

# Factory Audit Report

Client	XXXXX	AI Service No	O-cn-0711111
Supplier	XXXXX Co.Ltd.	Auditor	Billy XXXX
Factory	XXXXX Co.Ltd.	Audit Date	2009-01-10

## General Overview of the Audit's findings

Fields	Score / 5	Weight /5	Weighted Score
Workflow and Organization Charts	2	1	2
Production lines - Capacity	3	1	3
Factory facilities - machinery conditions	3	1	3
Quality Assurance System	2	1	2
Social accountability	0	1	0
Supply	3	1	3
Hygiene - Security	1	1	1
Environment	0	1	0
RoHS	0	1	0
<b>total</b>		<b>9</b>	<b>14</b>

Overall Score

**3.1 / 10**

## Important remarks

1. Poor factory organization and production process.
2. The factory has no in-house QC department and the production line does not comply with ISO9001 standard.
3. The base salary paid to factory workers is below 'JiangYin' standard and working hours exceed 'JiangYin' standard.
4. Poor fire protection facilities, no first aid training, no indication of fire evacuation exits in the factory.
5. Very bad environment management.
6. The factory has no RoHS knowledge, so no RoHS compliant products were found in the factory.

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Auditor: Billy XXXX



Supervisor: Alan Li

## Part 1

### Factory profile

#### General information

1	Date of foundation	2006-2-23 <sup>th</sup>	
2	Legal status	Foreign private	
3	Location	XXXXX, JiangSu province, China	
4	Area	13300 m2	
5	Number of office staff	90	
6	Total number of workers	750	
7	Factory Manager	XXXXX	
8	Main products	Plastic goods	
9	Main market	Middle East, USA and EUROPE	
10	Business license	Certificate No.: 0318414 Date issued: 2006-2-23 <sup>th</sup> Expiration: 2018-2-22 <sup>th</sup>	
11	Annual turnover for the past 3 years	2008: <b>USD 30,000,000</b>	Trend:
		2007: <b>USD 28,000,000</b>	

#### Communication infrastructures

12	Telephone sets	150 sets
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<b>Fax machines</b>	8 sets
<b>Computers</b>	250 sets
<b>Internet Access type</b>	Broadband (ADSL)
<b>Digital camera</b>	5 sets

### Products / Markets

Product type	Major customer name	Market location	Monthly Order Qty
Pump	XXXXX	Europe	5,000,000pcs
Bottle	XXXXX	U.S.A	2,000,000pcs

### Recommendations / credentials

Company name	Country	Contract	Products	Details
N/A				

### Related pictures:

#### Building



Gate of Factory



Factory exterior view



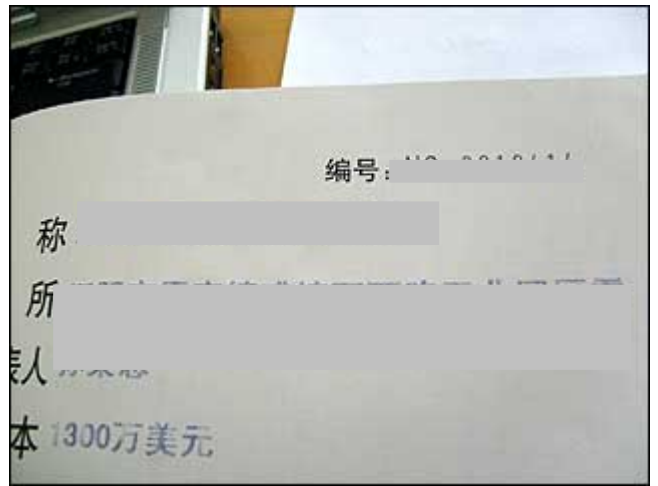
Factory exterior view



Office



Business Licence



Business Licence

**Managing staff**

Not at the factory during auditing

Not at the factory during auditing

Factory manager

Sales



Workers



Workers



Workers



Workers

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Inspection Protocol [redacted] 2009-1-7

On behalf of [redacted] (authorized signature only)  
受益人: [redacted]

I have read, understood and I agree with a [redacted] except that the Inspector can not give authorization  
for shipment. The only decision is taken by the Inspector. 我已阅读, 和同意以上各条款, 本次报告仅为初步检  
验结果, 一切结果由 Juan [redacted]

Name of Factory Representative  
工厂代表姓名 [redacted]

Signature: [redacted] DATE: Jan 10th 2009  
签名: [redacted] 日期: Jan 10th 2009

Name of Inspector:  
检验员姓名 [redacted]

Signature: [redacted] DATE: JAN 10 2009  
签名: [redacted] 日期: JAN 10 2009

REPORT

**Factory overview**



Workshop: assembly automatic machine



Workshop: assembly by hand



Workshop: assembly by hand



Workshop: injection



Workshop: injection



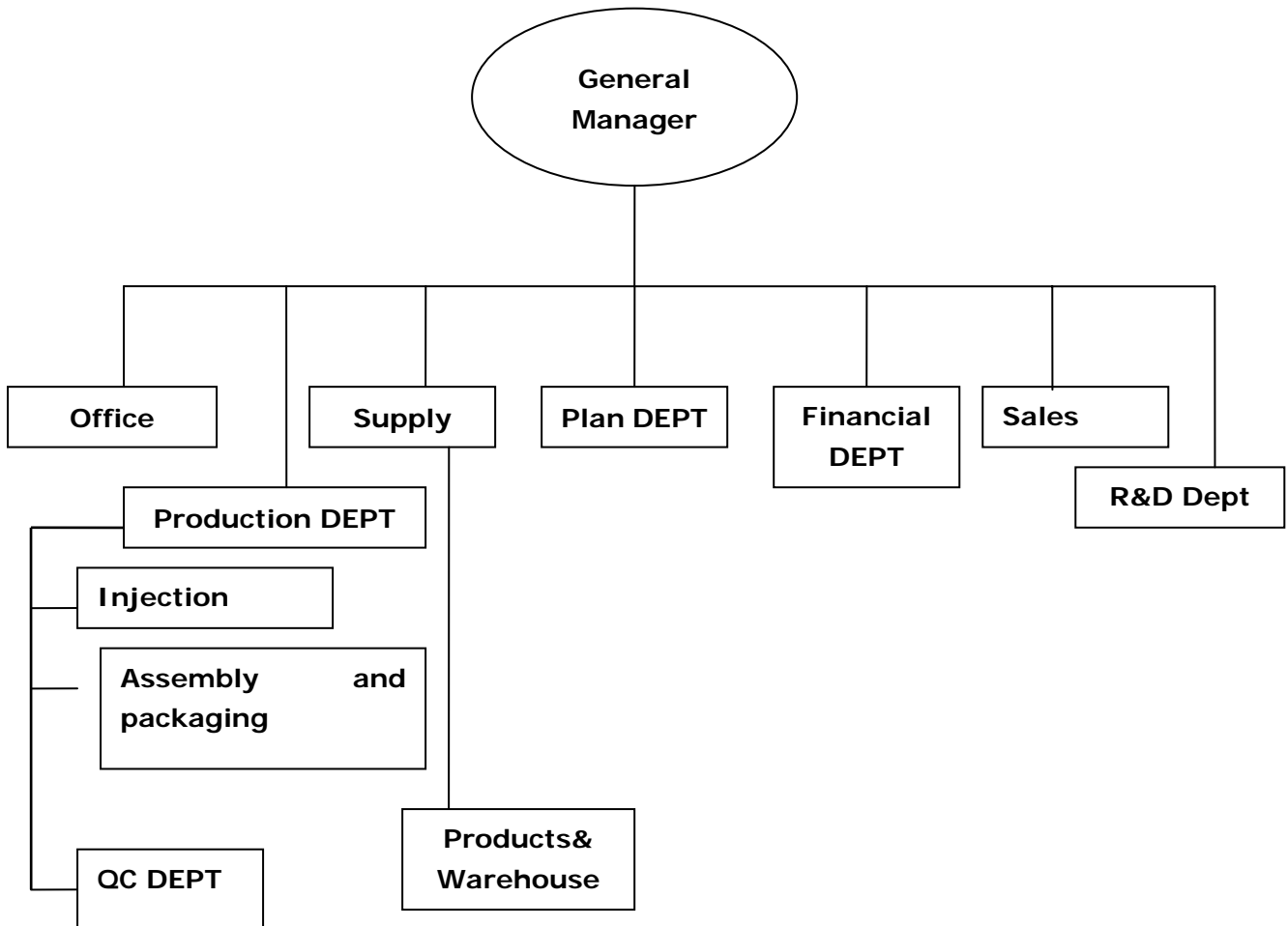
Workshop: packaging



Part 2

Factory Organization and Production process


Factory Organization chart






## Production workflow chart

### PUMP products workflow chart



Step Name

 Nb of machines

 Nb of workers

Injection		104
		80



Assembly and packaging		45
		580

Score :	0	1	2	3	4	5
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### Part 3 Production lines / Capacity

Production Process						
Operation Name	Machine / Device Name (if no, "NO")	Machine count	Nb of Workers for this step	Nb of Workers / Machine	Nb pcs / Hour / Machine (1 Pc = 1 Final Unit Product)	Total Step Capacity (Pcs per week)
Injection process	Injection machine/ brand: HAITIAN 50 sets, BORCH: 29 sets, SANSHUN: 20 sets, JETMASTER : 5 sets	104	80	1/3	240pcs plastic parts	4,193,280pcs plastic parts (7 days per week and 24 hours by day)
Assembly process	assembly machine/no brand	45	45	1	220pcs plastic parts	1,663,200pcs plastic parts (7 days per week and 24 hours by day)
<b>Overall capacity = minimum step capacity (PCS per week)</b>					1,663,200pcs plastic parts, but 60% products were assembled by hand.	

**Daily output check (first check when arriving in factory – last check when leaving):**

Is there a running production in the factory during the Audit?	Yes	Comments: Only double check injection process
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Picture(s)



**START**

**FINISH**

**Check total time**

<b>13:00</b>	<b>15:00</b>		<b>2 hours</b>
<b>Finished products</b>	<b>Finished products</b>		<b>Output</b>
<b>Opcs</b>	<b>490pcs</b>		<b>490pcs</b>

**Lead times for client's production:**

According to	Factory	Auditor check
<b>Raw material supply capacity:</b>	Within 1 day	Within 1 day
<b>Production weekly capacity:</b>	560,000pcs (7days per week), and the factory said only 2 sets mold for client's products	<b>N/A</b>

**Sensitive points / Bottlenecks**

According to factory
Assembly
According to auditor check:
<b>Assembly</b>

**General comments from auditor about production process**

<b>GOOD</b>
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<b>Score :</b>	0	1	2	3	4	5
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**Part 4**  
**Factory Facilities / Machinery Conditions**

<b>Machines for production</b>			
<b>Machine Name, Brand, Country of Origin</b>	<b>Picture</b>	<b>Count</b>	<b>Comments</b> (machines conditions and age, location in the factory)

**Injection machine**  
**Brand: Haitian**  
**50 sets,**  
**Borch: 29 sets,**  
**Sanshun: 20 sets,**  
**Jetmaster: 5 sets**




**Country: china**



**104**

**In good condition,  
6years, in injection  
workshop**

<p><b>Assembly machine</b> Brand: N/A Country: china</p>		<p>45</p>	<p><b>In good condition, 4years in automatic assembly workshop</b></p>
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Warehouse condition	
Picture(s)	Comment(s)
	
	
<p><b>Estimated warehouse capacity:</b></p>	<p><b>Approx 5 Containers</b></p>



### Sample room condition

Picture(s)



Comment(s)



**Public power supply**

<b>Connected?</b>	<b>Frequent Power Outage in the area?</b>
YES	NO

<b>Electric Power Generator Count:</b>	<b>160kw 1 set, 300kw 1 set and 248kw 1 set</b>
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**Shipment capabilities**

<b>Picture(s)</b>	<b>Comment(s)</b>
1 set truck	Factory will ask Container agent to delivery shipment to port as per FOB term.

<b>Delivery / Loading conditions</b>	FOB
<b>Nearest port / airport</b>	3 hours to SHANGHAI airport, 4 hours to SHANGHAI port,

<b>Score :</b>	0	1	2	<b>3</b>	4	5
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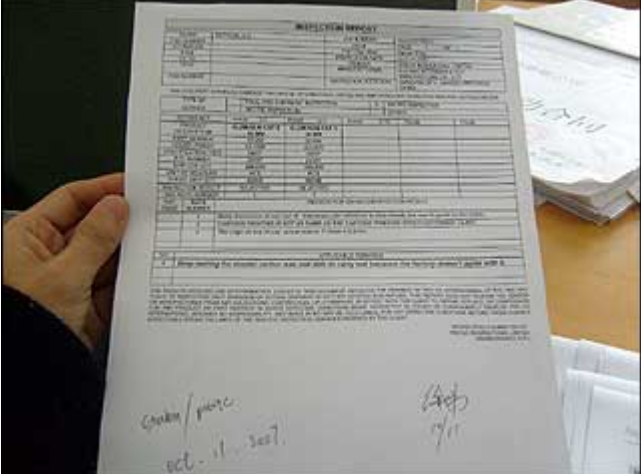
## Part 5 Quality Assurance System & Related Certificates (optional)

Export license	
Date of the license:	<b>None</b>

Quality system management		
<b>ISO9001 series:</b>	Yes	Comment:
<b>Others:</b>	No	Comment:

Quality system management							
<b>List of certificates available</b> (with certification company details and dates)	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding: 2px;"><b>Company name:</b></td> <td style="padding: 2px;"><b>SHENZHEN UNIVERSAL CERTIFICATION SERVICE CO., LTD</b></td> </tr> <tr> <td style="padding: 2px;"><b>Certificate number:</b></td> <td style="padding: 2px;"><b>02407Q11354R1M</b></td> </tr> <tr> <td style="padding: 2px;"><b>Date:</b></td> <td style="padding: 2px;"><b>2004-5-11 to 2010-7-11</b></td> </tr> </table>	<b>Company name:</b>	<b>SHENZHEN UNIVERSAL CERTIFICATION SERVICE CO., LTD</b>	<b>Certificate number:</b>	<b>02407Q11354R1M</b>	<b>Date:</b>	<b>2004-5-11 to 2010-7-11</b>
<b>Company name:</b>	<b>SHENZHEN UNIVERSAL CERTIFICATION SERVICE CO., LTD</b>						
<b>Certificate number:</b>	<b>02407Q11354R1M</b>						
<b>Date:</b>	<b>2004-5-11 to 2010-7-11</b>						
<b>Picture(s)</b>	<b>Comments:</b>						
							

Inspection track record by client	
How often is it updated?	<b>None</b>
Last inspection by QC company	<b>Proqc, last inspection: 2007-10-11</b>

Picture(s)	Comments:
	

**QC**


QC staff count	46
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Picture(s)	Comments:
	

QC station

	
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In line QC	
Is there In-line QC?	YES
How is the inline QC setup?	Selected some samples to check on production line, but no plan
List of testing equipment	Vacuum machine, life time and torque test machine
Record / reports available?	No
Picture(s)	 <p>Vacuum machine</p>  <p>Life time test equipment</p>  <p>Torque test equipment</p>

Final QC	
Is there Final QC?	YES
List of testing equipment	Bacterium machine
Record / reports available?	YES
Last results / record	Passed
Picture(s)	 <p style="text-align: center;"><b>Bacterium machine</b></p>

Incoming QC	
Is there an Incoming QC?	No
List of testing equipment	No
Record / reports available?	None

<b>Score :</b>	<b>0</b>	1	<b>2</b>	3	4	5
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**Part 6**  
**Social Accountability (optional)**

<b>Labor</b>
<b>Reference Standard:</b> <b>SA8000</b>

	According to:	Manager	Employees	Visual check
<b>1</b>	<b>Child labor</b>	No worker under 16	No worker under 16	No worker under 16
	<i>Standard :</i>	<b>PRC labor law</b>		
	<i>Result - Comments :</i>	<b>No violation found (ID checked)</b>		
<b>2</b>	<b>Forced labor</b>	No	No	No
	<i>Standard :</i>	<b>PRC labor law</b>		
	<i>Result - Comments :</i>	<b>No violation found</b>		
<b>3</b>	<b>Base Salary / compensation</b>	RBM1000/Month	1000-1200RMB/Month	470-1600RMB/Month
	<i>Standard :</i>	<b>RBM850</b>		
	<i>Result - Comments :</i>	<b>Factory pays basic salary and pays OT.</b>		

	According to:	Manager	Employees	Visual check
<b>4</b>	<b>Working Hours</b>	10h/day	12h/day	Average 12h/day
	<i>Standard :</i>	<b>PRC labor law</b>		
	<i>Result - Comments :</i>	<b>Against labor law</b>		
<b>5</b>	<b>Overtime Regulations</b>	16 hours for a working day	24 hours for a working day	24 hours for a working day
	<i>Standard :</i>	<b>PRC labor law</b>		
	<i>Result - Comments :</i>	<b>Against labor law</b>		
<b>6</b>	<b>Association / Discrimination / Coercion</b>	No	No	No
	<i>Standard :</i>	<b>PRC labor law</b>		
	<i>Result - Comments :</i>	No		

<b>Interviewed Workers Pictures</b>	
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Certificates	
Name	Picture(s)



ID, wages record with workers signature, labor contract and social insurance.


And found lower base salary and overfull working hours



	天数	基本工资	加班工资	
			天数	金额
	851.5	33874	43.81	1614
模具 李栋	30	600		
模具 王磊	29	580		
模具 孔凯	31	1240		
模具 黄佳佳	30	600	0.43	7
模具 王晓健	29.5	590	1.75	28

Lower base salary and overfull working hours

	Comments	Pictures
Canteen/Drinking/Kitchen facilities	<p>Kitchen facilities in the factory.</p> <p>Drinking each floor.</p> <p>No canteen in the factory.</p>	
Emergency medical	None	

Dormitory conditions	None	
Safety conditions / fire prevention	<p>Bad condition, but no fire hydrant. Emergency lighting and fire evacuation drills and evacuation exit in the factory.</p>	

Score :	0	1	2	3	4	5
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## Part 7 Procurement Conditions (optional)

### Raw materials

**Raw materials**

Suppliers Management Policy:

No

How many suppliers does the factory work with? 12

Supplier Record available?  YES

Material	Supplier name	Country of origin / location
PP raw material	Jinshan landification	<b>Shang hai</b>
PP raw material	Daqing landification	<b>Hei long jiang</b>
Paper carton	Meili	<b>Jiangyin</b>

### Sub-contracting

Subcontractors Management Policy:

No

How many subcontractors does the factory work with? No

Subcontractors Record available?  NO

Production step (ex: packaging) | Subcontractor name | Country of origin / location

N/A

<b>Score :</b>	0	1	2	<b>3</b>	4	5
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## Part 8 Hygiene / Security (optional)




Facilities		
First aid supply	YES	
Time to the nearest medical facility	2 minutes to huangtang hospital	
Workers (appropriate) protective equipment	List: muzzle, glove	Comments:
Fire protection facilities	List: only fire extinguisher	Comments: but no fire hydrant, meet an emergency lighting and evacuation indicate in the factory.
Picture(s)		
		
No Fire evacuation indicate in the factory		
Trainings		
First aid training	No	Comment: no aid training for workers
Fire evacuation drills	No	Comment: no fire evacuation drills

Score :	0	1	2	3	4	5
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**Part 9**

**Environment**

**Environment management**

ISO14000 series:	No	Comment:
Environment Policy Available	No	Description:
No certification :	No	
List of certificates available (+ take pictures)	No	
	No	
	No	
Staff in charge (name and mission) (+ take pictures)	No	
	No	

**Control track record**

How often is it updated?	No
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Item checked	Last control date	Findings	Standard
None			

**Preventive / corrective actions**  
(Please check Sewage, Smokes, Noise, Waste, and any other applicable)

Description (+ take pictures)	Comments
None	

Score:	0 1 2 3 4 5
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**Part 10**  
**RoHS Standards (optional)**

**Knowledge & Awareness**

Is the factory aware of the RoHS regulation?

No

Comment:

Who is in charge of implementing the RoHS standards within the factory?

Name

None

Position

None

**RoHS products**

Has the factory already produced RoHS products?

No

Name & description of the products:  
None

List of certificates available  
(including Name & details of certifying Company + scans)

None

<b>Is there a running RoHS production in the factory during the Audit</b>	No
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Description of the products: None
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<b>List of certificates available</b> (with certification company details and dates)	None
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**Management of RoHS and Non-RoHS Products & Components**

<b>Are the RoHS and Non-RoHS products separated?</b>
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<b>Raw material</b>	No
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<b>According to</b>	<b>Manager</b>	<b>Employees</b>	<b>Visual Check</b>
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None
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<b>Components</b>			No
<b>According to</b>	<b>Manager</b>	<b>Employees</b>	<b>Visual Check</b>
None			

<b>Finished products</b>			No
<b>According to</b>	<b>Manager</b>	<b>Employees</b>	<b>Visual Check</b>
None			

<b>On the Production line</b>			No
<b>According to</b>	<b>Manager</b>	<b>Employees</b>	<b>Visual Check</b>
None			

<b>Score:</b>	<span style="color: red; font-weight: bold;">0</span> 1    2    3    4    5
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**Part 11**

**Synopsis of major facts and problems found**

**Capacity of manufacturing client's product:**

Very bad	Bad	Average	Good	Very good
Comments:				

**Production conditions:  
(machines, building, employees training, internal quality control)**

Very bad	Bad	Average	Good	Very good
Comments:				

**Social accountability conditions:**

Very bad	Bad	Average	Good	Very good
Comments:				

**Factory behavior during audit:**

Very bad	Bad	Average	Good	Very good
Comments:				

**END**