



## FACTORY AUDIT REPORT

(Quality Management System and Code of Conduct)

<b>Supplier / Agent / Vendor</b>	:	EVERGLORY CREATIONS (CHINA)			
<b>Factory Name</b>	:	Fenghe Plastic and Silk Flower Products Factory			
<b>Factory Address</b>	:	No. 36, Yin Hai Road, Lingxia, Shishuikou Village, Qiaotou Town, Dongguan City, Guangdong Province, China			
<b>Telephone</b>	:	+86-(0)769-83347778	<b>Fax</b>	:	+86-(0)769-83347677
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### Audit Result Summary:

Audit Type	Annual-audit	1 <sup>st</sup> Re-audit	2 <sup>nd</sup> Re-audit	
<b>Audit Date</b>	May 15, 2012	N/A	N/A	
<b>SGS Job / Report Number</b>	HKSZX1736621	N/A	N/A	
<b>Auditor(s)</b>	Lyn Li	N/A	N/A	
<b>Factory Contact Name &amp; Title</b>	Xian Jun/manager	N/A	N/A	
<b>QMS Scores</b>				Maximum Scores Available
A. Facilities	8	N/A	N/A	9
B. Quality Control System	10	N/A	N/A	11
C. Incoming Materials Inspections	5	N/A	N/A	12
D. Subcontractors Control	6	N/A	N/A	6
E. In-process Quality Control	7	N/A	N/A	9
F. Final Inspections	6	N/A	N/A	8
G. Packaging	9	N/A	N/A	9
H. Non-conforming Materials	7	N/A	N/A	8
I. Communication, Document Control, Work Movement	8	N/A	N/A	8
J. Handling of Complaints	5	N/A	N/A	5
<b>Total</b>	<b>71</b>	N/A	N/A	<b>85</b>
<b>QMS Grade</b>	<b>B</b>	N/A	N/A	
<b>COC Scores</b>				Maximum Scores Available
K. Code of Conduct "Flash" Review	15	N/A	N/A	<b>15</b>
<b>Total number of failed critical questions</b>	<b>0</b>	N/A	N/A	
<b>COC Audit Result</b> No failure of critical questions = pass One or more critical questions failed = not acceptable	<input checked="" type="checkbox"/> <b>Pass</b>  <input type="checkbox"/> <b>Not Acceptable</b>	<input type="checkbox"/> <b>Pass</b>  <input type="checkbox"/> <b>Not Acceptable</b>	<input type="checkbox"/> <b>Pass</b>  <input type="checkbox"/> <b>Not Acceptable</b>	



**Company Organization**

Managing Director / General Manager       Yes       No

Merchandising Manager       Yes       No

Plant Manager       Yes       No

QC/QA Supervisor / Manager       Yes       No

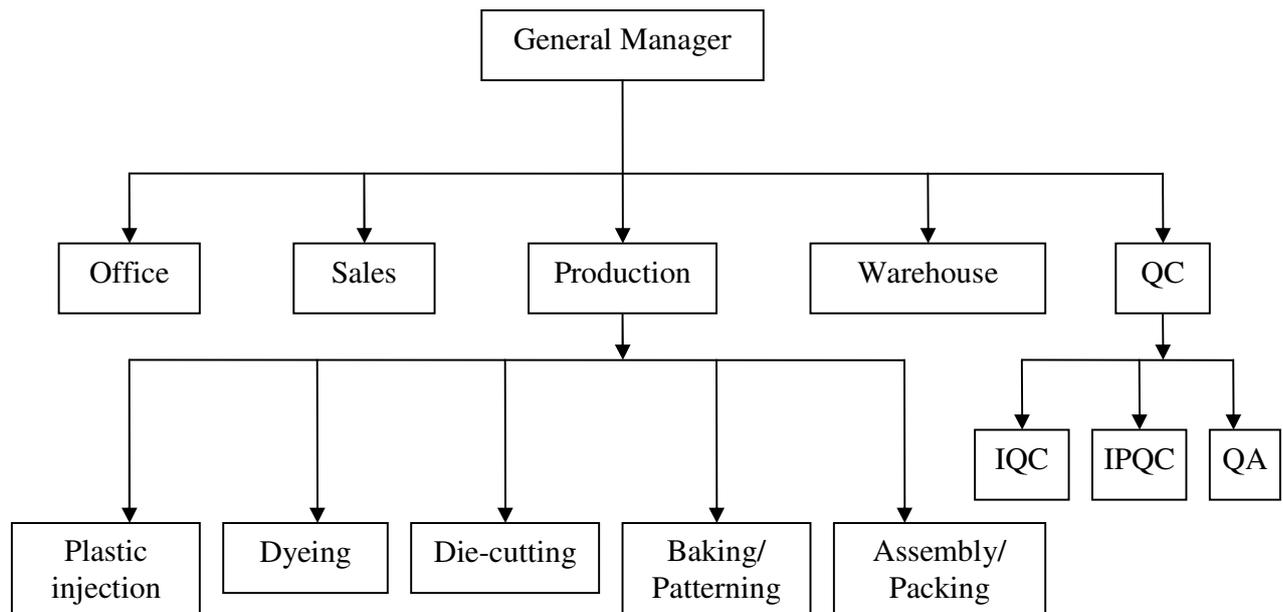
Production Manager       Yes       No

Factory has been in operation since      (Jan 6, 2009)

Any audit being done before       Yes       No  
(If yes please specify customer name)  
\_\_\_\_\_ Claire's \_\_\_\_\_

Any ISO9001       Yes       No

Organization Chart: (please attach)





Flow chart:

Incoming materials (IQC sampling inspection) → Plastic injection/Dyeing/Die-cutting (IPQC patrol inspection) → Oven baking/Patterning (IPQC patrol inspection) → Assembly (IPQC patrol inspection) → Packing (IPQC patrol inspection) → Finished goods (QA sampling inspection)

**Staff Information:**

Manufacturing staff and workers: 45

Quality controllers: 5 (1 IQC, 3 IPQC, 1 QA)

Engineers: 3

Total number of employees currently: 65

**Production Information**

Major Customers: Claire's

Monthly Production Capacity: \_About 300,000 sets \_, Production Lead Time: \_30 days\_

**On average how many units of each type of item can be produced daily:**

Items	Daily Production Quantity
Hair clips	7000 sets
Headgear	3000 sets

Major Machinery				
Description	Brand	Used years	Quantity	Remarks
Plastic injection machines	San shun	3	8	Nil
Die-cutting machines	Hong Lian	3	3	Nil
Oven	Tian Ping	3	1	Nil
Mixing machines	Tian Shun	3	6	Nil

Sub-contractors		
No.	Name	Areas / Parts
Nil		



**Subcontractors:**

- Any business entity appointed by the factory management to carry out value adding process steps in the course of production partially such as electroplating, screen printing, embroidery, washing, assembling.....; or completely such as the whole product manufactured by outsourced facilities.



Note: Yes = Positive Answer (+); No = Negative Answer (-). If NA answer was concluded, treated it as Yes (+).

**A. FACILITIES 设施**

Questions:		Remarks:
1. Does the plant layout appear generally acceptable? 工厂布局是否合乎生产需要, 足够及可以接受?	(+)Yes ( )No	The layout was acceptable and enough for the production. The factory had one 2-storey production building and one 3-storey office building. The warehouse of raw materials and finished products was separated from the production area. 1 <sup>st</sup> floor of production building was plastic injection workshop, sample making room, die-cutting workshop and dyeing workshop. 2 <sup>nd</sup> floor was oven baking workshop, patterning workshop, assembly workshop and packing workshop.
2. Does overall maintenance of the premises appear acceptable? 工厂设施的维护状况是否良好?	(+)Yes ( )No	Based on observation on site and interview with factory management, the production building and electrical equipments were maintained by H&S representative and production machines were maintained by machinists of machines maintenance team, the records of maintenance were hung in machine for review. The overall maintenance of the premises appeared acceptable.
3. Does the general housekeeping appear acceptable? 工厂看起来是否整洁?	(+)Yes ( )No	Based on site observation, the factory appeared tidy and clean.
4. Is a complete company policy manual acceptable? 公司的质量手册是否完整并可以接受?	(+)Yes ( )No	The factory established the complete quality manual and issued on Aug 1, 2010. The quality manual was defined the quality policy and quality goal of each department.
5. Are all machines and equipment calibrated in an acceptable time period and checked to run efficiently? 是否所有设备及仪器在一个合理的周期内进行校验, 并能有效地使用?	( )Yes (-)No	The factory didn't conduct calibration for the test or inspection tools which were used for the quality monitor, such as the ruler and vernier calipers.



<p>6. Are machines and equipment cleaned out on a regular basis?          设备及仪器是否定期及按时清洁?</p>	<p>(+)Yes          ( )No</p>	<p>The machines and equipments were cleaned out by machinists daily and the maintenance logs were hung in machines. Based on observation on site, all machines and equipments were kept in good condition.</p>
<p>7. Is the maintenance documentation acceptable that all production machines are on maintenance schedule carried out by a full time maintenance team?          是否所有生产设备按计划由专职及全职维护团队进行维护?</p>	<p>(+)Yes          ( )No</p>	<p>The factory had established maintenance procedure for production machines. It was identified that production machines maintenance should be conducted by an organized maintenance team with two machinists daily. And the records of maintenance were available for review during audit.</p>
<p>8. Does the factory have a well organized maintenance team that could immediately respond to a machinery breakdown or emergency?          工厂是否有一个维护团队能在设备出现故障或紧急状况时马上采取措施?</p>	<p>(+)Yes          ( )No</p>	<p>There were two full-time machinists in factory which were responsible for checking or maintaining of factory machines. And relevant records were maintained by the factory very well.</p>
<p>9. Any generator in case of lack of electric power?          是否有发电机以防止电力短缺?</p>	<p>(+)Yes          ( )No</p>	<p>Based on observation on site, one generator with adequate capability were available in the factory to prevent from lack of electric power. Brand of generator was: Yang Zhou Type: T28205-97 Power: 350KW</p>

**Rating: Facilities – Count 1 score for each question marked with “yes”.**

**Total: 8**

**B. QUALITY CONTROL SYSTEM 质量控制系统**

Questions:		Remarks:
<p>1. Is the factory quality control procedures for its products documented?          是否建立了文件化的质量控制程序?</p>	<p>(+)Yes          ( )No</p>	<p>The factory established the complete quality control procedures, included supplier assessment, identification and traceability control, disposal of scrap / non-conforming product, the</p>

		criteria of release of the products for shipment, machinery and equipment maintenance, etc. It was acceptable.
2. Are there adequate internal training programs provided for all quality control personnel involved? 是否为所有质量控制人员提供了足够的内部培训?	(+)Yes ( )No	Based on training records review and interview with relevant workers, the factory provided training about quality control for QC and inspector once per month.
3. Are there adequate traceable training records? 是否保存有足够及能跟踪追溯的培训记录?	(+)Yes ( )No	Based on training records provided by the factory, and interview with management, the trainings were conducted according the plan, and the records were retained and maintained by the QC department. The records of training were complete and easy to trace.
4. Are the factory's Q.C. personnel qualified before they perform their job as outlined in the Q.C. procedures? 质量控制人员在履行其职责前是否已被考核合格?	(+)Yes ( )No	Based on examination records review, QC personnel were qualified before they engaged their job. The qualification methods included oral examination, operation on site, and questionnaire. Based on site observation, the inspectors were familiar with the quality control.
5. Does factory have all relevant international or national safety standards related to the business? 工厂是否获得与其行业/产品相关的国际及国家安全标准?	(+)Yes ( )No	The factory had collected relevant international or national safety standards related to the business, such as standards of restricted hazardous substances in American, etc.
6. Does the Q.C. team display a strong quality mind concept, fully understand factory's quality policy, quality standards and the importance of the quality assurance concept? 质量控制团队是否具有出强烈的质量意识, 完全理解其品质政策,质量标准及质量保证的重要性?	(+)Yes ( )No	The factory provided adequate training for QC team personnel on quality control. And interview with inspectors, they generally had the quality consciousness and basic industry and quality knowledge of the products being made.
7. Does the factory have a detailed written plan demonstrating how product safety requirements are checked in-house? 工厂是否有具体的书面计划,以保证产品的安全要求在出厂前已被检查?	(+)Yes ( )No	The factory had established a quality control standard in each production process. From raw material, semi-finished products and finished product, the factory submitted the samples of materials to 3 <sup>rd</sup> lab to conduct test prior launching into production.



<p>8. Do detailed Q.C. reports reflect that the products are to be properly checked?          是否有详细的质量检查记录表明产品已被正确的检查?</p>	<p>( )Yes          (-)No</p>	<p>The factory arranged 1 IQC, 3 IPQC and 1 QA to conduct inspection in whole process, and provided the inspection records for review. But the inspection records of incoming materials were not complete. For example, the inspection records of accessorial inspection were not retained the measurement testing data, only marked the result. And the factory did not provide the appearance inspection reports of fabric for review, only the fabric dyeing effect check records were retained.</p>
<p>9. Is there adequate Q.C. supervision on all shifts?          所有生产班次是否有足够的质量控制人员来监督?</p>	<p>(+)Yes          ( )No</p>	<p>Total 5 quality control personnel were responsible for quality control included 1 IQC inspectors, 3 IPQC inspectors, 1 QA inspector. IQC conducted sampling inspection for incoming materials, and IPQC conducted the patrol inspection for semi-finished products. And the QA staff conducted random sampling inspection for finished products. And based on site observation, the operators conducted self check before the products were released into next process.</p>
<p>10. Is every production step being checked by quality controller?          质检员是否对生产过程的每个步骤都进行检查?</p>	<p>(+)Yes          ( )No</p>	<p>Based on observation and quality control plan review, the IQC staff would conduct sampling inspection for raw materials and all semi-finished products were self inspected by operators would conducted patrol inspection, and the QA staff would conducted random sampling inspection for finished products.</p>
<p>11. Does Q.C. have adequate product knowledge and production expertise on products?          质量控制人员对产品及生产工艺是否有足够的了解?</p>	<p>(+)Yes          ( )No</p>	<p>All quality control people had production knowledge and had relevant inspection experience.</p>

**Rating: Quality Control System – Count 1 score for each question marked with “yes”.**

**Total: 10**



**C. INCOMING MATERIALS INSPECTIONS 原材料检验**

Questions:		Remarks:
<p>1. Has the factory taken adequate measures to ensure incoming raw materials and products conforming to required specifications before use? 工厂是否采取足够的措施来确保原材料与产品均符合规格要求才投入使用?</p>	<p>(+)Yes ( )No</p>	<p>The factory had established a quality control standard, it was identified that all materials should be inspected before used. And the raw materials would conduct test by 3<sup>rd</sup> lab to ensure that all raw materials were compliance with client's requirements.</p>
<p>2. Are incoming and outgoing raw materials and products registered for stock check? 进出的原材料及产品是否登记在册?</p>	<p>(+)Yes ( )No</p>	<p>Based on site observation and workers interview, incoming and released raw materials were registered for stock; the records were complete and traceable.</p>
<p>3. Are incoming raw materials and products properly labeled, stored and traceable? 原材料和产品是否正确地标识及存储,以保证其追溯性?</p>	<p>( )Yes (-)No</p>	<p>The information of identification labels provided for fabric and cartons were not complete, only the quantity and specification were retained. The information such as incoming date, order number, materials' name, supplier's name, inspection station, etc. was not marked in labels. And based on site observation, partly fabrics were placed on floor directly, not stored in shelves.</p>
<p>4. Is factory labeling different lead content paint/epoxy/coating clearly to avoid getting mixed? (such as above 90ppm/below 90ppm) 含铅涂料是否根据铅量清楚地标识以避免混合(如高于 90ppm / 低于 90ppm)?</p>	<p>( )Yes (-)No</p>	<p>The factory did not conduct lead content analysis for dyestuff, and did not provide the testing reports for review of lead content. Based on site observation, the factory did not make mark of labeling for materials' lead content.</p>
<p>5. Are there separate logging, checking and storing area to avoid the stock getting mixed for different customers? 是否有单独的登记,检查及储存区域以避免不同客户的产品相互混合?</p>	<p>( )Yes (-)No</p>	<p>There were not separate logging, checking or storing area to avoid the stock getting mixed for different customers.</p>
<p>6. Is factory labeling lead/lead free, azo/azo free, nickel/nickel free, ROHS compliance / non ROHS compliance materials clearly to avoid inadvertent use? 是否对物料清楚地标识含铅 / 无铅, 含偶氮染料 / 无偶氮染料, 含镍 / 无镍, 符合 ROHS / 不符合 ROHS, 以避免误用?</p>	<p>( )Yes (-)No</p>	<p>During the audit, the factory did not provide testing reports on lead/azo/nickel content for incoming materials. Moreover, the requirements on restrictive hazardous substances were not</p>



		identified in purchase orders.
7. Are incoming raw materials and products kept in controlled storerooms to avoid theft, loss and any deterioration of quality? 原材料与产品是否储存在受控制的仓库内以防止盗窃, 损失及变质?	(+)Yes ( )No	The incoming raw materials and products were stored in warehouse and workshops monitored by warehouse keepers.
8. Have all incoming raw materials and products been properly inspected and approved before putting into production or processing with records for tractability? 所有原材料及部件产品在投入生产前已被正确检验和批准, 并且保存有可追溯的记录?	( )Yes (-)No	The factory provided the fabric dyeing effect check reports for review. Based on fabric inspection instruction review, the factory should conduct appearance, yard width, weight check for fabric, but the inspector did not conduct these inspections.
9. Are adequate inspection records maintained to prove incoming material and products meeting all requirements? (such as test report from suppliers or factory's own testing report.) 是否保存有足够的记录以证明原材料及部件产品符合所有的要求? (如供应商或工厂提供的测试报告)	( )Yes (-)No	During the audit, the factory did not provide testing reports on lead/azo/nickel content for incoming materials.
10. Are there adequate written inspection instructions available as guidelines to inspectors? 是否有足够的文件化的检验指引提供给检验员?	(+)Yes ( )No	Based on site observation, the inspection standards were provided for IQC inspection area, the samples were provided for reference.
11. Are testing equipment for inspection sufficient and in good conditions? 用于检验的设备仪器是否足够并且状况良好?	( )Yes (-)No	Based on site observation, fabrics were main materials, but the factory did not equip the fabric inspection machines.
12. Is the control of non-conforming raw materials and products effective? 对于不合格原材料及产品的控制是否有效?	(+)Yes ( )No	The control of non-conforming raw materials and products was effective. The factory established the area to store the non-conforming raw materials, and all non-conforming materials were separated with identification label and returned to relevant supplier.

**Rating: Incoming Materials Inspections – Count 1 score for each question marked with “yes”.**

**Total: 5**



**D. SUBCONTRACTORS CONTROL 分包商控制**

Questions:		Remarks:
1. Has the factory developed a system to evaluate their sub-contractor? 工厂是否建立系统来评估其分包商?	(+)Yes ( )No	No subcontractors were used in factory. Based on interview with the management, and on site observation, the factory purchased the components and factory had plastic injection, dyeing, oven baking, patterning, assembly and packing processes.
2. Does factory has approved sub-contractor list? 是否有经批准的合格分包商清单?	(+)Yes ( )No	It wasn't applicable. Based on management interview and on site observation, no sub-contractors were used in factory. And the factory established the approved list of suppliers.
3. Does factory provide specifications for and ensure adequate supervision to subcontractors about the requirements of client's standards? 工厂是否运用具体的指标来监控分包商是否满足客户的要求?	(+)Yes ( )No	It wasn't applicable. Based on management interview and on site observation, no sub-contractors were used in factory.
4. Are there random visits on sub-contractor? 是否随机到现场走访分包商?	(+)Yes ( )No	It wasn't applicable. Based on management interview and on site observation, no sub-contractors were used in factory. And the factory would conduct audit for suppliers.
5. Does factory have any control if sub-contractors buy their own raw material? 如果原材料是分包商直接购买的,工厂是否有控制?	(+)Yes ( )No	It wasn't applicable. Based on management interview and on site observation, no sub-contractors were used in factory.
6. Does factory check the returned work from sub-contractor? 工厂是否检查分包商返工的产品?	(+)Yes ( )No	It wasn't applicable. Based on management interview and on site observation, no sub-contractors were used in factory.

**Rating: Subcontractors Control – Count 1 score for each question marked with “yes”.**

**Total: 6**

**E. IN-PROCESS QUALITY CONTROL 生产过程质量控制**

Questions:		Remarks:
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<p>1. Are all tooling fully tested and examined to meet all measurement and safety requirements? 是否所有的工具已完全检查,测试以保证满足所有的测量及安全要求?</p>	<p>(+)Yes ( )No</p>	<p>Vernier calipers, light box, ruler and electronic balance were used for IPQC inspection. Based on observation on site, the measure equipments were kept very well.</p>
<p>2. Are samples of pilot run carefully reviewed by engineers and quality staff to see all safety and quality aspects are being met? 试产样品是否经过工程人员及品管人员检查以保证满足所有安全及品质要求?</p>	<p>(+)Yes ( )No</p>	<p>The sample of pilot run was reviewed by sample making person, quality control supervisor, production supervisor and general manager, and it was approved by the client.</p>
<p>3. Is IPQC sufficient to prepare for mass production? 生产过程中质检人员的数量是否满足大批量生产的要求?</p>	<p>(+)Yes ( )No</p>	<p>Total 5 quality control personnel were responsible for quality control included 1 IQC inspectors, 3 IPQC inspectors, 1 QA inspector.</p>
<p>4. Is there any documented approval given out by responsible party such as engineering, Q.C. department or top management to authorize the start of mass production? 是否有经负责的部门 (如工程部, QC 部或高层经理) 签发的文件化的批准文件来授权开始大批量生产?</p>	<p>(+)Yes ( )No</p>	<p>Based on interview with management and relevant records review, production plan was established and reviewed by each process supervisor, and approved by general manager.</p>
<p>5. Are rejected lots immediately destroyed or properly disposed according to the requirements specified at company policy manual? 不合格产品是否根据公司质量手册要求立即销毁或正确地处理?</p>	<p>(+)Yes ( )No</p>	<p>Rejected lots were separated, and properly reworked and then re-inspected according to relevant procedure. If the rejected lots weren't reworked, it would be destroyed immediately.</p>
<p>6. Are the actions addressing the rejected lots clearly recorded? 对不合格产品的处理是否有记录?</p>	<p>( )Yes (-)No</p>	<p>The factory retained the in-process inspection records, but did not retain the handling actions of the rejected lots.</p>
<p>7. Are rejected lots labeled and segregated from conforming lots properly? 不合格产品是否标识并与合格品隔离?</p>	<p>(+)Yes ( )No</p>	<p>Based on observation on site, all rejected products were segregated from conforming products, and the rejected products were clearly marked.</p>
<p>8. Are there adequate instructions and approved samples available for inspectors to follow? 是否提供足够的工作指引和批准的样板给检验员?</p>	<p>(+)Yes ( )No</p>	<p>Based on site observation, the factory provided the inspection standard for inspector, the approval samples with identification label were available in production line for IPQC inspectors to refer.</p>
<p>9. Are the inspection defects charted, analyzed and monitored to improve the problems encountered? 是否采用图表记录,分析,监控产品缺陷并采取改善行动?</p>	<p>( )Yes (-)No</p>	<p>The factory maintained the records of inspection of each process, but didn't use records to analyze, monitor the defective and take the</p>



		corrective action to drive the quality improvement and reduce the defective rates.
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**Rating: In-process Quality Control – Count 1 score for each question marked with “yes”.**

**Total: 7**

**F. FINAL INSPECTIONS 最终检验**

Questions:		Remarks:
1. Do factory quality controllers perform any final inspection on merchandise? 工厂是否对成品进行最终检验?	(+)Yes ( )No	The factory arranged one IPQC to conducted patrol inspection in packing process, and one QA inspector conducted sampling inspection of finished products after packing.
2. Are there written final inspection reports properly maintained to document the quality of products? 是否有最终检验报告来记录产品的质量情况?	(+)Yes ( )No	Written final inspection reports were available for review.
3. Are updated customer drawings / specifications available for inspections from quality control or engineering department upon request? 是否提供最新的图样 / 规格给检验员?	(+)Yes ( )No	Based on observation on site and interview with the inspector, the factory provided the inspection standards for the inspection, and the sample with the specification was provided for workers.
4. Does factory perform internal mechanical tests to safeguard the product quality? 是否对产品进行内部的产品测试以保证其质量?	( )Yes (-)No	The factory did not have internal testing laboratory, did not conduct fastness testing for dyeing color, and did not conduct pull testing for finished products.
5. Are records of mechanical tests maintained? 是否保留有产品测试记录?	( )Yes (-)No	No testing records were maintained by factory.
6. Are final inspection and testing records are reviewed and confirmed by top management? 最终检验及测试报告是否经最高管理层审批及确认?	(+)Yes ( )No	The factory maintained the final inspection records for review during audit; the inspection records were reviewed and confirmed by quality representative.
7. Is the sampling size of products for final inspection adequate to demonstrate the confidence of product safety and quality? 抽样数量是否足够保证产品安全及品质的水平?	(+)Yes ( )No	Factory established the sample plan and AQL to conduct finished products testing and inspection. AQL 0.65/1.0 was used in final inspection/testing.
8. Are there written procedure to require and accept	(+)Yes	The release of the products for



inspection report in order to allow the release of the products for shipment? 是否建立文件化的程序说明如何根据最终检验的结果来批准产品装运?	<input type="checkbox"/> No	shipment needed approval of the general manager. And all products should be passed the internal QA inspection and the 3 <sup>rd</sup> party inspection or clients' inspection before shipment.
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**Rating: Final Inspections – Count 1 score for each question marked with “yes”.**

**Total: 6**

**G. PACKAGING 包装**

Questions:		Remarks:
1. Is the packaging area tidy and free of contaminants? 包装区是否足够整洁以避免产品污染?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	The packaging area was segregated from the other processes, and the workstations were tidy and free of contaminants.
2. Is there adequate safeguard to prevent mistaken products from being packaged into client's product cartons? (Such as broken needles, sewing needles, scissors, blades, other sharp tools) 是否有足够的措施来防止外来物品错误包装到包装箱内? (如断针,车针,剪刀,刀片或其他尖锐工具?)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	The factory established the sharp tools control procedure, and it was provided for workers. Based on site observation, the sharp tools were attached at the worktable, and the records of sharp tools released and returned were traceable, and maintained for review during audit.
3. Is there adequate control to prevent any defective or rejected products from being packaged into client's product cartons? 是否有足够的措施来防止有缺陷或拒收的产品装入包装箱内?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Based on observation on site, all rejected products were identified and segregated from conforming products to prevent from being packaged into client's product cartons. IPQC inspectors conducted patrol inspection also.
4. Are approved finished products packaged immediately in order to avoid dust? 成品是否立即进行包装以防止灰尘?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Based on observation on site and talking with worker of packing process, the products were packed with poly bags immediately after appearance inspection.
5. Is the carding purchased from Claire's nominated supplier (if required)? 如果有规定时,包装材料是否从 Claire's 指定的供应商购买?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Yes, it was purchased from Claire's nominated supplier.
6. Is the packaging sulphur-free? 包装材料是否不含硫磺?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Packaging materials were sulphur-free. And the suppliers of packing

		materials were provided the 3 <sup>rd</sup> lab test report to ensure that all materials were sulphur-free.
7. Is the current procedure in place effective to avoid the possibility of shortage of products at packaging? 现有的程序是否能有效避免产品包装数量不足?	(+)Yes ( )No	The factory provided the packing requirement and training for the workers to follow it. Meanwhile, the IPQC and QA inspectors inspected the packed quantity in the packing lines.
8. Do workers wear gloves, hats / caps when necessary to protect product from contamination? 包装员工是否穿戴手套, 帽子以避免污染产品?	(+)Yes ( )No	Based on site observation, the products were hair clips and headgear, it was not applicable.
9. Are packed master cartons well stored in a covered area or a good shelter to keep from sunshine and risks of flooding and raining? (humidity & temperature control) 包装好的产品是否储存在一个遮挡阳光及雨水的区域 (有湿度及温度控制)?	(+)Yes ( )No	The finished products were stored in the finished products storage area at the 2 <sup>nd</sup> floor. It was tidy and safe.

**Rating: Packaging – Count 1 score for each question marked with “yes”.**

**Total: 9**

#### **H. NON-CONFORMING MATERIALS 不合格品控制**

Questions:		Remarks:
1. Is non-conforming material sufficiently identified? 不合格品是否充分标识?	(+)Yes ( )No	Based on site observation, the non-conforming materials were separated and identified with the labels.
2. Is non-conforming material properly segregated at all stages? 在每个阶段, 不合格品是否正确隔离?	(+)Yes ( )No	During the audit, the non-conforming materials were segregated and identified clearly.
3. Are adequate records maintained to show the status of non-conformance? 是否保存有足够的记录表明不合格品的状态?	(+)Yes ( )No	The inspection records showed that some non-conforming products were detected by inspectors. And the non-conforming products reports indicated the handling method for the nonconforming products.
4. Do records show that reworked parts / materials have been re-inspected to ensure the compliance with standards? 是否有记录表明返工品已经重新检查以保证符合要求?	( )Yes (-)No	The factory retained the in-process inspection records, but did not retain the rework and re-inspection records, so it could not identify whether the reworked parts had



		been re-inspected to ensure the compliance with standards.
5. Is scrap material handled satisfactorily? 报废材料的处理是否合理?	(+)Yes ( )No	Scrap materials were separated and destroyed. The identification labels of scrap materials were clearly marked.
6. If reclaimed materials were used, were there adequate identification and inspection against pre-determined specification? 如果使用再生材料 / 库存材料, 是否充分标识并根据预定的规格进行检验?	(+)Yes ( )No	Based on site observation, and factory management stated that the factory didn't use the reclaimed materials.
7. Is the corrective action on non-conforming materials effective? 对不合格品采取的纠正措施是否有效?	(+)Yes ( )No	Based on documents review and management interview, the factory would trace the supplier's corrective action report when the non-conforming materials were found.
8. Does the factory demonstrate proper handling of the non-conforming materials which have been failed at the incoming inspection or testing? 工厂能否尽早针对来料 / 产品的不合格品及测试中发现的不合格品进行适当的处理?	(+)Yes ( )No	All non-conforming materials were segregated and returned to suppliers directly.

**Rating: Non-Conforming Materials – Count 1 score for each question marked with “yes”.**

**Total: 7**

**I. COMMUNICATION, DOCUMENTATION CONTROL AND WORK MOVEMENT**  
**沟通,文件控制及运作**

Questions:		Remarks:
1. Are test reports properly kept? (Inc. suppliers test reports, factory's own test reports, China lab test reports, Hong Kong lab test reports, and etc) 是否正确保存测试报告? (如供应商 / 工厂 / 中国实验室的/香港实验室等提供的测试报告)	(+)Yes ( )No	Finished products test reports from the 3 <sup>rd</sup> party were maintained by admin departments very well.
2. Does factory management and key staff understand English sufficiently to ensure good communication? 工厂管理层及关键人员是否懂英语以保证良好的交流?	(+)Yes ( )No	Based on management interview, the key staff such as sales / general manager understood English sufficiently to ensure good communication.
3. Is there an adequate and formal system for receiving client's purchase orders, purchased tooling and equipment?	(+)Yes ( )No	The different departments were appointed to different function. The sales department received the



是否建立有效的系统来接收客户的订单, 购买的工具及设备?		client's purchase orders and the purchase department was responsible for materials and tooling purchasing according to client's and products requirements.
4. Is there an adequate and formal system for receiving and applying drawing, procedures, design change, etc. correctly? 是否建立充分正式的系统来正确接收和使用图纸, 程序及更改的设计等?	(+)Yes ( )No	The factory made samples for client approval and then retained them for workers reference. If client required any change for the samples / drawing, the factory would re-produce samples for approval and retained them and changed drawing for workers reference.
5. Are drawings, records, and specifications maintained with adequate history of changes? 图纸,记录及规格的更改记录是否有保留?	(+)Yes ( )No	The drawings, records and specifications were maintained by admin department with adequate history of changes.
6. Does factory have clear instructions to its Quality Departments with delegated authority to stop production if the products do not meet requirements of client's standards? 工厂是否有清晰的指引给品质部门并授权在产品不符合客户要求时可以要求停产?	(+)Yes ( )No	Quality Department was authorized to stop production if the products did not meet requirements of client's standard.
7. Is technical information for production clearly defined with adequate controls of implementation? 产品的技术信息是否清晰的说明并充分控制其实施?	(+)Yes ( )No	Technical information for production were clearly defined and implemented.
8. Does factory develop system / procedure to control on daily issuance and retrieval and scissors/blade/injection tube/needle? 工厂是否建立系统 / 程序来控制每日发放及回收剪刀 / 刀片 / 针筒 / 车针?	(+)Yes ( )No	The factory had established the documented sharp tools control procedure, it was provided for workers, and the sharp tools such as scissors etc were controlled the released and returned. The records of sharp tools released and returned were maintained and available for review.

**Rating: Communication, Documentation Control and Work Movement – Count 1 score for each question marked with “yes”.**

**Total: 8**

**J. HANDLING OF COMPLAINTS 投诉处理**



Questions:		Remarks:
1. Are customer complaints handled by top management? 客户投诉是否由管理层处理?	(+)Yes ( )No	The customer complaints would be handled by relevant departments such as sales department, production department, QC department, etc. and reviewed by general manager.
2. Are the complaints analyzed and the root causes investigated? 是否调查分析投诉的根本原因?	(+)Yes ( )No	The complaints would be analyzed by production department, QC department, etc and the meeting was conducted to analyze the root cause and take action to improve the quality.
3. Is the corrective and preventive plan communicated with the customer? 是否采取纠正预防措施并与客户沟通?	(+)Yes ( )No	The corrective and preventive plan would be communicated with customer for non-conforming handling by report.
4. Are records of complaint handling adequate and traceable? 处理记录是否足够并可追溯?	(+)Yes ( )No	Traceable records were kept for at least one year. It was complete and available for review during audit.
5. Do records show that the corrective and preventive actions are properly conducted and monitored? 是否有记录表明纠正预防措施已正确实施并监控?	(+)Yes ( )No	Corrective and preventive actions were properly conducted and monitored; records were kept.

**Rating: Communication, Documentation Control and Work Movement – Count 1 score for each question marked with “yes”.**

**Total: 5**

**K. CODE OF CONDUCT ‘FLASH’ REVIEW 行为守则**

(Based on a minimum sampling size of documents and visual observation only)

(只依据最小量的文件抽样和现场观察)

Questions:		Remarks:
<b>**1. Employee Age:</b> Based on record review and visual observation, are all local, state and federal minimum age laws being met; including those related to employment of apprenticeship, permanent, part-time, temporary and casual employees with adequate proof of age records maintained? <b>员工年龄:</b> 根据记录与观察,员工年龄是否符合当地法律要求?包括学徒工,固定员工,兼职工,临时工等,并保存有足够的年龄证明	(+)Yes ( )No	The factory had established a complete recruiting procedure. The factory would check applicants’ ID cards, and interview with them to confirm no child employed by the factory. The factory had retained the copies of ID cards for employees for review. No child labor was found during the audit



		based on employees' personal files review and workers interview. The youngest worker in the factory was born on Dec 20, 1993, and joined into factory on Feb 16, 2012. For information: the age of child labor defined in local law was under 16.
2. Young Worker Protection: Based on record review and visual observation, are young workers (who have not reached the age of 18) protected according to laws and regulations such as not engaging in unsafe work, no night work at 20:00 – 08:00, with regular health check? 未成年工保护: 根据记录与观察,未成年工(未满 18 岁)是否已根据法规的规定进行保护?例如不从事危险工种,不上夜班(20:00-8:00),定期进行体检.	(+)Yes ( )No	Based on employees' personal files review and workers interview, the youngest worker in the factory was more than 18 years old (born on Dec 20, 1993, and joined into factory on Feb 16, 2012.).
<b>**3. Forced Labour:</b> Based on record review and visual observation, does the facility management refrain from unlawful measures: through mental coercion, physical coercion, document retention, or by requiring \$ deposits, restricting any worker's desire to leave or terminate their own employment freely by choice? <b>强迫劳动:</b> 根据记录与观察,工厂是否未采用非法措施限制员工自由离开工厂或终止合同?例如精神上的胁迫,体罚,扣压证件,或收取押金等.	(+)Yes ( )No	Based on relevant records review, observation on site and interview with workers, no mental or physical coercion was identified; workers were not required to lodge deposits such as illegal withholding of salary, training fee, employment broker fee, fee for tools, or original documents such as ID papers; overtime work was voluntary; workers could be permitted time-off when sick or other reasonable personal issues; workers could freely resign in probation period and with 30 days notice in advance after probation period.
<b>**4. Discrimination:</b> Based on record review and visual observation, does the facility refrain from discrimination against any worker for reason of race, religion, age, gender, or sexual orientation? <b>歧视:</b> 根据记录与观察,工厂是否未针对种族,宗教,年龄,性别或性取向存在任何歧视?	(+)Yes ( )No	Based on recruitment procedure, payrolls, factory rules & dismissal records review and workers interview, no discrimination on age, gender, religion, or political opinion was identified in employment.
5. Daily time records: Based on record review, are daily time records thoroughly and accurately maintained for all employees including piece rate workers?	(+)Yes ( )No	Based on attendance records review which provided from April, 2011 to audit day, the worker's attendance



<p><b>考勤记录:</b> 根据记录,是否保存所有员工(包括计件员工)每日的考勤记录,并且是完整和准确的?</p>		<p>was records by paper time cards daily. It was complete, and no negative evidences were found during audit.</p>
<p><b>**6. Minimum Wage:</b> Based on record review, are all employees especially piece rate workers provided with wages not less than current minimum wage level? <b>最低工资:</b>根据记录,是否所有员工,特别是计件工人的最低工资不低于当前最低的工资标准?</p>	<p>(+)Yes ( )No</p>	<p>Based on payroll review and workers interview, all workers were paid by the hourly rate. The minimum wage of local was RMB1100 per month since Mar 1, 2011. Based on the payroll review, the wage of factory paid to the all workers was in compliance with the local legal requirement. The workers' wage was about RMB1800 to3000.</p>
<p><b>7. Paid Leave Benefits:</b> Based on record review, are all employees provided with paid leave benefits according to applicable laws and regulations? <b>有薪假期:</b> 根据记录,是否按照法规提供有薪假给所有员工?</p>	<p>(+)Yes ( )No</p>	<p>Based on payrolls and leave records review, as well workers interview, all employees were provided with paid leave benefits according to applicable laws and regulations.</p>
<p><b>8. Hours of Work:</b> Based on record review, do the working hours of workers comply with the requirement of the client (maximum 60 weekly per employee at non-peak season, maximum 72 at peak season but limited to 16 weeks with 72 in a year)? <b>工作时间:</b>根据记录,基层工人工作时间是否满足客户要求?(淡季每人最多 60 小时/周,旺季每人最多 72 小时/周,且一年中旺季最长时间为 16 周)</p>	<p>(+)Yes ( )No</p>	<p>Based on attendance records review from April 1, 2011 to audit day, the maximum weekly working hours were 60 hours which was occurred in Dec, 2011. It was in compliance with client's requirements.</p>
<p><b>9. One day off per Week:</b> Based on record review, are all employees received at least one day (24 hours) off per week on average in a month? <b>每周休息一天:</b> 根据记录,所有员工在一个月中平均每周至少休息一天(连续 24 小时)?</p>	<p>(+)Yes ( )No</p>	<p>Based on attendance records review from April 1, 2011 to audit day, the workers had one day off per week at lease.</p>
<p><b>**10. Overtime premium:</b> Based on record review, are all employees including piece rate workers provided with legal overtime premium? <b>加班工资:</b> 根据记录,是否提供所有员工包括计件工人合法的加班工资?</p>	<p>(+)Yes ( )No</p>	<p>Based on payrolls provided by the factory from April 2011 to March 2012, the overtime on weekdays, rest days and statutory holidays was paid 150%, 200% and 300% respectively, which met legal requirement.</p>



<p>11. Health &amp; Safety: Based on visual observation, does the facility work environment appear to eradicate any immediate or other critical health &amp; safety risks to workers? 健康安全: 根据观察,工厂是否消除了所有会对工人产生即时或其它致命的健康安全隐患?</p>	<p>(+)Yes ( )No</p>	<p>Based on site observation, no such health and safety risks to workers were found.</p>
<p>12. Personal Protective Equipment: Based on visual observation, are all employees working under unsafe conditions wearing appropriate personal protective equipment? 个人防护用品: 根据观察,在不安全条件下工作的员工是否穿戴了合适的个人防护用品?</p>	<p>(+)Yes ( )No</p>	<p>Based on observation on site, the appropriate personal protective equipments were provided and used for workers, such as the mask etc. Based on workers interview, all PPE were provided freely by factory.</p>
<p>13. Fire Fighting Equipment: Based on visual observation and record review, does the facility equip with adequate and functional fire fighting equipment at all workshops? 消防设施:根据观察与记录,工厂是否在所有生产场所配备了足够的有效的消防设施?</p>	<p>(+)Yes ( )No</p>	<p>Based on observation on site, enough fire fighting equipments were installed in the factory, such as fire extinguishers, fire hydrants, fire exit sign, emergency light, fire alarm, etc. The fire fighting equipments were maintained daily, it was kept in good condition.</p>
<p>14. First Aid Kit: Based on visual observation, does the facility equip with first aid kit at least one at each production floor? 急救药箱:根据观察,工厂是否至少在每个生产楼层配备了一个急救药箱?</p>	<p>(+)Yes ( )No</p>	<p>Based on observation on site, a first aid kit with adequate remedies was available in each workshop.</p>
<p>15. Instruction to Auditor: If facility management were unable or unwilling to provide SGS auditor(s) with access to requested documents related to any of the above compliance question, "No" will be marked. 审核员指引: 如果工厂管理层不能或不愿意提供任何与上述问题相关文件记录,将会标记'NO'.</p>	<p>(+)Yes ( )No</p>	<p>Factory management was well cooperated and provided relevant records for review. And the management of factory agreed the findings in audit, and they would take action to correct the findings.</p>

**Any ethical question highlighted with a \*\* is a critical question. An answer of "No " at critical question will result in "Not Acceptable".**

任何标有"\*\*\*"的问题是关键问题,如果其结果是"No",会导致审核结果为"不能接受 / 不合规"

**Total: 15**

**CORRECTIVE AND PREVENTIVE ACTION RECOMMENDATION**

No.	Non-conformance	Corrective and Preventive Actions	Proposed Completion Date by Factory Management
A.5	The factory didn't conduct calibration for the test or inspection tools which were used for the quality monitor, such as the ruler and vernier calipers.	The factory should conduct calibration for the test or inspection tools.	June 15, 2012
B.8	The factory arranged 1 IQC, 3 IPQC and 1 QA to conduct inspection in whole process, and provided the inspection records for review. But the inspection records of incoming materials were not complete. For example, the inspection records of accessorial inspection were not retained the measurement testing data, only marked the result. And the factory did not provide the appearance inspection reports of fabric for review, only the fabric dyeing effect check records were retained.	The factory should retain the complete measurement information and conduct inspection according the inspection instruction requirement, retain the complete inspection records.	June 15, 2012
C.3	The information of identification labels provided for fabric and cartons were not complete, only the quantity and specification were retained. The information such as incoming date, order number, materials' name, supplier's name, inspection station, etc. was not marked in labels. And based on site observation, partly fabrics were placed on floor directly, not stored in shelves.	Incoming raw materials and products should be properly labeled, stored and traceable.	June 15, 2012

C.4	The factory did not conduct lead content analysis for dyestuff, and did not provide the testing reports for review of lead content. Based on site observation, the factory did not make mark of labeling for materials' lead content.	The factory should conduct lead content test for dyestuff and label different lead content clearly to avoid getting mixed.	June 15, 2012
C.5	There were not separate logging, checking or storing area to avoid the stock getting mixed for different customers.	The factory should separate logging, checking or storing area to avoid the stock getting mixed for different customers.	June 15, 2012
C.6	During the audit, the factory did not provide any testing reports on lead/azo/nickel content for incoming materials. Moreover, the requirements on restrictive hazardous substances were not identified in purchase orders.	The factory should label lead/lead free, azo/azo free, nickel/nickel free clearly to avoid inadvertent use	June 15, 2012
C.8	The factory provided the fabric dyeing effect check reports for review. Based on fabric inspection instruction review, the factory should conduct appearance, yard width, weight check for fabric, but the inspector did not conduct these inspections.	The factory should conduct inspection for fabrics including appearance, yard width, and weight check.	June 15, 2012
C.9	During the audit, the factory did not provide testing reports on lead/azo/nickel content for incoming materials.	The factory should require suppliers to provide the relevant test reports.	June 15, 2012
C.11	Based on site observation, fabrics were main materials, but the factory did not equip the fabric inspection machines.	The factory should equip fabric inspection machine to conduct fabric inspection.	June 15, 2012
E.6	The factory retained the in-process inspection records, but did not retain the handling actions of the rejected lots.	The factory should retain the handling actions of the rejected lots.	June 15, 2012



E.9	The factory maintained the records of inspection of each process, but didn't use records to analyze, monitor the defective and take the corrective action to drive the quality improvement and reduce the defective rates.	The factory should chart, analyze and monitor the inspection defects to improve the problems encountered.	June 15, 2012
F.4/F.5	The factory did not have internal testing laboratory, did not conduct fastness testing for dyeing color, and did not conduct pull testing for finished products. No testing records were maintained by factory.	The factory should conduct internal testing such as fastness of fabric color, pull testing of finished products and maintain the complete testing reports.	June 15, 2012
H.4	The factory retained the in-process inspection records, but did not retain the rework and re-inspection records, so it could not identify whether the reworked parts had been re-inspected to ensure the compliance with standards.	The factory should retain the rework and re-inspection records, and make sure that the reworked parts are re-inspected and in compliance with standards.	June 15, 2012

--End of the report--



**PAST AUDIT HISTORY**

**Past Audit Result Summary:**

<b>Audit Type</b>	<b>Initial</b>	<b>1<sup>st</sup> Re-audit</b>	<b>2<sup>nd</sup> Re-audit</b>	
<b>Audit Date</b>	May 30, 2010	N/A	N/A	
<b>SGS Job / Report Number</b>	JCSZ10A60042	N/A	N/A	
<b>Auditor(s)</b>	Floyd Zhang	N/A	N/A	
<b>Factory Contact Name &amp; Title</b>	Xiang jun/Manager	N/A	N/A	
<b>QMS Scores</b>				Maximum Score Available
A. Facilities	9	N/A	N/A	9
B. Quality Control System	11	N/A	N/A	11
C. Incoming Materials Inspections	9	N/A	N/A	12
D. Subcontractors Control	6	N/A	N/A	6
E. In-process Quality Control	8	N/A	N/A	9
F. Final Inspections	8	N/A	N/A	8
G. Packaging	7	N/A	N/A	9
H. Non-conforming Materials	8	N/A	N/A	8
I. Communication, Document Control, Work Movement	7	N/A	N/A	8
J. Handling of Complaints	5	N/A	N/A	5
<b>Total</b>	78	N/A	N/A	<b>85</b>
<b>QMS Grade</b>	A	N/A	N/A	
<b>COC Scores</b>				Maximum Scores Available
K. Code of Conduct "Flash" Review	15	N/A	N/A	<b>15</b>
<b>Total number of failed critical questions</b>	0	N/A	N/A	
<b>COC Audit Result</b> No failure of critical questions = pass One or more critical questions failed = not acceptable	<input checked="" type="checkbox"/> <b>Pass</b>  <input type="checkbox"/> <b>Not Acceptable</b>	<input type="checkbox"/> <b>Pass</b>  <input type="checkbox"/> <b>Not Acceptable</b>	<input type="checkbox"/> <b>Pass</b>  <input type="checkbox"/> <b>Not Acceptable</b>	