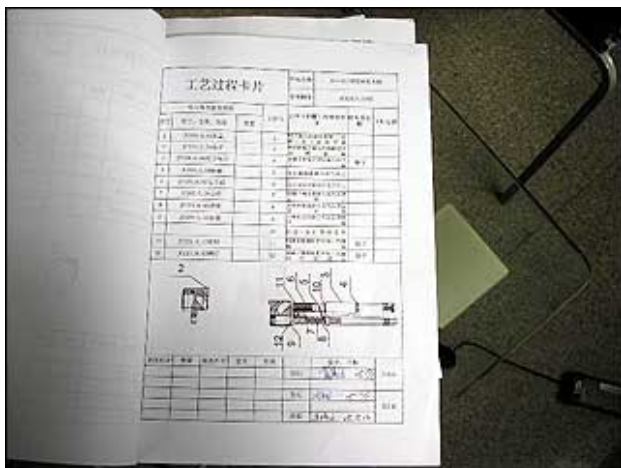
		 <p>Raw material warehouse</p>  <p>Shipping goods warehouse</p>				
3	R & D facilities	People	Education background	Main Duties	Main facility	Design and sample developing
		6 persons	University	R&D, new production design	Scanner, drilling press & PC	
	New Developed Products	Confidential				
4	Public power supply	Connect available				OK

5	Electric Power Generator	 <p>2 piece available</p>	OK
6	Drinking Water facility (Workshop)	 	<p>There are 1 big water tank for every work shop OK</p>
7	Transportation vehicle	1 piece 5.0T truck	Ok

8	Air conditioning / Ventilation		<p>Air conditioner in office and workshop. The condition of ventilation of workshops are good (with big windows) Ok</p>
---	--------------------------------	---	---

Part 4 Quality Assurance System & Related Certificates

	Item	Finding	Comment
1	Export license		OK
2	Quality records control		OK

			
			
3	Operation records		OK

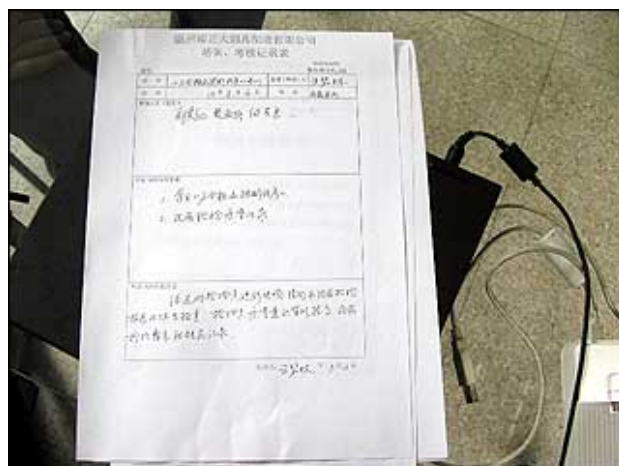
		 	
4	Quality system management	<p>GB/T19001-2000 idt ISO9001:2000</p> 	<p>Registration No.: 05306Q10232ROS</p> <p>Issue Date: 2006 – 1 –26 Expiry Date: 2009 – 1 –25</p> <p>Issued by BeiJing NGV Certification centre.</p>

5 Training course

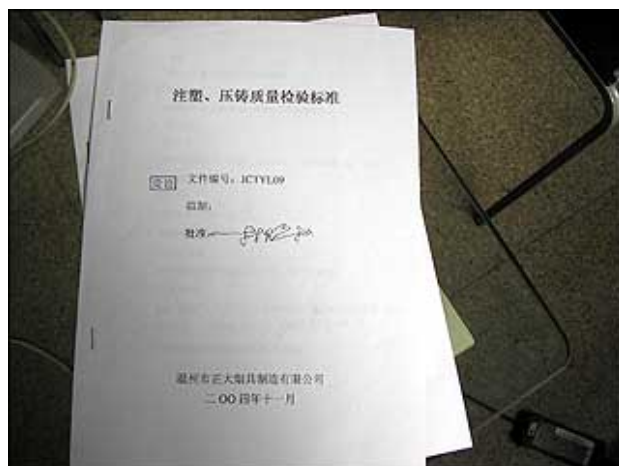
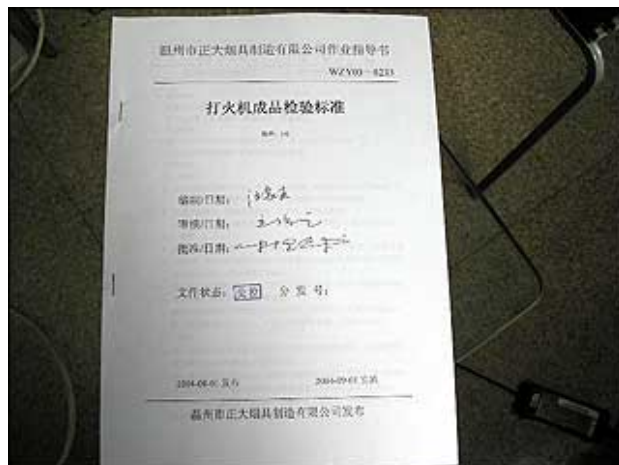
OK




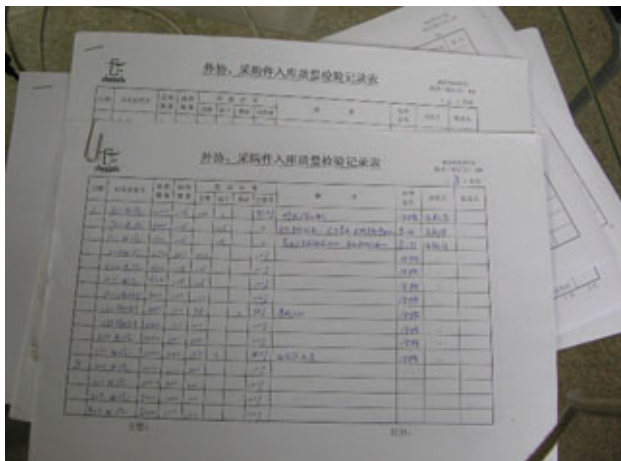

Certificate by local government






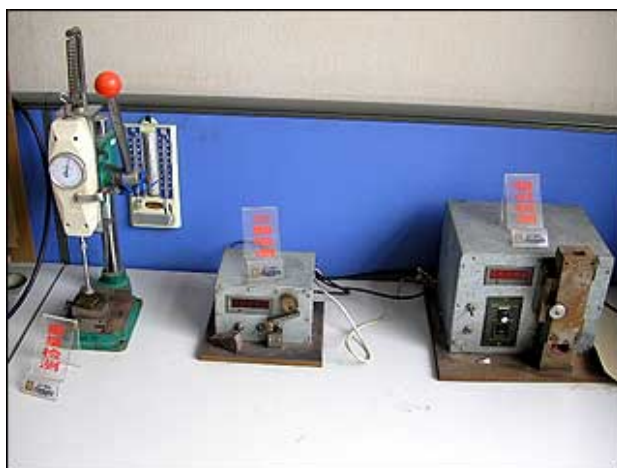
6 Inspection manual
& operations manual






OK

			
7	Incoming material QC report		OK
8	Operation instruction cards on line		OK

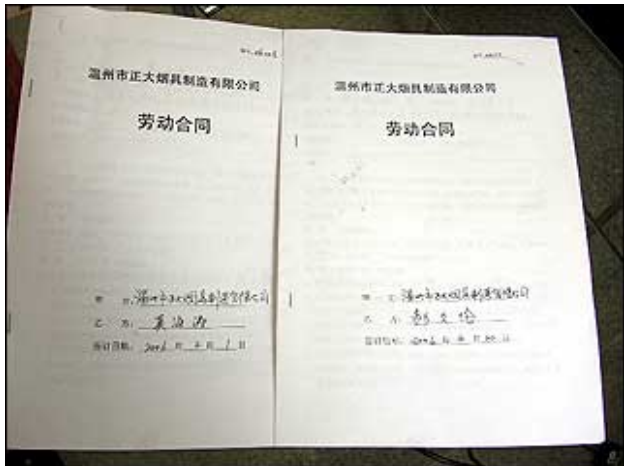
			
9	QA testing room & equipments	 	Ok





		 <p>QA test equipment calibrated by third-party company</p>	
10	IQC record		OK
11	QC on production line		




			
--	--	--	--




Part 5 Social Accountability

	Item	Finding	Comment
1	Child labor	Conform to PRC Labor Law, Chapter 2, Clause 15	Checked the copy of ID card/ employee contract, Found all employees more than 16 years old.
2	Forced labor	Conform to PRC Labor Law, Chapter 3, Clause 32	OK
3	Employ contract		OK

Page 22

8	Harassment & abuse	No Compliance finding	OK
9	Freedom of association / collection Bargaining	No Compliance finding	OK
10	Canteen facility		<p>OK</p> <p>Clean and sanitary</p>
11	Kitchen facility	 	<p>OK</p> <p>Clean and sanitary</p>

12	Emergency medical	  	<p>Should improvement. They must set up in every floor of Workshop, only set up in office and one control room.</p>
13	Dormitory conditions	16 persons / room (15m X 3.5 m)	<p>Min.: <u>3.28</u> Sq. M / person</p> <p>OK. Conform to the minimum area should more 2.0 Sq. m / person</p>

		  	
14	Health & Safety (Production Area)	<p>1 Factory provided earplug / mask / goggles to workers who worked in polishing/ grinding section, but these workers forgot take earplug during audit date, they promised they got these safe protect equipments when they joined in the factory.</p> <p>2 No documentary evidence showed that the factory has organized fire drill</p>	<p>1, According to Article 77 of Factory Safety and Health Rules, factory shall provide {earplugs, goggles, face mask and helmets} to employees who are working in the environment where there is {noise, strong light, radiation heat and splashing spark, scraps and chips}.</p>

			<p>2, According to Article 5.1.3 of the Design Standard for Emplacement of Fire Extinguishers in Buildings (GBJ40—90 Document), portable fire extinguishers shall be put on hooks, brackets or cases with the top not more than 1.5m and the bottom not less than 0.15m above the ground.</p> <p>3, According to Article 16.4 of Fire Prevention Law of the People's Republic of China, factory shall organize fire drills to employees regularly. It is recommended to conduct at least once a year and keep relevant records as evidence.</p> <p>4, According to Article 21 of Fire Prevention Law of the People's Republic of China, no units or individuals may damage or divert to other purpose, dismantle or inactivate fire control facilities and equipment without authorization, or bury and occupy fire hydrants, take up fire prevention spaces and block fire control passages. Areas around fire extinguishers or fire alarms, evacuation passages and/or fire exits shall be kept clear at all times to facilitate easy access.</p>
--	--	--	---

Related pictures:



Worker in assembly section



Worker in flame checking section



injection section



drilling section



Fire Hydrant



Fire Extinguisher

	
<p>Gas filling section</p>	<p>Explode-proof light in warehouse and filling Warehouse</p>
	
<p>Fire Extinguisher hanging on every floor</p>	<p>Exit indicator</p>

Part 6 Special Product's Requirements from Client

Products sample	lighters
Production Capacity for this product	20000 pcs / day
Main material	Metal(zinc)
Evaluated ability of production for the client	Pending on client's PO

Related pictures:





Part 7 Synopsis of major facts and problems found

1. The first aid kit should be set up at every floor in workshop. We found 1 aid kit put into a control room, only some of drugs for sunstroke prevention, some of hemostasia tape, They must set up the first aid kit in every floor of Workshop, Need improvement;
2. Found some workers did not take mask, earplug and goggles during work in polishing, grinding sections, the management should remind these workers take mask & earplug during working when they forget take mask, earplug or goggles. Need improvement;
3. No documentary evidence showed that the factory has organized fire drill, the factory should keep all records after fire drill.
4. Factory did not get a permit of discharge waste air from the local environment protection department. According to Article 28 of the Law of the People's Republic of China on Prevention and Treatment of Atmospheric Pollution: Strict restrictions shall be imposed on the emission of exhaust gas and dusts containing toxic substances into the atmosphere. The emission that has to be done should receive purification treatment to reach the mandatory criteria, factory should improve it;