

Corporate Responsibility Audit Report

Supplier Site Information

Supplier Company Name:	Site Address:	Date(s):
Hua Jung Electronics (Guangdong) Co., Ltd.	West Shijie 3 Village Ind Area, Ke Ji Dong Road Shijie Town Dongguan Guangdong China	Report Issued: 13 Nov 09 On-site Visit: 29 – 30 Oct 09
Supplier Contact Name(s): Hua Jung Electronics (Guangdong) Co., Ltd.	Supplier Contact Title(s): Mr. Xiao	Email Address & Phone: 0769-83075098
Labor: Harry Tong Environmental: Anna Liao Health and Safety: Anna Liao		
Audit Team:		
Lead: Harry Tong Member: Anna Liao		

Summary of Audit Findings

Executive Summary:

Executive Summary:

The audit scope included all physical areas and employees under the legal business license of the audited facility - Hua Jung Electronics (Guangdong) Co., Ltd. against to EICC Code of Conduct and local law; In addition, another company named Hua Ci Electronics (Dongguan) Co., Ltd. that located at the same area was also involved in the audit as they are in the same management.

All findings were discussed and communicated with the management of the audited facility during the closing meeting, all of them were agreed by the facility and none was disputed.

Description of Operations at this Facility:

FACILITY OVERVIEW:

According to business license of Hua Jung Electronics (Guangdong) Co., Ltd., the

factory was founded on Jun 16, 1998, located at West Shijie 3 Village Ind Area, Ke Ji Dong Road, Shijie Town, Dongguan City, GD Province, P.R.C. At the same area, another company-Hua Ci Electronics (Dongguan) Co., Ltd. was founded on Jul 4, 2001. They were all belonged to Hua Jung Group that the headquarter located at Taiwan China.

The factory was specialized on manufacturing of plastic electric capacitors and transformers, the products manufactured in this factory were widely used in the PC, household electrical appliance, industrial fields, etc.

The factory had established and certified with the ISO9001:2000 and ISO/TS16949 for its quality management system, ISO14001 for its environmental management system, OHSAS18001 for its health & safety management system.

The scope of the audit covered all production process and all factory physical buildings, including production building, warehouse, dormitory building, canteen and kitchen.

The audited factories had two 3-storey production and warehouse buildings, one building was focused on manufacturing capacitors that belongs to Hua Jung, another building was focused on manufacturing transformers that belongs to Hua Ci; total production area involved the warehouses was about 40,000 square meters. The audit team was allowed with open access to all areas within the facility after communication.

Details about factory building were as follows:

Hua Jung 1F: Office room, finished goods warehouse, IQC/OQC inspection area, Box workshop;

Hua Jung 2F: Auto-welding workshop, Coating workshop, Printing workshop and sorting workshop;

Hua Jung 3F: Raw material warehouse, Windin Workshop, R&D office;

Hua Ci 1F: Raw material & Semi-components warehouses;

Hua Ci 2F: Windin workshop, Dipping Worksop, Aging test area;

Hua Ci 3F: Finished goods warehouse, Assembly line;

The factory had two 6-storey dormitory buildings, the canteen and kitchen were located at the 1F of the dormitory buildings, based on management review, about 70% of worker lived at the factory.

There were totally 980 employees worked in the factory during the audit (Hua Jung about 600, Hua Ci about 380). Almost all the workers were migrants came from different province of Mainland China.

The ratio of male/female was about 1:1; during the audit, 3 young workers that less than 18 years old worked in the factory.

By management interview, all workshops were arranged 2 shifts, the normal working time were 8 hours per day, 5 days per week. Workers worked 10 hours per shift, and 6~7 days per week; in average, workers could only get one day off per month in the past 12

months.

Documents review: total 36 workers personal files, labor contracts, 36 workers' attendance and payroll records had been selected by auditors freely to review.

Workers Attitude to Interview Process:

Worker interview included group interview and individual interview. The facility agreed that SGS auditors conducted confidential interviews with workers who were chosen freely without any influence by factory management. Auditor randomly selected total 36 employees covering different production workshop, sex, ages and shifts to perform interviewing in the production area, meeting room and dormitory room. They were divided into 5 groups with 20 workers and 16 individual workers including 9 female workers and 7 male workers. Interviewees did not seem to be coached and felt free during the interview. The management was supportive and cooperative during the whole interview process, workers interview with night shifts was conducted in factory dormitory room with 4 workers.

Main feedback from interviewees:

- For child labor issues, workers said they must submit the effective personal ID card to verify their ages before entering the factory. They said that no labor less than 16 years would be permitted to work in this factory.**
- For forced labor issue, workers confirmed that they were not required to lodge deposit to factory and their original documents such as ID cards were kept by themselves.**
- For discrimination issues, workers said they could obtain the job based on their working experience and abilities, all workers' wages were paid by hourly rate.**
- For disciplinary practice issues, workers said they would be warned, fined, or fired if they broken the factory rules, the rules were trained to them during recruiting.**
- For safety and health issue, workers said they were basically satisfied with working conditions, they claimed the factory provided safety and health trainings to them during recruiting and position training. The factory had arranged the fire drill twice per year and the last time was conducted in Jul, 2009.**
- For Wages and Benefits issues, workers said their wages were paid on 20th of next month by bank-transfer, they could signed on the payroll records, and check the wages with HR officer if they have any doubts.**

The deduction in their wages included social insurance, tax, food and living fees if applicable, fines, and other items.

- For working hour issues, workers said they all conducted 2 shifts; and 10 hours per shift; they needed to work 6~7 days per week in average.**

Summary of Findings:

GENERAL

No any NC or OB findings identified within this section.

LABOR

There were three major NCs, four minor NCs and two Obs:

A3.3.4 (Major NC)

Based on workers attendance records from Oct 2008 to date of audit (Oct 29, 2009), it was identified that all sampled workers average weekly working hours had exceeded 60 hours from Feb to Sep 2009, Max was 76.1 hours found in Sep 2009. The monthly OT working hour range was from 16 to 160 hours, average was 80~120 hours.

A3.3.6 (Major NC)

Workers could not get one day off per seven days in average. Based on workers attendance records from Oct 2008 to date of audit (Oct 29, 2009), it was identified that all sampled workers were only provided 1 day off per month in average from Feb to Sep 2009, such as workers only rested on Mar 1, Apr.4, May.1, May.28, Jun.30, Jul.14, Aug.30 and Sep.18, 2009. The max continuously working period was 46 days from Jul 15 to Aug 29, 2009.

A4.4.3 (Major NC)

Based on workers disciplinary and payroll records review and confirmed by workers interview, it was identified that workers would be deducted RMB 40/80/150 from their wages per time for Warning, Minor demerit and Major demerit if they broke the factory rules.

A1.1.2 (Minor NC)

Based on workers interview, the factory signed labor contracts with all employees within 1 month after they joined the factory, but the copies of labor contracts were not provided to workers.

A2.2.4 (Minor NC)

The facility has written procedures for restrictions on type of work performed, work shift, number of hours for workers under the age of 18 (A-03-51-M0C0000, V1); but during the audit it also identified that young workers were arranged on the coating position that disposed under the chemical material.

A3.3.5 (Minor NC)

There was no written procedure in place to determine, manage or control overtime in facility, the worker's overtime were not monitored or controlled.

A5.5.4 (Minor NC)

Managers and supervisors were not trained on appropriate disciplinary measures. Based on review the disciplinary records in the past 3 months, all the disciplinaries were missing the detailed clause No. according to the Factory Award & Punish Regulation.

A1.1.7(Obs)

Based on review the workers physical examination reports and verified by workers interview, the hospital for new employee's recruiting physical examination was designated by factory.

A3.3.1 (Obs)

All workers had 1 hour break for lunch / dinner according their shifts; But the factory did not provide 10~20 minutes breaks for workers during am & pm working interval; In addition, the environments of some working conditions were not suitable for a long time working.

ETHICS

No any NC or OB findings identified within this section.

LABOR & ETHICS MANAGEMENT SYSTEM

There were one minor NC:

D5_LE 5.1(Minor NC)

The factory did not establish the objective, target or implementation plans for Labor and Ethics parts.

Health & Safety

here were one Major NC, 6 Minor NCs:

B3.3.3 (Major NC)

All first aid kits in the workshops didn't have any medicine and first aid material.

B1.1.3 (Minor NC)

There were some machines without safety operation instructions, such as powder coating machine and soldering machine, and some operators didn't know the hazards in their jobs.

B1.1.4 (Minor NC)

There were no any personal protective equipment(PPE) in the chemical stored area, such as protective glasses, gloves and gas mark, and in the chemical material mxing area there were some wokrs who didn't wear glasses, and used the cotton masks and gloves, the cotton respirator and gloves didn't prevent the chemical.

B3.3.2 (Minor NC)

There were 26 machine injuries from Jan. to Oct. 2009, the injuries were recorded , but the injuries data wasn't analyzed or utilized to reduce accidents.

B3.3.4 (Minor NC)

Interviewees revealed that some workers didn't know what to do in the event they were injured or become ill on the job.

B4 4.4 (Minor NC):

There were no any personal protective equipment(PPE) in the chemical stored area, such as protective glasses, gloves and gas mark, and in the chemical material mxing area there were some wokrs who didn't wear glasses, and used the cotton masks and gloves, the cotton respirator and gloves didn't prevent the chemical.

B6 6.1 (Minor NC):

There were some machines without safety operation instructions, such as powder coating machine and soldering machine, and some operators didn't know the hazards in their jobs.

C. Environment

There were one Major NC and two Minor NCs:

C3.3.4 (Major NC):

The waste in the workshops weren't categorized, the waste bin wasn't labeled, and found some oil rags were placed with the paper and other living waste.

C3 3.3 (Minor NC):

The chemical and waste storage areas weren't designed or maintained to prevent leaks.

C3 3.6 (Minor NC):

Interviewed the workers who worked in the chemical store show that they didn't train on how to use of personal protective equipment (PPE) and didn't provide any personal protective equipment (PPE) in the chemical store, such as protective glasses, gloves and gas mark.

D_EHS. EHS MS

There were two Minor NCs and one Obs:

D5_EHS 5.3 (Minor NC):

The worker interviews reveal that workers weren't aware of the environmental, occupational health & safety performance objectives relevant to them.

D7_EHS 7.2 (Minor NC):

Interviews revealed that environmental and occupational health & safety communication wasn't effective.

D6_EHS 6.3 (Obs):

Interview showed that some workers didn't know the environmental, occupational health & safety policies although they were trained when they joined the factory.

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Audit Findings Summary

GENERAL SUPPLIER CODE OF CONDUCT/EICC

Code	Provision	Conformance	Major	Minor	NA	Observation
G1	Compliance with the Law	2				
G2	EICC Code	2				

SECTION A- LABOR AUDIT FINDINGS

Code	Provision	Conformance	Major	Minor	NA	Observation
A1	Freely Chosen Employment	6		1		1
A2	Child Labor Avoidance	6		1		
A3	Working Hours	2	2	1		1
A4	Wages and Benefits	7	1			
A5	Humane Treatment	6		1		
A6	Non-Discrimination	2				
A7	Freedom of Association	3				

SECTION E - ETHICS AUDIT FINDINGS:

Code	Provision	Conformance	Major	Minor	NA	Observation
E1	Business Integrity	3				
E2	No Improper Advantage	1				
E3	Disclosure of Information	1				
E4	Intellectual Property	1				
E5	Fair Business, Advertising and Competition	1				
E6	Protection of Identity	1				
E7	Community Engagement	2				

SECTION D- LABOR AND ETHICS MANAGEMENT SYSTEM

CODE	PROVISION	Conformance	Major	Minor	NA	Observation
D1_LE	COMPANY COMMITMENT	1				
D2_LE	MANAGEMENT ACCOUNTABILITY AND RESPONSIBILITY	3				
D3_LE	LEGAL AND CUSTOMER REQUIREMENTS	2				
D4_LE	RISK ASSESSMENT AND RISK MANAGEMENT	2				
D5_LE	PERFORMANCE OBJECTIVES WITH IMPLEMENTATION PLAN AND MEASURES	2		1		
D6_LE	TRAINING	4				
D7_LE	COMMUNICATION	3				
D8_LE	WORKER FEEDBACK AND PARTICIPATION	3				
D9_LE	AUDITS AND ASSESSMENTS	2				
D10_LE	CORRECTIVE ACTION	3				

Audit Findings Summary

D11_LE	DOCUMENTATION AND RECORDS	2				
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SECTION B - HEALTH & SAFETY AUDIT FINDINGS

CODE	PROVISION	Conformance	Major	Minor	NA	Observation
B1	OCCUPATIONAL SAFETY	3		2		
B2	EMERGENCY PREPAREDNESS AND RESPONSE	9				
B3	OCCUPATIONAL INJURY AND ILLNESS	1	1	2		
B4	INDUSTRIAL HYGIENE	3		1		
B5	PHYSICALLY DEMANDING WORK	3				
B6	MACHINE SAFEGUARDING	4		1		
B7	DORMITORY AND CANTEEN	5				

SECTION C - ENVIRONMENTAL AUDIT FINDINGS

CODE	PROVISION	Conformance	Major	Minor	NA	Observation
C1	ENVIRONMENTAL PERMITS AND REPORTING	2				
C2	POLLUTION PREVENTION AND RESOURCE REDUCTION	1				
C3	HAZARDOUS SUBSTANCES	5	1	2		
C4	WASTEWATER AND SOLID WASTE	3			2	
C5	AIR EMISSIONS	2				
C6	PRODUCT CONTENT RESTRICTIONS	1				

SECTION D- ENVIRONMENTAL, HEALTH & SAFETY MANAGEMENT SYSTEM

Code	Provision	Conformance	Major	Minor	NA	Observation
D1_EHS	Company Commitment	1				
D2_EHS	Management Accountability and Responsibility	3				
D3_EHS	Legal and Customer Requirements	2				
D4_EHS	Risk Assessment and Risk Management	2				
D5_EHS	Performance Objectives with Implementation Plan and Measures	2		1		
D6_EHS	Training	3			1	1
D7_EHS	Communication	2		1		
D8_EHS	Worker Feedback and Participation	3				
D9_EHS	Audits and Assessments	2				
D10_EHS	Corrective Action Process	3				
D11_EHS	Documentation and	2				

Audit Findings Summary

	Records					
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SECTION 1.0 – GENERAL EICC CODE OF CONDUCT:

Electronic Industry Code of Conduct	
Finding	Rating
G2.1: The management representatives understood the EICC requirements.	Conformance
G2.2: The factory had copies of the EICC code on file.	Conformance
<p>Question 2.1: Does the supplier’s management representative understand the Supplier Code of Conduct/EICC requirements and how they apply to their operations at this facility? Explain. Response: Yes Supporting Evidence: Based on documents review, the factory had presented the supporting documents system in accordance with EICC code. E.g. facility own code of conduct had been established based on EICC code. By management interview, it indicated that the factory representatives were familiar with EICC, SA8000, OHSAS18001 and ISO14001 requirements. The workers and management staff had been trained with EICC knowledge. Some regulations that infringed EICC code or local legal requirements had been updated. Based on workers interview, almost workers stated that they were familiar with EICC code by training course or employee' manual review. The EICC knowledge were also posted on notice boards in production and dormitory areas. Otherwise, there were 21 employees who were trained by external consulting company for SA8000 internal auditors.</p> <p>Question 2.2: Does the supplier’s facility have a copy of the EICC on file? (If “No”, explain why not.) Response: Yes Supporting Evidence: The EICC code was kept by the factory EICC team. During the audit, the copy file of EICC code had been shown to auditors by EICC team leader - Mr. Guo Zhen Xing.</p>	
<p>COMPLIANCE WITH LAWS [paragraph 4 of EICC]: "Fundamental to adopting the Code is the understanding that a business, in all of its activities, must operate in full compliance with the laws, rules and regulations of the countries in which it operates."</p>	
Finding	Rating
G1.1: The facility has not been subject to any Labor and Ethics regulatory actions, penalties or violations in the past three years.	Conformance
G1.2: The facility has not been subject to any environmental, health and safety regulatory actions, penalties or violations in the past three years.	Conformance
<p>Question 3.1: If the facility has been subject to any labor and Ethics regulatory actions where monetary penalties were assessed, or where formal corrective actions were mandated by the issuing government agency, have the violations been corrected or are they on track for correction? Response: Yes Supporting Evidence: Based on documents review, management interview with factory representatives, and internet search, no negative evidence was identified during the audit.</p> <p>Question 3.2: If the facility has been subject to any environmental, health and safety regulatory actions where monetary penalties assessed, or where formal corrective actions mandated by the issuing government agency, have the violations been corrected or are they on track for correction?</p>	

Response: Yes
 Supporting Evidence: Based on documents review and management interview, no negative evidence was identified during the audit.
 The factory established the ISO14001 and OHSAS18001 management systems to manage the EHS issues, and the systems were certified by third part.

SECTION A - LABOR AUDIT FINDINGS:

A1) Freely Chosen Employment

Forced, bonded or indentured labor or involuntary prison labor is not to be used. All work will be voluntary, and workers should be free to leave upon reasonable notice. Workers shall not be required to hand over government-issued identification, passports or work permits as a condition of employment.

Finding	Rating
A1.1: No any type of forced, prison, indentured, or bonded labor used in the facility.	Conformance
A1.2: The factory signed labor contracts with all workers, but copies of labor contracts were not provided to employees.	Minor
A1.3: All workers were free to enter and exit the facility boundary during their non-work hours.	Conformance
A1.4: Workers were free to quit their job and leave by written application with 30 days notice in advance, with no penalty.	Conformance
A1.5: No any type of deposit was required during the recruitment.	Conformance
A1.6: No workers' government-issued identification (ID cards, passports or work permits) were withheld upon hire.	Conformance
A1.7: All workers were free to choose and use external medical facilities, but the recruiting physical examination clinic was designated.	Observation
A1.8: All workers were allowed access to basic liberties.	Conformance

Question 1.1: The facility does not use any type of forced, prison, indentured, or bonded labor.

Response: Yes

Supporting Evidence: Based on management interview and document review, no negative evidence had been identified. The factory had set up its own Code of Conduct, and established a written instructions for all its subcontractors and suppliers that prohibit forced labor (Factory Regulation: A-03-041-M0C0000, Section 3.8).

Question 1.2: Are labor contracts signed with the workers where legally required ?

Response: No

Supporting Evidence: Based on documents review and workers interview, it indicated that the factory had signed labor contracts with all employees within 1 month after they join the facility, workers interview were also confirmed it. The contracts covered issues as Contracted term, Job description, Hours of work, Wages & benefits and probation period, etc. But 80% of interviewers claimed the copies of labor contracts were not provided to them. It was not complied with Article 16 of Labor Contract Law of the People's Republic of China.

Question 1.3: The facility assures that its workers are free to enter and exit the facility and housing during their non-work hours except as required by law.

Response: Yes

Supporting Evidence: Based on worker interview and reviewing factory rules and rules of security guards, no negative evidence was identified.

Question 1.4: The facility assures that its workers are free to quit their job and leave upon reasonable notice, with no penalty.

Response: Yes

Supporting Evidence: Based on workers interview and review the factory regulations, employers could leave the facility by written application with 30 days notice in advance, the full wages would be paid to employees by bank-transfer on the next paid date; new employees during the probationer ship would be noticed the factory 3 days in advance.

Question 1.5: The facility does not require workers to pay a deposit upon being hired.

Response: Yes

Supporting Evidence: Based on workers interview, all workers replied that they did not need to pay a debt or any deposit for their job. After reviewing the recruitment procedure, labor contracts, and current recruiting advertise, no negative evidence was identified.

The factory would charged RMB 30 for uniform on workers first month's wages, the money will return to workers when they leave the factory.

Question 1.6: The facility does not withhold workers' government-issued identification (passports or work permits) upon hire.

Response: Yes

Supporting Evidence: Based on workers interview, all workers replied that the facility did not withhold workers' government-issued identification (ID cards, passports or work permits) upon hire. The factory only kept the copies of workers' ID cards, education/training certificates, etc, and workers kept original ones.

Question 1.7: Are workers free to choose and use external medical facilities ?

Response: Obs

Supporting Evidence: Interviewed workers confirmed they were free to choose and use external clinic and hospitals when needed. It would be at cost of factory and as an injury if it caused by work in the factory.

but the hospital for new employee's recruiting physical examination was designated by factory.

Question 1.8: Are workers allowed access to basic liberties ?

Response: Yes

Supporting Evidence: Based on workers interview, all workers replied that there was no restriction to use toilet, drinking water, rest room, changing room, sick leave, etc. It also confirmed by on-site observation in the manufacturing & dormitory areas.

A2) Child Labor Avoidance

Child labor is not to be used in any stage of manufacturing. The term "child" refers to any person employed under the age of 15 (or 14 where the law of the country permits), or under the age for completing compulsory education, or under the minimum age for employment in the country, whichever is greatest. The use of legitimate workplace apprenticeship programs, which comply with all laws and regulations, is supported. Workers under the age of 18 should not perform hazardous work and may be restricted from night work with consideration given to educational needs.

Finding	Rating
A2.1: All workers were above 16 years old.	Conformance
A2.2: The facility had reviewed and validated legal proof of age documentation, e.g. ID cards, upon hire for all potential workers.	Conformance
A2.3: The facility has kept on file proof of age documentation for all workers.	Conformance
A2.4: The facility has written procedures for restrictions on type of work performed, work shift, number of hours for workers under the age of 18, but the procedure was not implemented strictly.	Minor
A2.5: The procedure to respond to discovery of workers below the legal age was established in the facility.	Conformance
A2.6: The facility hired the workers who had been finished the basic educational needs.	Conformance
A2.7: The facility had a clear programmer for hiring, training, and promoting permanent workers.	Conformance

Question 2.1: Are there workers below the minimum age working at the facility ?

Response: No

Supporting Evidence: Based on workers interview, on site observation and workers ID No. review, no child labor was identified, the youngest worker was born on Jun, 9 1992 and joined the facility on Jul 24, 2008. The recruiting staff was familiar with the requirements based on interview with her.

Remark: In China, minimum age of worker is 16 years old. Workers over 16 and those between 16 to 18 are regarded as young labor, the factory has 3 young workers during the audit.

Question 2.2: The facility reviews and validates legal proof of age documentation upon hire for all potential workers

Response: Yes

Supporting Evidence: Based on documents review, the copies of ID cards were kept by HR dept. with the personal files for all employees. The HR dept. had been established the work instruction to guide recruiting staff to determine that a document is genuine rather than a forgery or copy.

Question 2.3: The facility keeps on file proof of age documentation for all workers

Response: Yes

Supporting Evidence: All ID copies were kept in personal files that including the age proving document such as educational certificate, and family relationship information, urgent contact No., etc. Workers' personal files had been kept in individual Kraft envelopes. Only the authorized HR staff could touch it.

Question 2.4: The facility has written procedures for restrictions on type of work performed and number of hours for workers under the age of 18 (such as a limit to the hours they can work or whether or not they can work with hazardous chemicals)

Response: No

Supporting Evidence: The facility has written procedures for restrictions on type of work performed, work shift, number of hours for workers under the age of 18 (A-03-51-M0C0000, V1).

During the audit, 3 young workers were used by factory, and it also identified that one young worker was arranged on the coating position that disposed under the chemical material. It was not complied with Article 28, Law of the People's Republic of China on the Protection of Minors.

Question 2.5: The facility has a procedure to respond to discovery of workers below the legal age.
Response: Yes

Supporting Evidence: The procedure to respond to discovery of workers below the legal age was established. The procedure included the policies and detail programmers on how to deal with the underage workers found in the facility. (e.g. contact the guardian, report to local government, medical examination, wage & compensation payment, etc.)

Based on management interview, no such case occurred till the audit.

Question 2.6: Does the facility consider access to basic educational needs for workers below the age for compulsory education?

Response: Yes

Supporting Evidence: 1, No clear definition for age for compulsory education in local legal requirements but only 9-year compulsory education required for under age;
2. Most workers were graduated from junior or technical school;
3. No Child labor was identified in the factory.

Question 2.7: Does the facility have a clear programme for hiring, training, and promoting apprentices?

Response: Yes

Supporting Evidence: Based on workers and management interview and factory rules review, no workers had been hired as apprentice in the factory, workers had one or three months' probation according to their contracted term. The detailed programmer for employee hiring, training and promoting had been established and implemented.

A3) Working Hours

Studies of business practices clearly link worker strain to reduced productivity, increased turnover and increased injury and illness. Workweeks are not to exceed the maximum set by local law. Further, a workweek should not be more than 60 hours per week, including overtime, except in emergency or unusual situations. Workers shall be allowed at least one day off per seven-day week.

Finding	Rating
A3.1: all workers allowed legally mandated breaks.	
But the factory did not provide 10~20 minutes interval breaks during am & pm working shifts.	Observation
A3.2: The facility kept reliable records of workers' regular and overtime hours by electronic attendance system. Workers working shifts and times were fixed and workers could know well for their working hours clearly.	Conformance
A3.3: Legal working hours and facility working hours has been communicated to all workers.	Conformance

A3.4: The average working hours in a work week, including overtime, over the last 12 months at this facility had exceeded 60 hours, the daily and monthly OT working hours did not meet the legal law requirements.	Major
A3.5: There was no written procedure in place to determine, manage and control overtime in facility.	Minor
A3.6: Workers could not enjoy at least one (1) day off per seven (7) days in the past 12 months.	Major

Question 3.1: Are workers allowed legally mandated breaks

Response: Obs

Supporting Evidence: All workers had 1~1.5 hours break for lunch/dinner according their shifts; But the factory did not provide 10~20 minutes breaks for workers during am & pm working interval; In addition, the noise of the working conditions for some processes were not suitable for a long time working, such as Winding and Sorting processes.

Question 3.2: Does the facility keep reliable records of workers' standard and overtime hours ?

Response: Yes

Supporting Evidence: The facility used electronical attendance system to record the regular working hours and overtime hours. Based on workers interview, all workers replied that they scanned their IC cards by themselves, and the facility would announce workers working hour records including overtime working hours per month before wage paid day. During the audit, the past 12 month's attendance records from Nov 2008 to Oct 2009 were provided and reviewed.

Question 3.3: Are legal working hours and facility working hours communicated to all workers?

Response: Yes

Supporting Evidence: The facility communicated the working hour requirements via orientation training, factory regulation and notice boards, labor contracts, etc. The regular working hour, overtime information were shown in worker payroll records clearly. Based on workers interview, all workers knew well the regular and overtime working hour policies.

Question 3.4: Do the required average hours in a work week, including overtime, over the last 12 months at this facility exceed 60 hours?

Response: Yes

Supporting Evidence: Based on workers attendance records from Oct 2008 to date of audit (Oct 29, 2009), the normal working hour was 8 hours per day and 5 days per week; all workshops conducted 2 shifts, and 10 hours per shift, 2 hours exceeded 8 hours as regular day OT; workers worked 6~7 day per week. Sampling checked 36 workers attendance records, it was identified that all workers average weekly working hours had exceeded 60 hours from Feb to Sep 2009, Max was 76.1 hours found in Sep 2009. It was not conformed to EICC code.

The monthly OT working hour range was from 16 to 160 hours, average was 80~120 hours. It was not complied with Article 41 of China Labor Law.

Above information had confirmed by all workers interview.

Question 3.5: Is there a written procedure in place to determine, manage and control overtime ?

Response: No

Supporting Evidence: There was no written procedure in place to determine, manage or control overtime in facility, the worker's overtime were not monitored or controlled.

Question 3.6: Are workers provided with at least one (1) day off per every seven (7) days ?

Response: No

Supporting Evidence: Workers could not get one day off per seven days in average. Based on workers attendance records from Oct 2008 to date of audit (Oct 29, 2009), it was identified that all sampled workers were only provided 1 day off per month in average from Feb to Sep 2009; for example, workers only rested on Mar 1, Apr.4, May.1, May.28, Jun.30, Jul.14, Aug.30 and Sep.18, 2009. The max continuously working period was 46 days that from Jul 15 to Aug 29, 2009. It was not complied with Article 38 of China Labor Law and was no conform EICC code.

Above information had been confirmed by all workers interview.

A4) Wages and Benefits

Compensation paid to workers shall comply with all applicable wage laws, including those relating to minimum wages, overtime hours and legally mandated benefits. In compliance with local laws, workers shall be compensated for overtime at pay rates greater than regular hourly rates. Deductions from wages as a disciplinary measure shall not be permitted. The basis on which workers are being paid is to be provided in a timely manner via pay stub or similar documentation.

Finding	Rating
A4.1: Legal compensation for regular hours were paid to all workers.	Conformance
A4.2: Wage calculations were clearly communicated to workers by payroll receipts.	Conformance
A4.3: Workers would be fined and deducted from their current wages if they broke the factory rules.	Major
A4.4: The facility did not delay or withhold payments to workers.	Conformance
A4.5: The tax, social insurance, food and living fees, disciplinary fines, other items were deducted from workers wage, it was correctly and clearly calculated.	Conformance
A4.6: All deductions have been submitted to the appropriate government agency within the time frame specified in the applicable local labor law.	Conformance
A4.7: Overtime wage was calculated and paid at the premium as legally required.	Conformance
A4.8: Workers received legally mandated benefits.	Conformance

Question 4.1: Is legal compensation for regular hours paid to all workers?

Response: Yes

Supporting Evidence: Based on workers interview and review of attendance & payroll records from Oct, 2008 to Sep 2009, all workers were paid by hourly-rate, at least RMB 770 (RMB 4.43 per hour) as basic salary was paid to workers as normal working hour: 8 hours per day, 5 day per week. Job position allowance and performance bonus, night shift allowance, paid annual leave were also listed in payroll based on their regular working hours.

Question 4.2: Are wage calculations clearly communicated to workers using pay stub or similar documentation?

Response: Yes

Supporting Evidence: The documented wage calculation procedure had established and communicated with all employees. Based on management interview and workers interview, the wages were paid to workers by bank-transfer on 20th of next month. Payroll receipts were provided to the related workers that included detailed information as normal working days, basic salary, OT premium, allowance, deduction and bonus. workers understood the calculation clearly; if they had any doubts, they could confirm their wages with HR officer directly.

Question 4.3: Are disciplinary wage deductions employed by the facility?

Response: Yes

Supporting Evidence: Based on workers disciplinary and payroll records review and confirmed by workers interview, it was identified that workers would be deducted RMB 40/80/150 from their wages per time for Warning, Minor demerit and Major demerit if they broke the factory rules. it was not conformed to EICC code.

Question 4.4: Does the facility ever delay or withhold payments to workers?

Response: No

Supporting Evidence: Based on workers interview and review the payrolls from Oct, 2008 to Sep, 2009, the wages had been paid by bank-transfer on 20th of next month.

Question 4.5: Are deductions or withholdings calculated correctly?

Response: Yes

Supporting Evidence: Based on interview with HR officers and workers payment evidence review, the deduction in the wages included tax, social insurance, food and living fees, disciplinary fines if applicable; it was correctly and clearly calculated. No any other company-specific withholdings, the IC working attendance cards, uniforms, trainings were provided to workers freely. If workers live out of factory or took meal themselves, the living and food fees would be not applicable.

Question 4.6: Are deductions or withholdings submitted to the appropriate government agency within the time frame specified in the applicable local labor law?

Response: Yes

Supporting Evidence: The payment warrant via bank-transfer for workers salaries, social insurance and tax was available. The amounts of disciplinary deductions were accorded with the legal law requirement (less than 20% of the basic wages).

Question 4.7: Is the overtime wage calculated and paid at the premium as legally required?

Response: Yes

Supporting Evidence: Based on workers interview and payroll records from Oct, 2008 to Sep, 2009 review, the OT premium payment system as:

- 1) to pay 150% of the normal wages if the extension of working hours is arranged;
- 2) to pay 200% of the normal wages if the extended hours are arranged on days of rest and no deferred rest can be taken;
- 3) to pay 300% of the normal wages if the extended working hours are arranged on days of legal

holiday.

It met local legal requirements.

Question 4.8: If the facility employs contract workers, do contract workers receive legally mandated benefits in addition to their wages?

Response: Yes

Supporting Evidence: All workers had been provided with social insurance, health examination, annual leave, maternity leave (if applicable), etc. based on factory policy for social insurance & payment evidence for last three months, health examination reports and leave application notification review. And it had been confirmed by workers interview.

A5) Humane Treatment

There is to be no harsh and inhumane treatment, including any sexual harassment, sexual abuse, corporal punishment, mental or physical coercion or verbal abuse of workers; nor is there to be the threat of any such treatment.

Finding	Rating
A5.1: The facility had provided workers with written rules and regulations regarding disciplinary procedures.	Conformance
A5.2: The disciplinary actions were acceptable.	Conformance
A5.3: All disciplinary actions tracked and consistent with the procedures.	Conformance
A5.4: Managers and supervisors were not trained on appropriate disciplinary measures.	Minor
A5.5: The facility had procedures to investigate reports, to discipline those that commit acts of harsh or inhumane treatment against workers.	Conformance
A5.6: No evidence of sexual harassment or abuse, corporal punishment, mental or physical coercion, verbal abuse or intimidation was identified at the facility.	Conformance
A5.7: All workers were permitted time off when ill or for maternity.	Conformance

Question 5.1: Does the facility provide workers with written rules and regulations regarding disciplinary procedures.

Response: Yes

Supporting Evidence: The facility had provided clear policy and written rules and regulations regarding disciplinary procedures via recruiting and regular training, factory handbooks, notice boards, and factory internal BBS. Interviewed workers known well with the factory rules and disciplinary clauses.

Question 5.2: Are the disciplinary procedures humane?

Response: Yes

Supporting Evidence: Based on workers interview, worker handbook and records of disciplinary action, no negative evidence was identified.

Question 5.3: Are disciplinary actions tracked and consistent with the procedures ?

Response: Yes

Supporting Evidence: Based on worker interview and reviewing the disciplinary records, it was consistent with facility' disciplinary procedures. And all the disciplinary would be signed by related worker, and approved by dept. Supervisor and facility HR Manager together.

Question 5.4: Are managers and supervisors trained on appropriate disciplinary measures.

Response: No

Supporting Evidence: The managers and supervisors were not received any training or education on appropriate discipline. Based on interview with management and training records review, the factory rules/regulations and disciplines were not trained to these managers/supervisors who implemented the disciplines. Based on review the disciplinary records in the past 3 months, all the disciplinarian were missing the detailed clause No. according to the Factory Award & Punish Regulation.

Question 5.5: Does the facility have procedures to investigate reports and, if appropriate, to discipline those that commit acts of harsh or inhumane treatment against workers.

Response: Yes

Supporting Evidence: Based on procedure review of workers appeal management policy, the facility established procedures for handling grievance or complaint. Based on workers interview, it was noted that workers could raise their complaints by anonymous letter or communication with their supervisor or worker' committee directly. Suggestion boxes were also available in the production and dormitory areas to collect the workers suggestion and grievance.

Question 5.6: Is there evidence of sexual harassment or abuse, corporal punishment, mental or physical coercion, verbal abuse or intimidation occurring at the facility ?

Response: No

Supporting Evidence: Based on the workers interview and disciplinary records review, no negative evidence was identified.

Question 5.7: Are workers permitted time off when ill or for maternity?

Response: Yes

Supporting Evidence: Based on review of facility rules and leave records, all workers were permitted time off when ill or for maternity.

A6) Non-Discrimination

Participants should be committed to a workforce free of harassment and unlawful discrimination. Companies shall not engage in discrimination based on race, color, age, gender, sexual orientation, ethnicity, disability, pregnancy, religion, political affiliation, union membership or marital status in hiring and employment practices such as promotions, rewards, and access to training. In addition, workers or potential workers should not be subjected to medical tests that could be used in a discriminatory way.

Finding	Rating
A6.1: No such discrimination evidence was identified.	Conformance
A6.2: The facility had written policies that ban discrimination.	Conformance

Question 6.1: Is there evidence of discrimination based on grounds of race, color, age, gender, sexual orientation, ethnicity, disability, pregnancy, religion, political affiliation, union membership or marital status?

Response: No

Supporting Evidence: Based on workers interview and facility rules review, no negative evidence had been identified.

Question 6.2: Facility has written policies that ban discrimination

Response: Yes

Supporting Evidence: Based on document review the facilities EICC manual, the factory had clear fair employment rules and procedure to ban discrimination. The interviewed worker's representatives were also confirm no any unfair between them and other employees.

A7) Freedom of Association

Open communication and direct engagement between workers and management are the most effective ways to resolve workplace and compensation issues. Participants are to respect the rights of workers to associate freely, join or not join labor unions, seek representation, join workers' councils in accordance with local laws. Workers shall be able to communicate openly with management regarding working conditions without fear of reprisal, intimidation or harassment.

Finding	Rating
A7.1: Employee representatives and other workers were treated equally.	Conformance
A7.2: Workers had opportunity to communicate openly with management regarding working conditions.	Conformance
A7.3: The facility respected the legal rights of workers for free association.	Conformance

Question 7.1: Is there evidence of unequal treatment between employee representative(s) and other workers?

Response: No

Supporting Evidence: Based on payroll records, promotion list review and workers interview, it indicated that worker representatives and other workers were treated based on an equal basis regarding wages, promotion opportunities, etc.

Question 7.2: Are there procedures and opportunities for workers to communicate openly with management regarding working conditions?

Response: Yes

Supporting Evidence: Based on workers interview, all workers replied that they knew the communications channel provided by the facility; In addition, the facility HR team conducted questionnaire investigation for all employees per year, and collected the employees' feedback and complaints, the corrective actions were also raised for the urgent and major problems.

Question 7.3: Does the facility respect the legal rights of workers for free association ?

Response: Yes

Supporting Evidence: By workers interview, workers could join the workers committee for the whole group corporation freely. More than 20 workers were elected by workers themselves as workers representatives that distributed in each workshop.

SECTION E - ETHICS AUDIT FINDINGS:

E1) Business Integrity

The highest standards of integrity are to be expected in all business interactions. Any and all forms of corruption, extortion and embezzlement are strictly prohibited resulting in immediate termination and legal actions.

Finding	Rating
E1.1: The facility had a written regulation on prohibiting all workers and management from soliciting or accepting kickbacks, bribes, commissions or other unlawful payments for the purpose of receiving favorable treatment, contracts or sales from others.	Conformance
E1.2: The facility had a written "gift giving" policy that ensures gifts to or from suppliers and customers is not excessive in cost or frequency.	Conformance
E1.3: The facility had procedures for addressing its workers or agents suspected of making or accepting improper offers of payments or gifts.	Conformance

Question 1.1: The facility has written regulations prohibiting all workers and management from soliciting or accepting kickbacks, bribes, commissions or other unlawful payments for the purpose of receiving favorable treatment, contracts or sales from others.

Response: Yes

Supporting Evidence: Based on review the facilities Employee Manual, Section 99 and EICC manual: Ethic Management Regulation, it indicated that the factory had detailed regulation with title " integrity and incorruptness". The regulation had included ways for workers to anonymously report violations of the procedure, investigation methods, and specific consequences for violations of the regulation.

Question 1.2: The facility has a written "gift giving" policy that ensures gifts to or from suppliers and customers is not excessive in cost or frequency.

Response: Yes

Supporting Evidence: Based on management interview and document review (EICC manual: Ethic Management Regulation), the factory had established an integrity and incorruptness declaration, in this declaration, the "gift giving" policy was defined that ensures gifts to or from suppliers and customers were controlled. All the sales, buyer, sourcing, supplier quality engineers needed to sign this declaration.

Question 1.3: The facility has procedures for addressing its workers or agents suspected of making or accepting improper offers of payments or gifts.

Response: Yes

Supporting Evidence: 1. The factory had policy and procedure of "integrity and incorruptness declaration".

2. The factory had provided training course for key workers and management staff.

3. The factory had signed " integrity and incorruptness" declaration with chief management staff,

especially for buyer, sourcing, supplier quality engineer and sales.

E2) No Improper Advantage

Bribes or other means of obtaining undue or improper advantage are not to be offered or accepted.

Finding	Rating
1.1: Refer to E1	Conformance

Question 1.1: Questions for No Improper Advantage integrated with E1- Business Integrity

Response: Yes

Supporting Evidence: The management was fully aware of the issues of bribes. All issues of No improper Advantage integrated with business integrity had been included in facility integrity and incorruptness declaration.

E3) Disclosure of Information

Information regarding business activities, structure, financial situation and performance is to be disclosed in accordance with applicable regulations and prevailing industry practices.

Finding	Rating
E3.4: The facility was reporting its business activities in accordance with local laws and regulations.	Conformance

Question 1.4: Is the facility reporting its business activities in accordance with local laws and regulations ?

Response: Yes

Supporting Evidence: The facility regularly reported its business activities in accordance with local laws and regulations. Information about developing status, revenue, sales and profit was hold by its shareholders.

E4) Intellectual Property

Intellectual property rights are to be respected; transfer of technology and know-how is to be done in a manner that protects intellectual property rights.

Finding	Rating
E4.1: The facility had procedures to ensure the protection of intellectual property.	Conformance

Question 1.1: Does the facility have procedures to ensure the protection of intellectual property (their own and that of their customers)?

Response: Yes

Supporting Evidence: 1. Based on document review the facility protection of intellectual property regulation (EICC manual, Protection of Intellectual Property), the policy and procedure was sufficient and available.

2. The factory had signed the agreements for protection of intellectual property with all its key employees regarding its own and its customers.

3. Factory rules for restriction of intranet access was well implemented.

E5) Fair Business, Advertising and Competition

Standards of fair business, advertising and competition are to be upheld. Means to safeguard customer information should be available.

Finding	Rating
E5.1: The facility had a program to ensure advertising statements are not false or misleading and they met fair business and advertising legal requirements.	Conformance
<p>Question 5.1: The facility has a program to ensure advertising statements are not false or misleading and they meet fair business and advertising legal requirements ?</p> <p>Response: Yes</p> <p>Supporting Evidence: Based on review the factory web and introduction on internet, no obvious or misleading statements found.</p>	
<p>E6) Protection of Identity</p> <p>Programs that ensure the protection of supplier and employee whistleblower confidentiality are to be maintained.</p>	
Finding	Rating
E6.2: The facility provided workers with a way to confidentially report suspected ethical misconduct.	Conformance
<p>Question 6.2: Does the facility provide workers with a way to confidentially report suspected ethical misconduct?</p> <p>Response: Yes</p> <p>Supporting Evidence: Based on document review of Employee Appeal Management Regulation, it indicated that workers could confidentially report suspected ethical misconducts by suggestion box, emails, etc.</p>	
<p>E7) Community Engagement</p> <p>Community engagement is encouraged to help foster social and economic development.</p>	
Finding	Rating
E7.1: The facility had a charitable giving program and provides donations to support local or regional charities	Conformance
E7.2: The facility identified opportunities and encouraged workers' involvement in volunteer activities in the communities in which they work and live.	Conformance
<p>Question 7.1: The facility has a charitable giving programme and provides donations to support local or regional charities</p> <p>Response: Yes</p> <p>Supporting Evidence: Based on management interview and records review, the factory had donated money to 5.12 Sichuan earthquakes, August Taiwan's typhoon.</p> <p>Question 7.2: The facility identifies opportunities and encourages workers' involvement in volunteer activities in the communities in which they work and live</p> <p>Response: Yes</p> <p>Supporting Evidence: There were volunteer cases of protecting environment, contribute to help some workers in case of embarrass situation.</p>	

SECTION D - LABOR AND ETHICS MANAGEMENT SYSTEM AUDIT FINDINGS:

D1) Company Commitment

Corporate social and environmental responsibility statements affirming Participant's commitment to compliance and continual improvement.

Finding	Rating
D1_LE.1: The labor and ethics policy statement was appropriate for the nature of the facility's operations	Conformance

Question 1.1: Is the labor and ethics policy statement appropriate for the nature of the facility's operations?

Response: Yes

Supporting Evidence: The factory had established and implemented its own Code of Conduct based on EICC code and SA8000 management system, the individual procedures for each section of labor and ethics that signed by facility EICC team leader to state commitment to regulatory compliance and customers requirements.

D2) Management Accountability and Responsibility

Clearly identified company representative[s] responsible for ensuring implementation and periodic review of the status of the management systems.

Finding	Rating
D2_LE.1: The facility management representative has documented responsibility and authority for assuring and facilitating compliance with labor and ethics laws, regulations and codes.	Conformance
D2_LE.2: The facility have appropriately defined and documented labor and ethics responsibilities and authorities for managers, supervisors and worker.	Conformance
D2_LE.3: The facility had periodically assessed the status of the labor and ethics management system in order to identify improvement opportunities, it combined with EHS parts together.	Conformance

Question 2.1: Does the facility management representative have documented responsibility and authority for assuring and facilitating compliance with labor and ethics laws, regulations and codes?

Response: Yes

Supporting Evidence: Based on factory organization chart review, Mr. C.H Guo, Adm & QA Director had been appointed as management representative for labor & ethics compliance issues. Mr. Yao Zuo Guo, Adm supervisor was responsible for actual labor and ethics issues, and he reported to Mr. Guo.

Question 2.2: Does the facility have appropriately defined and documented labor and ethics responsibilities and authorities for managers, supervisors and workers?

Response: Yes

Supporting Evidence: Based on management interview and policy review, e.g. organization chart for factory EICC team, the management staff including managers, supervisors and shift leaders had respective responsibilities and authorities in different levels. e.g. the Adm. supervisor was in charge of labor compliance issues.

Question 2.3: Does the facility periodically assess the status of the labor and ethics management system in order to identify improvement opportunities?

Response: Yes

Supporting Evidence: The factory had conducted EICC internal audit and management review that involved the labor & ethics, EHS parts 1~2 times per year. The last EICC internal audit was conducted on Oct 14~19, 2009, and the last EICC management review was conducted on Oct 22, 2009. the audit and review contents involved the recruiting, forced labor, ban of distinguish, disciplinary, bribe safety & health, working hours, compensation & allowance, accommodation, working condition and environment issues, etc.. the detailed checklists and reports were available and reviewed, corrective and preventive actions were carried out for the NCs found in the internal audit.

D3) Legal and Customer Requirements

Identification, monitoring and understanding of applicable laws, regulations and customer requirements.

Finding	Rating
D3_LE.1: The facility implemented a system to identify, monitor and understand applicable labor and ethics laws, regulations and customer requirements.	Conformance
D3_LE.2: The responsible person had a good understanding of the labor and ethics laws, regulations and customer requirements that applied to the facility's operations.	Conformance

Question 3.1: Has the facility implemented a system to identify, monitor and understand applicable labor and ethics laws, regulations and customer requirements?

Response: Yes

Supporting Evidence: The factory EICC team was responsible for keeping the updated laws by periodically visiting the local labor and EHS website, reviewing the impact of new regulation or hold seminar with local labor, EHS bureau. The last law and regulation list was updated on Sep, 2009.

Question 3.2: Does the responsible person have a good understanding of the labor and ethics laws, regulations and customer requirements that apply to the facility's operations?

Response: Yes

Supporting Evidence: There were 21 employees who had been trained on the SA8000 internal auditors in the factory, and all of them had obtained the certificates by Mandon Consulting Company on Aug 10, 2009.

Otherwise, the factory also arranged employees to attend the EICC seminar on Guangzhou that organized by EICC organization.

D4) Risk Assessment and Risk Management

Process to identify the labor practice risks associated with Participant's operations. Determination of the relative significance for each risk and implementation of appropriate procedural and physical controls to ensure regulatory compliance to control the identified risks.

Finding	Rating
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D4_LE.1: The facility implemented a process for labor and ethics risk assessment and risk management.	Conformance
D4_LE.2: The facility had adequately identified its labor practices and business ethics risks and established control action to control them.	Conformance

Question 4.1: Has the facility implemented a process for labor and ethics risk assessment and risk management that is adequate for the scope and nature of the operations?

Response: Yes

Supporting Evidence: The factory established the risk assessment procedure focused on EICC main factors, the labor and ethics issues had been identified, monitored and controlled. Written risk assessment records were available and reviewed during the audit.

Question 4.2: Has the facility adequately identified its labor and ethics practices risks and implemented appropriate procedural controls?

Response: Yes

Supporting Evidence: The facility conducted the risk assessment for the labor & ethics risks, the major labor & ethics risks were identified, monitored and controlled; the control methods, regular monitoring methods, corrective actions for off-track had been established. The factory management state now the chief problem was workers OT working hour issues, though they had identified and monitored the extra working hour issues, but there was no a effective method to control and reduce the worker's OT working hours, they said they need to time.

D5) Performance Objectives with Implementation Plan and Measures

Written standards, performance objectives, targets and implementation plans including a periodic assessment of Participant's performance against those objectives.

Finding	Rating
D5_LE.1: The facility did not implement an effective process to manage the objective, target and implementation plans.	Minor
D5_LE.2: The facility had reviewed its progress toward achieving its labor and ethics objectives or make appropriate adjustments if they are off track.	Conformance
D5_LE.3: By worker interviews, most of workers were aware of the basic labor and ethics objectives relevant to them.	Conformance

Question 5.1: Has the facility implemented an appropriate process for establishing labor and ethics performance objectives, targets and implementation plans?

Response: No

Supporting Evidence: The factory did not establish the objective, target or implementation plans for Labor and Ethics parts. The factory management stated for labor and ethic objectives and targets, they now mainly focused on to meet the local labor laws and client's requirements. It was not conformed to EICC code.

Question 5.2: Does the facility regularly review its progress toward achieving its labor and ethics objectives and make appropriate adjustments if they are off track?

Response: Yes

Supporting Evidence: The facility conducted the EICC internal audit and management review 1~2 times per year to collect and monitor the feedback and Stat. the labor & ethics objects achieving status. The corrective actions would be carried out for off-track issues. Here the objectives were local labor law and client's requirements on labor and ethic.

Question 5.3: Did the worker interviews reveal that workers are aware of the labor and ethics performance objectives relevant to them?

Response: Yes

Supporting Evidence: Based on management interview, the factory had communicated with workers regarding legal and basic labor and ethics requirements relevant to them by training, notice board, etc. Based on workers interview, most of workers were aware of the basic labor and ethics objects relevant to them, such as child labor, local minimum wage, OT premium, etc.

D6) Training

Programs for training managers and workers to implement Participant's policies, procedures and improvement objectives.

Finding	Rating
D6_LE.1: The facility provided appropriate training for managers on how to implement its labor and ethics policies, procedures and improvement objectives	Conformance
D6_LE.2: The facility provided regular training for labor, ethics, environment and occupational health & safety to all workers.	Conformance
D6_LE.3: The facility had provided regular training for workers about its labor and ethics policies	Conformance
D6_LE.4: Worker interviews revealed that labor and ethics training was actually being delivered as stated	Conformance

Question 6.1: Does the facility provide appropriate training for managers on how to implement its labor and ethics policies, procedures and improvement objectives?

Response: Yes

Supporting Evidence: Based on review of training material and attendance records of training course, e.g. EICC code awareness training and advanced clients' COC training, China Labor Law, it noted that all factory employees from GM to production operators had been trained

The factory also sent its chief EICC operation members to attend the external training for SA8000 and EICC knowledge.

Question 6.2: What type of training does the facility provide to its workers?

Response: Yes

Supporting Evidence: The facility provided orientation and regular training for labor, ethics, environment and occupational health & safety to all workers, the training plan and records were available.

Question 6.3: Does the facility provide appropriate training for workers on how to implement its labor and ethics policies, procedures and improvement objectives?

Response: Yes

Supporting Evidence: The facility provided orientation and regular training for labor and ethics in local language and training evidence had been reviewed.

Question 6.4: Did worker interviews reveal that labor and ethics training is actually being delivered as stated?

Response: Yes

Supporting Evidence: Based on workers interview, all workers replied that they received training for labor, ethics, environment and occupational health & safety.

D7) Communication

Process for communicating clear and accurate information about Participant's performance, practices and expectations to workers, suppliers and customers.

Finding	Rating
D7_LE.1: The facility had adequately communicated information about its labor and ethics performance, practices and expectations to workers.	Conformance
D7_LE.2: All interviewees had revealed that labor and ethics communication was effective.	Conformance
D7_LE.3: The facility adequately communicated information about its labor and ethics performance, practices and expectations to suppliers and customers through suppliers meeting, company publication, etc.	Conformance

Question 7.1: Does the facility adequately communicate information about its labor and ethics performance, practices and expectations to workers?

Response: Yes

Supporting Evidence: The facility had established various communications channels to their workers, e.g. factory handbook, email, hotline and notice boards.

Question 7.2: Did worker interviews reveal that labor and ethics communication is effective?

Response: Yes

Supporting Evidence: Based on workers interview, all workers had been trained on labor and ethics policies and procedures, and knew about facility's operation practices.

Question 7.3: Does the facility adequately communicate information about its labor and ethics performance, practices and expectations to suppliers and customers?

Response: Yes

Supporting Evidence: The facility had already adequately communicated the information about its labor and ethics performance, practices and expectations to suppliers and customers. And relevant records were available during audit. The EICC code and requirements were communicated with its major suppliers by E-mail and scan. On-site assessment and declaration were required by facility for its major suppliers.

The returned declarations indicated the suppliers had noticed the factory's EICC code and requirements.

D8) Worker Feedback and Participation

Ongoing processes to assess employees' understanding of and obtain feedback on practices and conditions covered by this Code and to foster continuous improvement.

Finding	Rating
D8_LE.1: The facility has assessed worker understanding of labor and ethics practices and conditions and obtain their feedback.	Conformance
D8_LE.2: All interviewees had revealed that management solicited feedback on labor and ethics practices and conditions as described.	Conformance
D8_LE.3: The facility encouraged worker participation in trade union and workers representatives.	Conformance

Question 8.1: Does the facility assess worker understanding of labor and ethics practices and conditions and obtain their feedback?

Response: Yes

Supporting Evidence: The management obtained the feedback of workers by questionnaire investigation, suggestion box, call workers representative meeting, etc. Workers' feedbacks were collected, sorted and ranked, the corrective action were carried out by relevant responsible dept. on the workers representative meetings that the GM and EICC team leader will attend the meeting to discuss with workers representatives.

Question 8.2: Did worker interviews reveal that management does solicit feedback on labor and ethics practices and conditions as described?

Response: Yes

Supporting Evidence: Based on workers interview, all workers replied that they could directly raise the complain to their supervisors or workers representatives.

Question 8.3: If the facility encourages worker participation in labor/employment activities such as worker committees, can the facility verify worker participation?

Response: Yes

Supporting Evidence: Workers were encouraged to join the workers committee freely, no negative evidence identified. The EICC team had provided the meeting minutes and attendance records for workers committee activities of last time to review.

D9) Audits and Assessments

Periodic self-evaluations to ensure conformity to legal and regulatory requirements, the content of the Code and customer contractual requirements related to social and environmental responsibility.

Finding	Rating
D9_LE.1: The facility performed the EICC internal audit and management review per year.	Conformance
D9_LE.2: The audits were adequate evaluations of regulatory compliance and conformance with EICC and local labor laws.	Conformance

Question 9.1: Did the facility perform a labor and ethics audit within the past two years?

Response: Yes

Supporting Evidence: The facility performed the EICC internal audit and management review 1~2 times per year, the last internal audit was conducted on Oct 14~19, 2009, and the last management review was conducted on Oct 22, 2009. Records had been reviewed.

Question 9.2: Are the labor and ethics audits adequate evaluations of regulatory compliance and conformance with customer and other requirements?

Response: Yes

Supporting Evidence: Based on review the internal audit records, it indicated that the EICC and local law requirements were involved in the audit, detailed audit checklists based on EICC items and local labor laws had been established and checked.

D10) Corrective Action Process

Process for timely correction of deficiencies identified by internal or external assessments, inspections, investigations and reviews.

Finding	Rating
D10_.1: The facility's corrective action process for labor and ethics issues was adequate.	Conformance
D10_.2: The issues identified in the facility's internal audit had been on track for completion.	Conformance
D10_.3: The facility had taken preventative action to stop a recurrence of the same or similar labor and ethics problems.	Conformance

Question 10.1: Is the facility's corrective action process for labor and ethics issues adequate?

Response: Yes

Supporting Evidence: Internal audit was performed on labor and ethics and relevant corrective actions for labor and ethics were raised and followed up by EICC team. Based on review the last internal audit records, total 2 labor and ethic NCs were identified in the internal audit, corrective actions for these NCs had been carried out, one of the NC had been closed, another NC for workers OT working hour issue was not closed.

Question 10.2: Have the issues identified in the facility's recent labor and ethics audits or self-evaluations been corrected or on track for completion?

Response: Yes

Supporting Evidence: Internal audit was performed on labor and ethics and relevant corrective actions for labor and ethics were raised and followed up by EICC team. Based on review the last internal audit records, total 2 labor and ethic NCs were identified in this internal audit, corrective actions for these NCs had been carried out, one of the NC had been closed, another NC for workers OT working hour issue was not closed.

Question 10.3: Does the facility take preventative action to stop a recurrence of the same or similar labor and ethics problems?

Response: Yes

Supporting Evidence: Based on corrective and preventative action plan review, it could meet

requirements.

D11) Documentation and Records

Creation of documents and records to ensure regulatory compliance and conformity to company requirements along with appropriate confidentiality to protect privacy.

Finding	Rating
D11_LE.1: The facility had maintained adequate labor and ethics management system documents and records needed to ensure regulatory compliance and conformity to company and customer requirements.	Conformance
D11_LE.2: Confidentiality and privacy were adequately maintained for individual worker files.	Conformance

Question 11.1: Does the facility maintain adequate labor and ethics management system documents and records needed to ensure regulatory compliance and conformity to company and customer requirements?

Response: Yes

Supporting Evidence: The facility had maintained documents and legal records required ensuring regulatory compliance, e.g. all employees' attendance, payroll records, personal files, training records and corrective action records etc. Key labor and ethics management system documents and records had been provided for assessment.

Question 11.2: Are confidentiality and privacy adequately maintained for individual worker files?

Response: Yes

Supporting Evidence: Based on factory policy review, the facility had formal procedures in place to safeguard the confidentiality and privacy of employee information. Workers' personal files were kept in individual Kraft envelopes and stored in locked file cabinets, only approved HR officers could enter it.

SECTION B – HEALTH & SAFETY AUDIT FINDINGS:

B1) Occupational Safety

Worker exposure to potential safety hazards (e.g., electrical and other energy sources, fire, vehicle, and fall hazards) are to be controlled through proper design, engineering and administrative controls, preventive maintenance and safe work procedures (including lockout/tagout). Where hazards cannot be adequately controlled by these means, workers are to be provided with appropriate personal protective equipment. Workers shall not be disciplined for raising safety concerns.

Finding	Rating
B1.1: The facility had implemented programs to identify, evaluate and control worker exposure to safety hazards	Conformance
B1.2: The facility had effectively controlled worker exposures to safety hazards.	Conformance
B1.3: There were some machines without safety operation instruction, such as powder coating machine and soldering machine, and some operator didn't know the hazards in their jobs.	Minor

<p>B1.4: There were no any personal protective equipment (PPE) in the chemical material stored area, such as protective glasses, gloves and gas mark, and in the chemical material mixing area there were some workers who didn't wear glasses, and used the cotton masks instead of active carbon masks, the cotton masks didn't prevent the chemical.</p>	<p>Minor</p>
<p>B1.5: All workers were not disciplined for raising safety concerns.</p>	<p>Conformance</p>

Question 1.1: Has the facility implemented programs to identify, evaluate and control worker exposure to safety hazards?

Response: Yes

Supporting Evidence: Reviewed the risk identification and assessment procedure (A-04-088-Q0C0000).

Question 1.2: Has the facility effectively controlled worker exposures to safety hazards (e.g. electrical shock hazards, forklifts, etc.)?

Response: Yes

Supporting Evidence: Reviewed the procedure of emergency preparedness and response(A-04-043-Q0C0000) and the forklift safety inspection certificate.

Question 1.3: Do worker interviews reveal that production workers have a basic understanding of the workplace safety hazards, hazard control programs and safe work procedures?

Response: No

Supporting Evidence: There were some machines without safety operation instruction, such as powder coating machine and soldering machine, and some operator didn't know the hazards in their jobs. It was not complied with the Production Safety Law of the People's Republic of China, Article 17.

Question 1.4: If the use of personal protective equipment (PPE), such as safety glasses, safety shoes and hardhats, is required to control safety hazards, is the equipment consistently and correctly used where required?

Response: No

Supporting Evidence: There were no any personal protective equipment (PPE) in the chemical material stored area, such as protective glasses, gloves and gas mark, and in the chemical material mixing area there were some workers who didn't wear glasses, and used the cotton masks instead of active carbon masks, the cotton masks didn't prevent the chemical. It was not complied with China Labor Law, Article 54.

Question 1.5: Are workers disciplined for raising safety concerns?

Response: No

Supporting Evidence: Based on interview with workers and review relevant procedure found that the company encouraged the workers to report safety problems and they have the right to refuse to work on dangerous equipment.

B2) Emergency Preparedness

Emergency situations and events are to be identified and assessed, and their impact minimized by implementing emergency plans and response procedures, including: emergency reporting, employee notification and evacuation procedures, worker training and drills, appropriate fire detection and suppression equipment, adequate exit facilities and recovery plans.

Finding	Rating
B2.1: The organization had planned a few emergency plan, e.g. fire emergency response, chemical leaking response, disease response.	Conformance
B2.2: The responsible persons could explain the facility's emergency preparedness and response program(s), including their responsibilities.	Conformance
B2.3: The fire detection and suppression systems were adequate for the nature of the facility's operations.	Conformance
B2.4: The emergency exits, aisles and stairways were adequate in number and location, readily access	Conformance
B2.5: The factory conducted the effective evacuation exercise.	Conformance
B2.6: The worker interviews confirmed that there was an emergency evacuation drill for all work areas and shifts on Jul.03, 2009	Conformance
B2.7: All interviewees revealed that workers know what to do in the event of a fire or other emergency situation.	Conformance
B2.8: The facility had an adequate set of written emergency response plans and all response requirements.	Conformance
B2.9: Workers were involved in the control, clean-up and disposal of hazardous materials receive regular training on emergency response plans and actions.	Conformance

Question 2.1: Has the facility adequately identified the likely types of emergencies that could affect the site and implemented appropriate preparedness and response programs to address them?

Response: Yes

Supporting Evidence: Based on review the emergency preparedness and response procedure, the fire, windstorm, chemical spill and etc had been included in programs.

Question 2.2: Can the responsible person(s) adequately explain the facility's emergency preparedness and response program(s), including their responsibilities?

Response: Yes

Supporting Evidence: Checked with the EHS management representative (Xiao Cong Hua) and reviewed the emergency preparation and response procedures, the management representative could adequately explain the facility's emergency preparedness and response program, including their responsibilities.

Question 2.3: Are fire detection and suppression systems adequate for the nature of the facility's operations?

Response: Yes

Supporting Evidence: Based onsite observation, there fire detection and suppression systems all over the factory and dormitory, especially in chemical store, oil storage, there are adequate fire detection and suppression system and maintenance very good.

Question 2.4: Are emergency exits, aisles and stairways adequate in number and location, readily accessible, and properly maintained?

Response: Yes

Supporting Evidence: Based onsite observation, the emergency exits, aisles and stairways were adequate in number and location, readily access.

Question 2.5: Is the facility's program of emergency evacuation drills adequate?

Response: Yes

Supporting Evidence: Reviewed the fire-fighting emergency response plans and relevant drill report date on Jul.03, 2009, and originated by Guo Zhen Xing, EICC team leader.

Question 2.6: Did the worker interviews confirm that there has been an emergency evacuation drill for all work areas and shifts in the last 12 months?

Response: Yes

Supporting Evidence: Reviewed the fire-fighting emergency response plans and relevant drill report date on Jul.03, 2009. and originated by Guo Zhen Xing. And communicated with the production manager and workers the drill was effective.

Question 2.7: Did the worker interviews reveal that workers know what to do in the event of a fire or other emergency situation?

Response: Yes

Supporting Evidence: All interviewees confirmed that they knew how to escape in the event of fire.

Question 2.8: Does the facility have an adequate set of written emergency response plans and procedures in the event of a release of a chemical or material which could pose a hazard to the environment?

Response: Yes

Supporting Evidence: Reviewed the procedure of emergency preparedness and response (A-04-004-DMD) that explained when chemical leakage the responsible person would pull on the preventive facility and placed some sands around the chemical and dealt with the leakage chemical.

Question 2.9: Do workers involved in the control, clean-up and disposal of hazardous materials receive regular training on emergency response plans and actions?

Response: Yes

Supporting Evidence: Reviewed the training program documentations and records.

B3) Occupational Injury and Illness

Procedures and systems are to be in place to manage, track and report occupational injury and illness, including provisions to: a) encourage worker reporting; b) classify and record injury and illness cases; c) provide necessary medical treatment; d) investigate cases and implement corrective actions to eliminate their causes; and d) facilitate return of workers to work.

Finding

Rating

B3.1: The facility had performed investigations to determine root cause(s) and implement corrective actions for internal injuries.	Conformance
B3.2: There were 26 machine injuries from Jan. to Oct. 2009, the injuries were recorded, but the injuries data wasn't analyzed or utilized to reduce accidents.	Minor
B3.3: All first aid kits in the workshops didn't have any medicine and first aid material	Major
B3.4: Interviewees revealed that some workers didn't know what to do in the event they were injured or become ill on the job.	Minor

Question 3.1: If there were work-related injuries in the past three years, did the facility perform investigations to determine root cause(s) and implement corrective actions?

Response: Yes

Supporting Evidence: All reportable, non-reportable and "near-miss" accidents were recorded, and investigated to minimize the potential for future occurrence. During Y2009, there were 26 machine injuries from Jan. to Oct. 2009. Sampling review the machine injury investigated report on Feb 17,2009, the incident was investigated very clearly, the corrective and preventive action was effective.

Question 3.2: Is injury/illness and incident data analyzed and utilized to reduce accidents?

Response: No

Supporting Evidence: There were 26 machine injuries from Jan. to Oct. 2009, the injuries were recorded, but the injuries data wasn't analyzed or utilized to reduce accidents, it was not conformed to EICC code.

Question 3.3: Does the facility have a process in place to provide medical treatment for injured or ill workers?

Response: No

Supporting Evidence: On site auditing found that all first aid kits in the workshops didn't have any medicine and first aid material. It wasn't complied with the Law of the People's Republic of China on Prevention and Control of Occupational Diseases, Article 23.

Question 3.4: Did the worker interviews reveal that they know what to do in the event they are injured or become ill on the job?

Response: No

Supporting Evidence: After communication with workers found that some workers didn't know what to do in the event they were injured or become ill on the job. It wasn't complied with the China Labor Law, Article 52.

B4) Industrial Hygiene

Worker exposure to chemical, biological and physical agents is to be identified, evaluated, and controlled. When hazards cannot be adequately controlled by engineering and administrative means, workers are to be provided with appropriate protective equipment.

Finding	Rating
B4.1: The facility had implemented a program to identify, evaluate and control	Conformance

worker exposure to chemical, physical and biological agents.	
B4.2: The responsible person had a clear understanding of the need for industrial hygiene sampling, including the applicable legal requirements.	Conformance
B4.3: The facility has implemented appropriate controls for worker exposures to chemical, biological and physical agents that exceeded legal requirements.	Conformance
B4.4: There were no any personal protective equipment (PPE) in the chemical material stored area, such as protective glasses, gloves and gas mark, and in the chemical material mixing area there were some workers who didn't wear glasses, and used the cotton masks instead of active carbon masks, the cotton masks didn't prevent the chemical.	Minor

Question 4.1: Has the facility implemented a program to identify, evaluate and control worker exposure to chemical, physical and biological agents?

Response: Yes

Supporting Evidence: Reviewed the program "A-04-088-Q0C0000".

Question 4.2: Does the responsible person have a clear understanding of the need for industrial hygiene sampling, including the applicable legal requirements?

Response: Yes

Supporting Evidence: Based on interview with EHS responsible staff "Xiao Cong Hua" found they had a clear understanding of the need for industrial hygiene sampling, including the applicable legal requirements.

Question 4.3: Has the facility implemented appropriate controls for worker exposures to chemical, biological and physical agents that exceeded legal requirements?

Response: Yes

Supporting Evidence: Based on onsite observation found there were MSDS in the chemical store area, the chemical operator was trained for the usage of chemical.

Question 4.4: If the use of personal protective equipment (PPE), such as respirators and hearing protection, is required to control worker exposures, is it consistently used where required?

Response: No

Supporting Evidence: There were no any personal protective equipment (PPE) in the chemical material stored area, such as protective glasses, gloves and gas mark, and in the chemical material mixing area there were some workers who didn't wear glasses, and used the cotton masks instead of active carbon masks, the cotton masks didn't prevent the chemical. It was not complied with China Labor Law, Article 54.

B5) Physically Demanding Work

Worker exposure to physically demanding tasks, including manual material handling and heavy lifting, prolonged standing and highly repetitive or forceful assembly tasks is to be identified, evaluated and controlled.

Finding	Rating
B5.1: The facility has implemented an adequate program to identify, evaluate	Conformance

and control worker exposure to physically demanding work.	
B5.2: The facility has effectively controlled worker exposures to the hazards of physically demanding work.	Conformance
B5.3: The facility took adequate efforts to control ergonomic hazards, including training the workers.	Conformance

Question 5.1: Has the facility implemented an adequate program to identify, evaluate and control worker exposure to physically demanding work, such as manual handling, heavy lifting, highly repetitive tasks, and other physically demanding jobs to prevent work-related injuries.

Response: Yes

Supporting Evidence: Reviewed the program "A-04-010-M0C0053" and "A-04-011-M0C0053"

Question 5.2: Has the facility effectively controlled worker exposures to the hazards of physically demanding work (e.g. use of mechanical lifting aids, power hand tools, process automation, etc.)?

Response: Yes

Supporting Evidence: Based on onsite observation, found the facility effectively controlled worker exposures to the hazards of physically demanding work such as use of elevators. For example the elevators were inspected by qualified company every year.

Question 5.3: Did the worker interviews reveal adequate efforts by the facility to control ergonomic hazards, including training for workers?

Response: Yes

Supporting Evidence: Based on interview with workers found the facility took adequate efforts to control ergonomic hazards, including training the workers. For example the employees can freely leave their job if they asked to the director.

B6) Machine Safeguarding

Physical guards, interlocks and barriers are to be provided and properly maintained for machinery used by workers.

Finding	Rating
B6.1: There were some machines without safety operation instruction, such as powder coating machine and soldering machine, and some operators didn't know the hazards in their jobs.	Minor
B6.2: The responsible person could explain the applicable legal requirements and regulations for machine safety.	Conformance
B6.3: Points of operation and other potentially dangerous parts were properly guarded, isolated and maintained.	Conformance
B6.4: The maintenance records were verified that safety devices were included in a routine preventative maintenance program.	Conformance
B6.5: Workers operated machinery safely, including proper use of machine safeguards and emergency stop switches.	Conformance

Question 6.1: Does the facility have a machine safeguarding program?

Response: No

Supporting Evidence: There were some machine no safety operation instruction, such as powder coating machines and soldering machines, and some operators didn't know the hazards with their jobs. It was not complied with the Production Safety Law of the People's Republic of China, Article 17.

Question 6.2: Can the responsible person explain the applicable legal requirements and regulations for machine safety?

Response: Yes

Supporting Evidence: Based on the interviews that the responsible person could explain the applicable legal requirements and regulations for machine safety.

Question 6.3: Are points of operation and other potentially dangerous parts properly guarded, isolated and maintained?

Response: Yes

Supporting Evidence: Based on site observation and documents review, the facility had conducted regular equipment safety evaluations to identify machine-specific hazards, such as the air compressor testing annually. The machines which used in the production were maintained well and the safety guards also provided.

Question 6.4: Do maintenance records verify that safety devices are included in a routine preventative maintenance program?

Response: Yes

Supporting Evidence: The manager or repair and maintenance department could explain safety guarding for air-compressor tank, safety valve that was required by national standards of Pressure Container Management Regulation.

Question 6.5: Do workers operate machinery safely, including proper use of machine safeguards and emergency stop switches?

Response: Yes

Supporting Evidence: According to site observation, all running parts in machines were properly guarded.

B7) Dormitory and Canteen

Workers are to be provided with clean toilet facilities, access to potable water and sanitary food preparation and storage facilities. Worker dormitories provided by the Participant or a labor agent are to be clean, safe, and provide emergency egress, adequate heat and ventilation and reasonable personal space.

Finding	Rating
B7.1: That dormitories were provided to workers with sufficient space.	Conformance
B7.2: Workers were provided with clean toilet facilities and access to potable water.	Conformance
B7.3: The dormitories were clean and well maintained, including adequate heat, lighting and exit facilities.	Conformance

B7.4: The canteens were clean, well maintained, and managed in compliance with local health regulations	Conformance
B7.5: The facility has ensured that food service workers had received necessary health checks/certificates and training to help prevent transmission of communicable disease.	Conformance

Question 7.1: Do worker interviews reveal that dormitories provide workers with sufficient space?

Response: Yes

Supporting Evidence: Based onsite observation, the facility supplied workers with sufficient personal space, including extra living space in addition to their beds, and secure storage for their belongings.

Communicated with workers that there were 10 person in one room and had toilet and hot water in the room.

Question 7.2: Are workers provided with clean toilet facilities and access to potable water?

Response: Yes

Supporting Evidence: Based onsite observation, the facility supplied workers with clean toilet facilities and potable water.

Question 7.3: Are dormitories clean and well maintained, including adequate heat, lighting and exit facilities?

Response: Yes

Supporting Evidence: Based on onsite observation, dormitories were clean and well maintained, including adequate heat, lighting and exit facilities.

Question 7.4: Are canteens (cafeterias) clean, well maintained, and managed in compliance with local health regulations?

Response: Yes

Supporting Evidence: The canteens were clean, well maintained, and managed in compliance with local health regulations. Reviewed sanitation license (No.1922D00177).

Question 7.5: Does the facility ensure that food service workers have received necessary health checks/certificates and training to help prevent transmission of communicable disease?

Response: Yes

Supporting Evidence: Reviewed the canteen workers' health certificates such as No.4419230009A100888 and No.4419230008B6409252.

SECTION C - ENVIRONMENTAL AUDIT FINDINGS:

C1) Environmental Permits and Reporting

All required environmental permits (e.g., discharge monitoring) and registrations are to be obtained, maintained and kept current and their operational and reporting requirements are to be followed.

Finding	Rating
C1.1: All Environmental permits/licenses are current.	Conformance
C1.2: The site operations was in compliance with Environmental permit/license conditions	Conformance
<p>Question 1.1: Are all Environmental permits/licenses current? Response: Yes Supporting Evidence: Reviewed the Environmental impact evaluation and response.</p> <p>Question 1.2: Are the site operations in compliance with Environmental permit/license conditions? Response: Yes Supporting Evidence: Reviewed the monitoring report (R0931403 on Mar.19,2009) It was found that all site operations were in compliance with all monitoring report and other permit requirements based on:</p> <ul style="list-style-type: none"> • Internal monitoring and assessments • Independent third-party assessments • Regulatory agency reviews/inspections 	
<p>C2) Pollution Prevention and Resource Reduction Waste of all types, including water and energy, are to be reduced or eliminated at the source or by practices such as modifying production, maintenance and facility processes, materials substitution, conservation, recycling and re-using materials.</p>	
Finding	Rating
C2.1: The company has a complete and effective environmental management system including policies, processes, and requirements for environmental protection and pollution prevention/source reduction) that is in accordance with laws, regulations, and standard.	Conformance
<p>Question 2.1: Has the facility made progress in reducing or eliminating pollution, waste and conserving resources ? Response: Yes Supporting Evidence: Reviewed the noise and waste gas emit objective and program; Reviewed the solid waste recycling and reuse programs and operation records;</p>	
<p>C3) Hazardous Substances Chemical and other materials posing a hazard if released to the environment are to be identified and managed to ensure their safe handling, movement, storage, recycling or reuse and disposal.</p>	

Finding	Rating
C3.1: The responsible person was able to explain the legal requirements for waste classification, handling, labeling, storage, transportation, disposition and how they are implemented at the site.	Conformance
C3.2: All hazardous material containers (bottles, cans, carboys, drums, tanks, etc.) were labeled in workshop.	
All chemical stored at warehouse had been labeled	Conformance
C3.3: The chemical and waste storage areas weren't designed or maintained to prevent leaks.	Minor
C3.4: The waste in the workshops weren't categorized, the waste bin wasn't labeled, and found some oil rags were placed with the paper and other living waste.	Major
C3.5: The facility had audited / evaluated their vendor(s) to verify that waste is handled, stored and disposed of in accordance with local regulations / permit condition & contract requirements.	Conformance
C3.6: Interviewed the workers who worked in the chemical store show that they didn't train on how to use of personal protective equipment (PPE) and didn't provide any personal protective equipment (PPE) in the chemical store, such as protective glasses, gloves and gas mark.	Minor
C3.7: Interviewed the workers who worked with chemicals or hazardous wastes showed that they were provided with chemical safety information in the form of labels, signs, chemical/material safety data sheets.	Conformance

Question 3.1: Is the responsible person able to explain the legal requirements for waste classification, handling, labeling, storage, transportation, disposition and how they are implemented at the site.

Response: Yes

Supporting Evidence: Communication with responsible found the responsible person maintained a summary/table of applicable regulations.

Onsite observation found:

The specific requirements were identified for all facility hazardous waste streams.

The facility has fully characterized its hazardous waste such as type, nature, quantity, etc.

Question 3.2: Are hazardous chemicals or substances labeled properly?

Response: Yes

Supporting Evidence: Onsite observation found:

All hazardous material containers such as bottles, cans, carboys, etc. were labeled.

Labels/signs included the name of the material and hazard class.

In addition, labels for containers of in-use chemicals indicated health/safety hazards, precautions and personal protective equipment requirements.

The facility maintained a complete, regularly updated inventory of hazardous materials.

Question 3.3: Are chemical and waste storage areas designed and maintained to prevent leaks and inadvertent mixing of incompatible materials?

Response: No

Supporting Evidence: Onsite Observed that the chemical and waste storage areas weren't designed or maintained to prevent leaks. It wasn't complied with the 17 item of the law of safety usage chemical in workshop.

Question 3.4: Are hazardous waste categorized, handled, stored, transported and dispositioned using licensed vendor per local legislation?

Response: No

Supporting Evidence: Onsite observed that the waste in the workshops weren't categorized, the waste bin wasn't labeled, and found some oil rags were placed with the paper and other living waste. It was not compliant with the 53 item of the law of PR. Solid waste pollution environmental prevention.

Question 3.5: Has the facility audited/evaluated their vendor(s) to verify that waste is handled, stored and disposed of in accordance with local regulations / permit condition & contract requirements?

Response: Yes

Supporting Evidence: Reviewed the contract requirements between the site and their vendor Shenzhen Dongjiang Environmental protect Ltd (date from Aug. 19, 2009 to Aug. 18, 2010) .

Question 3.6: Do interviews of workers who work with chemicals or hazardous wastes show that they have been trained on the hazards of the materials and the precautions needed to protect their health and safety?

Response: No

Supporting Evidence: Interviewed the workers who worked in the chemical store show that they didn't train on how to use of personal protective equipment (PPE) and didn't provide any personal protective equipment (PPE) in the chemical store, such as protective glasses, gloves and gas mark. it was not complied with China Labor Law, Article 54

Question 3.7: Do interviews of workers who work with chemicals or hazardous wastes show that they are provided with chemical safety information in the form of labels, signs, chemical/material safety data sheets?

Response: Yes

Supporting Evidence: Communication with workers who worked with chemicals or hazardous wastes showed that they were able to describe where they could find material/chemical safety data sheets and how to read them. Workers responsible for cleaning up or disposing of chemical releases received specialized training.

C4) Wastewater and Solid Waste

Wastewater and solid waste generated from operations, industrial processes and sanitation facilities are to be monitored, controlled and treated as required prior to discharge or disposal.

Finding	Rating
C4.1: > Waste paper and cartons, Plastic & Foam	
> Other materials such as fluorescent lamp, container for chemical .	NA

C4.2: > The factory would reuse the waste paper and cartons or other packaging solid waste.	
> The factory sent dangerous/hazardous solid waste materials to an offsite vendor to deal with.	NA
C4.3: The responsible person was able to describe the legal requirements for the disposal and/or recycling of solid waste and how it's implemented at the site.	Conformance
C4.4: The responsible person was able to describe the applicable legal requirements for wastewater / storm water monitoring and treatment.	Conformance
C4.5: The discharged wastewater / storm water met the discharge limits for regulated constituents	Conformance

Question 4.1: Indicate the types of solid waste generated:

Response: N/A

Supporting Evidence: Onsite observation found the waste was classified as:

- > Plastic packing
- > waste chemical case
- > hazardous waste
- > General/miscellaneous waste, including food waste

Question 4.2: Indicate how solid waste is managed:

Response: N/A

Supporting Evidence: Onsite observation found the facility sorts solid waste by type and sent recyclable materials(plastic packing) to an offsite vendor for reuse and recycling and sent the hazardous waste including waste chemical case to the qualified vendor and got the transfer sheet from the environmental bureau.

Question 4.3: Is the responsible person able to describe the legal requirements for the disposal and/or recycling of solid waste and how's it's implemented at the site?

Response: Yes

Supporting Evidence: Communicated with the responsible person that he could describe the summary/table of applicable regulations and the related regulations that the facility has fully characterized its waste streams and recycling/reuse opportunities

Question 4.4: Is the responsible person able to describe the applicable legal requirements for wastewater / stormwater monitoring and treatment ?

Response: Yes

Supporting Evidence: Communicated with the responsible person that he could describe the applicable regulations (Integration discharge criterion of waste water and waste gas).

Question 4.5: Does the discharged wastewater / stormwater meet the discharge limits for regulated constituents?

Response: Yes

Supporting Evidence: Reviewed the waste gas management procedure (A-04-087-Q0C0000)

C5) Air Emissions

Air emissions of volatile organic chemicals, aerosols, corrosives, particulates, ozone depleting chemicals and combustion by-products generated from operations are to be characterized, monitored, controlled and treated as required prior to discharge.

Finding	Rating
C5.1: The responsible person was able to describe the applicable legal requirements for air emissions monitoring and treatment. And the monitored gas emissions was compliant with the local law	Conformance
C5.2: The waste Air emission has been monitored and recorded as legally request.	Conformance

Question 5.1: Is the responsible person able to describe the applicable legal requirements for air emissions monitoring and treatment ?

Response: Yes

Supporting Evidence: Reviewed the waste gas management procedure (A-04-087-Q0C0000)

Question 5.2: Do the air emissions meet the discharge limits for regulated constituents?

Response: Yes

Supporting Evidence: Reviewed the monitoring report (R0931403 on Mar.19,2009)

C6) Product Content Restrictions

Participants are to adhere to all applicable laws and regulations regarding prohibition or restriction of specific substances including labeling laws and regulations for recycling and disposal.

Participants are also to adhere to processes to comply with each agreed-upon customer-specific restricted and hazardous materials list.

Finding	Rating
C6.1: The operations had conformed to product content legislation, regulation and customer requirements.	Conformance

Question 6.1: Do the operations conform to product content legislation, regulation and customer requirements?

Response: Yes

Supporting Evidence: Reviewed the hazardous substance management procedure for comparing customer requirements to their own specifications and procedures to ensure they were in compliance with customer requirements

Reviewed ROHS management system Manual (A-04-078-Q0C0000).

SECTION D - ENVIRONMENTAL, HEALTH & SAFETY MANAGEMENT SYSTEM AUDIT FINDINGS:

D1) Company Commitment

Corporate social and environmental responsibility statements affirming Participant's commitment to compliance and continual improvement.

Finding	Rating
D1_EHS.1: The environmental, health & safety policy statement was appropriate for the nature of the facility's operations	Conformance

Question 1.1: Is the environmental, health & safety policy statement appropriate for the nature of the facility's operations?

Response: Yes

Supporting Evidence: Communicated with EHS team member and relevant responsible person(s) (Xiao Cong Hua) and the document (A-06-002-Q0C0000).

D2) Management Accountability and Responsibility

Clearly identified company representative[s] responsible for ensuring implementation and periodic review of the status of the management systems.

Finding	Rating
D2_EHS.1: The company had documented management representative for assuring and facilitating compliance with health & safety laws, regulations and codes	Conformance
D2_EHS.2: The company documented the health and safety responsibilities and authorities for managers, supervisors and workers.	Conformance
D2_EHS.3: The company had assessed the status of the health and safety management system per year in order to identify improvement opportunities.	Conformance

Question 2.1: Does the facility management representative have documented responsibility and authority for assuring and facilitating compliance with environmental, health & safety laws, regulations and codes?

Response: Yes

Supporting Evidence: Communicated with EHS team member and relevant responsible person(s) (Xiao Cong Hua) and the document (A-06-002-Q0C0000).

Question 2.2: Does the facility have appropriately defined and documented environmental, health and safety responsibilities and authorities for managers, supervisors and workers?

Response: Yes

Supporting Evidence: Communicated with EHS team member and relevant responsible person(s) (Xiao Cong Hua) and the document (A-06-002-Q0C0000)

Question 2.3: Does the facility periodically assess the status of the environmental, health and safety management system in order to identify improvement opportunities?

Response: Yes

Supporting Evidence: Communicated with EHS team member and relevant responsible person(s) , Reviewed the internal audit on Oct.14-19, 2009 , the management review on Oct.22,2009

D3) Legal and Customer Requirements

Identification, monitoring and understanding of applicable laws, regulations and customer requirements.

Finding	Rating
D3_EHS.1: The facility implemented a system to identify, monitor and understand applicable environmental, occupational health and safety laws, regulations and customer requirements.	Conformance
D3_EHS.2: The responsible person had a good understanding of the environmental, occupational health & safety laws, regulations and customer requirements that apply to the facility's operations.	Conformance

Question 3.1: Has the facility implemented a system to identify, monitor and understand applicable environmental, occupational health and safety laws, regulations and customer requirements?

Response: Yes

Supporting Evidence: Reviewed the procedure (A-04-036-Q0C00000)

Question 3.2: Does the responsible person have a good understanding of the environmental, occupational health & safety laws, regulations and customer requirements that apply to the facility's operations:

Response: Yes

Supporting Evidence: Communicated with EHS team member and relevant responsible person(s) found that they could describe the specific regulatory and customer requirements applicable to the facility's operations, they also could explain how the facility complied with each of the requirements.

D4) Risk Assessment and Risk Management

Process to identify the environmental, health and safety practice risks associated with Participant's operations. Determination of the relative significance for each risk and implementation of appropriate procedural and physical controls to ensure regulatory compliance to control the identified risks.

Finding	Rating
D4_EHS.1: The company had process for occupational health & safety risk assessment and risk management that was adequate for the scope and nature of the operations	Conformance
D4_EHS.2: The facility had adequately identified its environmental, occupational health & safety risks and implemented appropriate physical and procedural controls.	Conformance

Question 4.1: Has the facility implemented a process for environmental, occupational health & safety risk assessment and risk management that is adequate for the scope and nature of the operations?

Response: Yes

Supporting Evidence: Communicated with EHS team member and relevant responsible person(s) and the document (A-04-088-Q0C0000)

Question 4.2: Has the facility adequately identified its environmental, occupational health & safety risks and implemented appropriate physical and procedural controls?

Response: Yes

Supporting Evidence: Procedural and physical controls have been implemented for all identified risks such 2009 yearly manager program.

D5) Performance Objectives with Implementation Plan and Measures

Written standards, performance objectives, targets and implementation plans including a periodic assessment of Participant's performance against those objectives.

Finding	Rating
D5_EHS.1: The company had process for establishing occupational health & safety performance objectives, targets and implementation plans.	Conformance

D5_EHS.2: The company had regularly review its progress toward achieving its environmental, occupational health & safety objectives and make appropriate adjustments if they are off track.	Conformance
D5_EHS.3: The worker interviews reveal that workers weren't aware of the environmental, occupational health & safety performance objectives relevant to them.	Minor

Question 5.1: Has the facility implemented an appropriate process for establishing environmental, occupational health & safety performance objectives, targets and implementation plans?

Response: Yes

Supporting Evidence: Communicated with EHS team member and relevant responsible person(s) that the health & safety performance objectives were established by general manager and reviewed once every year.

Reviewed 2009 occupational health & safety performance objectives, targets and implementation plans.

Question 5.2: Does the facility regularly review its progress toward achieving its environmental, occupational health & safety objectives and make appropriate adjustments if they are off track?

Response: Yes

Supporting Evidence: Communicated with EHS team and other relevant responsible person.

Reviewed 2009 yearly target and object, monitor report and manager program.

Question 5.3: Did the worker interviews reveal that workers are aware of the environmental, occupational health & safety performance objectives relevant to them?

Response: No

Supporting Evidence: The worker interviews reveal that workers weren't aware of the environmental, occupational health & safety performance objectives relevant to them.

D6) Training

Programs for training managers and workers to implement Participant's policies, procedures and improvement objectives.

Finding	Rating
D6_EHS.1: New staff training about EHS consciousness.	
Specialty skill training and especial position training such as waste cleaning position, hazardous chemical management position, etc.	NA
D6_EHS.2: The facility provided appropriate training for managers on how to implement its environmental, occupational health & safety policies, procedures and improvement objectives.	Conformance
D6_EHS.3: Interview showed that some workers didn't know the environmental, occupational health & safety policies although they were trained when they joined the factory.	Observation

D6_EHS.4: Skills tests (demonstrations of competency) were required for workers with critical environment-related and occupational health & safety-related jobs.	Conformance
D6_EHS.5: Interviewees revealed that environmental and occupational health & safety training was actually being delivered as stated.	Conformance

Question 6.1: What type of training does the facility provide to its workers?

Response: N/A

Supporting Evidence: Based on the training material checking and workers interview that the EHS policy, classification of waste, legal and other requirement training

Question 6.2: Does the facility provide appropriate training for managers on how to implement its environmental, occupational health & safety policies, procedures and improvement objectives?

Response: Yes

Supporting Evidence: Reviewed the related records and interview with manager to confirm it.

Question 6.3: Does the facility provide appropriate training for workers on how to implement its environmental, occupational health & safety policies, procedures and improvement objectives?

Response: Obs

Supporting Evidence: Interview showed that some workers didn't know the environmental, occupational health & safety policies although they were trained when they joined the factory.

Question 6.4: Are skills tests (demonstrations of competency) required for workers with critical environment-related and occupational health & safety-related jobs, such as wastewater treatment plant operators or hazardous waste handlers?

Response: Yes

Supporting Evidence: Practical skills training records, annual recertification included skills tests, personal protective equipment, chemical spill containment and clean-up, etc. were available for review

Maintenance personnel (e.g. safety supervisor, electricians, etc.) were licensed.

Skill testing meets local regulatory requirements.

Skill testing records were available for review.

Question 6.5: Did worker interviews reveal that environmental and occupational health & safety training is actually being delivered as stated?

Response: Yes

Supporting Evidence: Workers interview record showed they gained relevant EHS knowledge when they first joined the company. Working in the company, the relevant knowledge and information could be continuous gained through multi-approach, such ISO book, call-board, etc.

D7) Communication

Process for communicating clear and accurate information about Participant's performance, practices and expectations to workers, suppliers and customers.

Finding	Rating
D7_EHS.1: The facility adequately communicated information about its environmental and occupational health & safety performance, practices and expectations to workers.	Conformance
D7_EHS.2: Interviews revealed that environmental and occupational health & safety communication wasn't effective.	Minor

<p>D7_EHS.3: The facility adequately communicated information about its environmental and occupational health & safety performance, practices and expectations to suppliers and customers.</p>	<p>Conformance</p>
<p>Question 7.1: Does the facility adequately communicate information about its environmental and occupational health & safety performance, practices and expectations to workers? Response: Yes Supporting Evidence: Reviewed survey record, onsite observed the suggestion box in canteen and workshop that showed the environmental and occupational health & safety performance information.</p> <p>Question 7.2: Did worker interviews reveal that environmental and occupational health & safety communication is effective? Response: No Supporting Evidence: Workers interview showed they didn't know the environmental and occupational health & safety policy and objectives, the communication wasn't effective.</p> <p>Question 7.3: Does the facility adequately communicate information about its environmental and occupational health & safety performance, practices and expectations to suppliers and customers? Response: Yes Supporting Evidence: Reviewed the information communication control procedure (A-04-041-Q0C0000).</p>	

D8) Worker Feedback and Participation
 Ongoing processes to assess employees' understanding of and obtain feedback on practices and conditions covered by this Code and to foster continuous improvement.

Finding	Rating
<p>D8_EHS.1: The company assessed worker understanding of environmental and occupational health & safety practices and conditions and obtain their feedback.</p>	<p>Conformance</p>
<p>D8_EHS.2: Interviews revealed that management solicited feedback on environmental and occupational health & safety practices and conditions as described.</p>	<p>Conformance</p>
<p>D8_EHS.3: The facility encouraged worker participation in Environmental and Health & Safety activities such as work area inspections, incident investigations or EHS committees.</p>	<p>Conformance</p>

Question 8.1: Does the facility assesses worker understanding of environmental and occupational health & safety practices and conditions and obtain their feedback?
 Response: Yes
 Supporting Evidence: Based on interview of 15 workers showed that 15 of 15 answered there were mutli-approach such as telephone, suggestion box, meeting and company intranet web site to send to their feedback and suggestion.
 Onsite observed found a feedback telephone number was open, a suggestion box was set in the canteen

Question 8.2: Did worker interviews reveal that management does solicit feedback on environmental and occupational health & safety practices and conditions as described?
 Response: Yes

Supporting Evidence: Interviewed 2 workers of test position and reviewed the worker's feedback from worker surveys, suggestions boxes, etc. found most of the feedback had been accepted and relevant corrective action had been conducted timely and returned to workers.

Question 8.3: If the facility encourages worker participation in Environmental and Health & Safety activities such as work area inspections, incident investigations or EHS committees, can the facility verify worker participation?

Response: Yes

Supporting Evidence: The worker participation in Environmental and Health & Safety activities from the training and meeting.

D9) Audits and Assessments

Periodic self-evaluations to ensure conformity to legal and regulatory requirements, the content of the Code and customer contractual requirements related to social and environmental responsibility.

Finding	Rating
D9_EHS.1: The facility performed an environmental and occupational health & safety audit.	Conformance
D9_EHS.2: The environmental and occupational health & safety audits were adequate evaluations of regulatory compliance and conformance with ISO 14001, OHSAS 18001 requirements.	Conformance

Question 9.1: Did the facility perform an environmental and occupational health & safety audit within the past two years?

Response: Yes

Supporting Evidence: Reviewed annual EHS internal audit report conducted on Sep.14 - 19, 2009, external audit report by SGS dated on Mar.24 - 25, 2009 and Sep.04 - 05, 2009

Question 9.2: Are the environmental and occupational health & safety audits adequate evaluations of regulatory compliance and conformance with customer and other (e.g. ISO 14001, OHSAS 18001) requirements?

Response: Yes

Supporting Evidence: Reviewed annual EHS internal audit report conducted on Sep.14-19, 2009, external audit report by SGS dated on Mar.24 - 25, 2009 and Sep.04-05, 2009

D10) Corrective Action Process

Process for timely correction of deficiencies identified by internal or external assessments, inspections, investigations and reviews.

Finding	Rating
D10_EHS.1: The company's corrective action process for environmental and occupational health & safety issues were adequate.	Conformance
D10_EHS.2: The issues has been identified in the company's recent environmental and occupational health & safety audits and they were on track for completion.	Conformance
D10_EHS.3: The company took preventative action to stop a recurrence of the same or similar environmental and occupational health & safety problems.	Conformance

Question 10.1: Is the facility's corrective action process for environmental and occupational health & safety issues adequate?

Response: Yes

Supporting Evidence: Reviewed annual EHS internal audit report conducted on Sep.14-19, 2009, external audit report by SGS dated on Mar.24-35, 2009 and Sep.04-05, 2009

Question 10.2: Have the issues identified in the facility's recent environmental and occupational health & safety audits or self evaluations been corrected or are they on track for completion?

Response: Yes

Supporting Evidence: Reviewed the CAR raised during the recent internal audit dated on Sep.14-19, 2009, the internal auditor found the CAR about the accident didn't analysis. and the internal auditor sent the CAR to the H.R. manager, the manager provided the corrective and preventive action and sent to the auditor, the auditor reviewed the corrective and preventive action and closed the CAR on Oct. 03,2009.

Question 10.3: Does the facility take preventative action to stop a recurrence of the same or similar environmental and occupational health & safety problems?

Response: Yes

Supporting Evidence: Reviewed the corrective and preventive action procedure (A-04-043-Q0C0000).

D11) Documentation and Records

Creation of documents and records to ensure regulatory compliance and conformity to company requirements along with appropriate confidentiality to protect privacy.

Finding	Rating
D11_EHS.1: Confidentiality and privacy was adequately maintained for individual worker files.	Conformance
D11_EHS.2: The facility maintained adequate environmental and occupational health & safety management system documents and records needed to ensure regulatory compliance and conformity to company and customer requirements.	Conformance

Question 11.1: Are confidentiality and privacy adequately maintained for individual worker files?

Response: Yes

Supporting Evidence: The company had a formal procedures in place to safeguard the confidentiality and privacy of employee information.

Question 11.2: Does the facility maintain adequate environmental and occupational health & safety management system documents and records needed to ensure regulatory compliance and conformity to company and customer requirements?

Response: Yes

Supporting Evidence: Reviewed the document and record control procedure (A-04-077-Q0C0000,A-04-014-Q0C0000) .

Reviewed the following documents and records:

- Management system audit reports
- Risk assessment results; EHS objectives and targets
- Injury and illness logs; worker complaint logs
- Environmental permits and hazardous waste shipping documents/manifests
- Noise monitor report in the work area

SUPPLIER MANAGEMENT RESPONSE:

Supplier Management Response (Define plans for resolving issues raised in the audit findings)			
Improvement(s) Proposed	Owner	Due Date	Status
Agreement Section			
Agreement Date:			
Comments			
Verification Section (Verify that audit findings are being addressed and resolved.)			
Verification Date:			
Comments			