FACILITY AUDIT

Audit Date:	Feb.27, 2013	Facility Name:	x
Report No.:	HC1300115	Address:	x
Project/Track #:	58715.47748.03.0001		
Client:	x	Telephone:	x
Vendor:	x	Fax:	x

Reason for Audit:

X	Initial Audit
	Follow-up - Facility Relocation
	Follow-up - New Owner / Business Name
	Follow-up - Failure of Previous Audit / Violations
	Anniversary Audit

Date of Last Audit: NA

Audit Type:

X	Quality & Capability
	Wages & Labor Practices
	Health & Safety
	C-TPAT

Overall Facility Rating:

	Outstanding Over **95%**
	Excellent **90% - 95%**
	Very Good **85% - 89%**
	Good **80% - 84%**
	Average **70% - 79%**
	Needs Improvement **61% - 69%**
X	Not Recommended **Below 60%**

Facility Type Rating: 67.59% Quality & Capability

Reason: Failed on critical items: B1*. D3*, D6*, E5*, G6*, H2*, H3*, H8* & K4*.

Section(s) of Failure: Section B, D, H & J could meet the minimum points needed.

FACILITY AUDIT - LIMITATIONS

UL Verification Services Inc (UL-VS) represents that it has exercised reasonable commercial effort to perform this Audit. In performing the Audit, however, UL-VS auditors have been constrained by the following factors:

1. The Facility Audit is based on what the auditors have personally seen, been told and upon the inspection of documents provided to them. The auditors have not made any additional investigation to verify the information provided to them.
2. UL-VS auditors have accepted as true what they have been told by management and employees of the facility.
3. UL-VS auditors cannot ascertain whether they have been given unlimited access to employees, or whether employees have been coached as to how to respond to questions.
4. UL-VS auditors have accepted as valid documentation provided to them by facility officials, and have made no independent investigation to determine the accuracy or completeness of the documentation. UL-VS auditors do not know if material documentation has been withheld by facility officials.
5. UL-VS auditors cannot verify that they have been allowed access to all of the facility, ancillary buildings and grounds associated with the facility.

Customer acknowledges the foregoing limitations on the accuracy and completeness of the Facility Audit.

Facility Representative : Feb.27, 2013
(Signature) Date

Quality Manager

Auditor : Steven Wang Feb.27, 2013
(Signature) Date

UL VS Auditor

I . GENERAL INFORMATION - VENDOR			
Vendor Name :	x	Contact Name :	x
EDI Vendor No.:	NA	Phone :	x
Street :	x	Fax :	NA
City :	x		
State :	x	Zip :	
Country :	USA		

II. FACTORY PROFILE		Business License # :	350000500000322
Factory Name (Incorporated Name) : Factory Name (Assumed Name) :	x	Expiration Date :	Jun.24, 2047
Relationship of Factory to Vendor :	Supplier	Apparel Industry Regn # :	NA
Year of Establishment / Operation :	Since June 24, 1999	Expiration Date :	NA
Total # of Employees :	x	EIN (US only) :	N/A
Person Interviewed :	3		

Personnel Name :			
Managing Director :	Mr. Zheng	Engineering Manager :	Mr. Su
General Manager :	Mr. Tu	Production Manager :	Mr. Xiao
Marketing Manager :	Mr. Xu	Factory Manager :	Mr. Sun
Technical Director :	Mr. Su		
Q.C. / Q.A. Manager :	Mr. Wang		
Q.C. / Q.A. Manager Reports to :	Mr. Sun (Factory Manager)		
Does Q.A. / Q.C. Manager have responsibilities other than quality ?	No.		

Certificate of Quality License of Export Commodities : N/A

Date of Issue:	Issued per shipment.	Date of Expiration :	

Factory Size / Layout :			
Area :	32,000 square meters	Stories covering :	4- 1 story + 2- 2 story buildings
# of Loading Docks :	1		
Years of experience manufacturing :	14 years		
Is the factory ISO 9000 registered?	No		

III. PRODUCT DESCRIPTION
Folding furniture

IV. MATERIAL DESCRIPTION
Metal tubs, fabric, plastic, accessories and packing materials.

PRODUCT CATEGORY					
MAJOR MACHINES AND EQUIPMENT					
3	ASSEMBLY LINE	24	RIVETING MACHINE	108	PNEUMATIC SCREW DRIVER
3	HOT SHRINKING MACHINE	3	SEALING MACHINE	2	DRILLING MACHINE
1	METAL DETECTOR	2	POWDER COATING LINE		

Facility Overview
The factory was founded on June 24, 1999. It has 4 one-story buildings and 2 two-story buildings used as production area and warehouse with a total of xemployees. Injection molding is sub-contracted; powder coating, assembly and packing processes are conducted in the factory. Quality manual and related quality procedures were established in the factory, but some of procedures were not effectively implemented. Improvements should be made on supplier control, incoming inspection, control of non-conforming materials and sharp tools control etc.

A. FACILITY & MAINTENANCE	Interview Y / N / NA	Observation Y / N / NA
1*. Is there sufficient available equipment to manufacture client's products?	**Y**	**Y**
2*. Does the factory have adequate capability to manufacture client's products without subcontracting major production work?	**Y**	**Y**
3. Is there sufficient space/room available to store raw materials and finished package product?	Y	Y
4. Is all equipment properly maintained and in good condition?	Y	Y
5. Are maintenance records of machines and equipment documented?	Y	Y
6. Does the factory have a maintenance team to give immediate response to a machinery breakdown or emergency that affects production?	Y	Y
7. Are molds (injection, roto-cast, die-cut) and spray masks properly stored to avoid rust and damage?	N/A	N/A
TOTAL POINTS		6

B. Supplier and Purchasing Control	Interview Y / N / NA	Observation Y / N / NA
1. Does Facility have an approved supplier program established for all their raw materials and packaging suppliers?	**N**	**N**
2. Are qualification requirements for new suppliers clearly defined and documented?	N	N
3. Is there a valid and updated list of suppliers/subcontractor approved by factory maintained?	N	N
4. Are all suppliers/subcontractors' performance (rejected lot/compliance of/delivery/service, etc.) being evaluated at least annually? If not how often are they being evaluated?	N	N
5. How are suppliers re-evaluated? Suppliers were re-evaluated annually on quality, price, on time delivery and service.		
6. Is a supplier performance score card maintained?	N	N
7. Are returned defective products analyzed?	N	N
8. Is there documented evidence that indicates the factory is using authorized subcontractors or supplier selected by customer (if applicable)	Y	Y
9. Does the factory have multiple viable sources for components?	N	N
10. Does the factory stock a supply of components or just order per PO?	Y	Y
11. How does the factory manage lead times for components?	Y	Y
12. How does the factory get notified when component orders cannot be delivered?	Y	Y
13. Who is responsible for "On time delivery" of components? Production Manager Mr. Xiao		
14. Are there any agreements in place for responsibility of sub-suppliers in regards to non-delivery?	N	N
TOTAL POINTS		4

C. QUALITY MANAGEMENT	Interview Y / N / NA	Observation Y / N / NA
1. Is there a formal quality manual or related quality document in the factory? Is it effectively implemented?	N	N
2*. Do the employees exhibit proficiency and experience in their job?	**Y**	**Y**
3*. Are the factory's quality control personnel trained before they perform their job duties as outlined in the quality manual?	**Y**	**Y**
4. Is there a developed quality control plan showing inspection procedures used during manufacturing?	Y	Y
5. Is there an experienced Q.C. manager or supervisory level person to head the Q.C. team?	Y	Y
6. Does the factory retain adequate and detailed quality control records to reflect product inspection before packaging?	N	N
7. Does the factory have all relative international or national safety standards related to its business?	Y	Y
8. Is the sampling size for internal inspection and testing adequate?	N	N
9. Is there adequate quality control supervision on all work shifts?	Y	Y
10. Are functions and job specifications defined for all personnel affecting quality?	Y	Y
11. Are there routine Q.C. checks on products?	Y	Y
TOTAL POINTS		8

D. INCOMING MATERIAL INSPECTION	Interview Y / N / NA	Observation Y / N / NA
1. Are raw materials labeled, stored, and traceable?	N	N
2. If raw materials need inspection prior to production, are they properly inspected and are records traceable?	N	N
3*. Is the inspection sampling size adequate, and does the quality of raw materials and components meet all requirements?	**N**	**N**
Are there traceable inspection records?	N	N
5*. Are raw materials kept in controlled, segregated locations to prevent quality deterioration?	**Y**	**Y**
6*. Are there efficient systematic controls on non-conforming raw materials? Is there appropriate documentation?	**N**	**N**
TOTAL POINTS		1

E. MANUFACTURING PROCESS	Interview Y / N / NA	Observation Y / N / NA
1. Is routing made for process flow?	Y	Y
2. Is the scheduling system for products adequate?	Y	Y
3. Are daily Q.C. records maintained on in-process materials and products?	Y	Y
4. Are the Q.C. records adequate?	Y	Y
5*. Are non-conforming products properly segregated and labeled?	**N**	**N**
6. Is there a system for formulation/change or alternate raw material approval?	Y	Y
7. Are manufactured products protected from contamination with machine oil, dirt, etc.?	Y	Y
8. Are there approval samples attached to each working machine for reference?	N	N
9. Does the factory perform mechanical tests on-line with production to ensure product's compliance to specification?	Y	Y
TOTAL POINTS		7

F. PAINT SPRAYING/APPLICATION	Interview Y / N / NA	Observation Y / N / NA
1. Is the spray booth capacity adequate to complete the order on time?	Y	Y
2. Does the quality of decoration on the components/parts from subcontractors meet client's standards?	N/A	N/A
3. Are approval samples/parts attached to each work station for worker's reference?	N	N
4. Are there replicates of limit setting samples or charts of acceptance/rejection criteria prominently attached to each work station?	N	N
5. Is there an adequate training program for workers?	Y	Y
6. Are painted parts properly stored?	Y	Y
7. Are the sprayed components/parts inspected according to a schedule program?	Y	Y
8. Are written inspection reports kept?	Y	Y
9. Are quality approved components/parts segregated from non-conforming components/parts, and are all clearly labeled for identification?	Y	Y
10*. Is the ventilation system adequate?	**Y**	**Y**
TOTAL POINTS		7

G. IN-LINE/FINAL INSPECTION & Q.A. TESTING	Interview Y / N / NA	Observation Y / N / NA
1*. Does the factory perform lot and in-line inspections on products?	**Y**	**Y**
2*. Are formal written inspection reports used, and are they properly filed for traceability and quality review of products?	**Y**	**Y**
3. Are lines monitored by quality control personnel to assure product quality compliance?	Y	Y
4. Are there adequate, clearly written criteria/instructions available for inspectors to follow?	Y	Y
5*. Does the factory perform internal final inspection on products before shipments?	**Y**	**Y**
6*. Do records show rejected lots are well identified and segregated from acceptable lots for re-work?	**N**	**N**
7. Do records reflect immediate disposition of rejected lots?	N	N
8. Are corrective actions communicated to key departments?	Y	Y
9. Is the inspection and test equipment reliable to verify specification conformance of the work in process or final products?	Y	Y
10. Is testing equipment calibrated on a regular schedule with records and tags attached?	Y	Y
11. Are there documented procedures to assure specified packaging and shipment of products? If not, are there enough controls to guarantee quality?	Y	Y
12. Is formal documentation from management required to authorize mass production?	Y	Y
13. Are there approved aesthetic samples attached to all work stations to let inspectors/workers check standards?	Y	Y
14. Is the product sample size for final inspection adequate to meet client's standards?	Y	Y
15. Are defects charted and analyzed to improve quality?	Y	Y
16. Does the factory have basic mechanical testing equipment such as tension gauge, sharp point/edge, compression, bite tester, impact medium, and small parts cylinder?	Y	Y
17*. Does the factory perform mechanical tests on-line with production to ensure product's compliance to specification?	**Y**	**Y**
TOTAL POINTS		15

H. NON-CONFORMING MATERIAL CONTROL	Interview Y / N / NA	Observation Y / N / NA
1. Is there a policy to control non-conforming materials?	Y	Y
2*. Are non-conforming materials sufficiently identified with labels and tags for disposal?	**N**	**N**
3*. Are there segregated areas to store non-conforming and conforming materials?	**N**	**N**
4. Is the non-conforming materials procedure satisfactory?	N	N
5. Are there records of non-conforming components or products?	N	N
6. Can factory document and demonstrate procedures for how they handle non-conforming materials.	N	N
7*. Does the factory have clear policy within its departments to delegate authority to stop production if the products are out of client specifications?	**Y**	**Y**
8*. Can the factory demonstrate how non-conforming materials or products are segregated and kept out of production?	**N**	**N**
TOTAL POINTS		2

I. RECORD AND DOCUMENT CONTROL	Interview Y / N / NA	Observation Y / N / NA
1*. Are customer or approved internal specifications properly filed and accessible?	**Y**	**Y**
2*. Are documents on product changes or ingredient substitutions kept in a master control file for record?	**Y**	**Y**
3. Are in-line and final inspection reports kept in master files?	Y	Y
4. Where authorized subcontractors are employed, does the factory provide adequate supervision and guidance to ensure compliance with client's standards?	Y	Y
5. Are internal inspection reports on components/parts provided by outside subcontractors?	N	N
6*. Does the factory understand that all technical information relating to client's projects is confidential and confidentially is to be maintained?	**Y**	**Y**
TOTAL POINTS		5

J. SHARP TOOL CONTROL	Interview Y / N / NA	Observation Y / N / NA
1. Are sharp tools (razor blades, drills, scissors) tied on working benches?	N	N
2. Is the razor blade a single piece of sharp tool (not consisting of break-away blades)?	N	N
3*. Is the distribution of sharp tools to workers controlled by a single person or properly handled?	**Y**	**Y**
4. Is there a record (log) book to register daily issuance and return of sharp tools?	N	N
5. Is there a written procedure and policy to investigate missing sharp tools? If not, is the handling on the suspicious lots satisfactory?	Y	Y
6. Is the metal detector checked to ensure that its sensitivity and operation is normal, and are such conditions recorded in the log book?	N/A	N/A
7. Are part(s) of the broken sewing needles attached onto the control log book for reference? (Only applicable in soft toys/premiums)	N/A	N/A
TOTAL POINTS		2

K. PACKAGING/WAREHOUSE STORAGE	Interview Y / N / NA	Observation Y / N / NA
1. Is the packaging area isolated from production and assembly areas?	Y	Y
2. Are there controls to segregate products from other customers' products?	Y	Y
3. Are there controls to prevent out of specification products from packing for shipment?	N	N
4*. Are non-confirming products identified, rejected and segregated from the packaging area?	**N**	**N**
5. Are components and work in process products kept out of the packaging area?	Y	Y
6. Are products cleaned before shipped?	Y	Y
7. Are poly bagged products passed through ultraviolet light before metal detection and packing?	N/A	N/A
8. Are approved finished products packed immediately to avoid contamination, or are they properly stored and protected?	Y	Y
9. Are poly bagged products passed through metal detectors before packing into master cartons? If products contain metal parts, are they properly controlled in the assembly stage?	N/A	N/A
10. Are sharp tools absolutely restricted from the packaging area? If unavoidable, is control satisfactory?	Y	Y
11. Are case count procedures accurate? If not, is the procedure acceptable to prevent product shortage?	Y	Y
12. Are packed master cartons stored protected to avoid damage or contamination?	Y	Y
13. Is there equipment used for stamping date code, lot and case numbers?	N	N
14. Are master cartons stacked in good condition?	Y	Y
15*. Is the warehouse locked?	**Y**	**Y**
TOTAL POINTS		10

L. COMMUNICATION	Interview Y / N / NA	Observation Y / N / NA
1. Do factory's management and key staff understand English sufficiently to ensure communication with client? If no, what measures are taken to provide effective communication?	Y	Y
2. Are both verbal and written instructions given to workers in their native language?	Y	Y
3. Do all workers speak the language of this location?	Y	Y
4. Is technical information clearly identified with adequate controls throughout?	Y	Y
5. Does the communication system have international access?	Y	Y
6. Are telephone, fax and e-mail available?	Y	Y
TOTAL POINTS		6

AUDIT SECTION	DESCRIPTION	Minimum Points Needed	Maximum Points Possible	Total Points Achieved
A.	FACILTY & MAINTENANCE	3	6	6
B.	SUPPLIER PURCHASING AND CONTROL	6	12	4
C.	QUAILITY MANAGEMENT	6	11	8
D.	INCOMING MATERIAL INSPECTION	3	6	1
E.	MANUFACTURING PROCESS	5	9	7
F.	PAINT SPRAYING/APPLICATION	5	9	7
G.	IN-LINE/ FINAL INSPECTION	9	17	15
H.	NON-CONFORMING MATERIAL CONTROL	4	8	2
I.	RECORD & DOCUMENTATION CONTROL	3	6	5
J.	SHARP TOOL CONTROL	3	5	2
K.	PACKAGING/WAREHOUSE	7	13	10
L.	COMMUNICATIONS	3	6	6
	Total Points Achieved			73
	Maximum Points Possible		108	
	Overall Rating %			67.59%

FAILURE OF CRITICAL ITEMS: **B1*. D3*, D6*, E5*, G6*, H2*, H3*, H8* & K4*.**
Section Line Item / Comments: Section B, D, H & J could meet not the minimum points needed.
Please refer to Comment Sheets for details.

All individual sub-groups must meet minimum points needed.
Overall rating must be no less than 70%.
Failure of any critical (*) items? **Yes**

(Items marked with a "*" are considered critical. Any "no" response requires immediate failure of the Factory Audit.)

AUDIT COMMENT DETAIL SHEET

SECTION	COMMENTS FROM INTERVIEW/AUDITOR OBSERVATIONS
A5	Records showed machines were maintained daily.
B1*, B3, B4, B6	Shrinking film supplier was not listed on the list of suppliers/subcontractor; there were no records showing shrinking film supplier's performance had been evaluated
B2	No evaluation records of new suppliers were provided for reviewing during audit.
B7	No records showed returned defective products were analyzed.
B9	The factory did not have multiple viable sources for plastic components; there was only one supplier for plastic components.
B14	No records showed there were any agreements in place for responsibility of sub-suppliers in regards to non-delivery.
C1	Quality manual and related quality procedures were established in the factory, but some procedures such as non-conforming products control procedure etc. were not effectively implemented.
C6, D2, D4	No incoming inspection records of shrinking film and coating powder were maintained.
C7	The factory had copies of GB/T3325-2008, ASTM F2613-09 and H.R.4040 etc.
C8, D3*	No inspection instructions and records of shrinking film and coating powder were available.
D1	Plastic raw materials, packing materials and coating powder were not identified with specification, lot number, inspection status and date; metal tubes, plastic components were not identified with name, specification, lot number, inspection status and date.
D3*	For fabric components, the factory sampled according to GB2828-2003, level II, AQL: 0/2.5/4.0, metal tubes were sampled 5 pieces per lot, plastic components were sampled 5 pieces per lot, hardware accessories were sampled 13 pieces per lot and cartons were sampled 3 pieces per lot to conduct incoming inspection, but no inspection instructions and records of shrinking film and coating powder were available.
D6*	Non-conforming materials in fabric components warehouse were identified and segregated, but they were identified & segregated to store non-conforming materials in plastic warehouse, metal tubes warehouse and packing materials warehouse, and these materials were not identified with inspection status.
E5*, G6*, K3, K4*	Non-conforming products in assembly area and packing area were not identified and not segregated.
E8, F3	No approved samples were attached to working stations in powder coating area.
E9, G17*	The factory conducted pressing test, loading test, impact test and dropping test etc on the products.
F2	Powder coating was not sub-contracted.
F4	No replicates of limit setting samples or charts of acceptance/rejection criteria were attached to work stations.
G5*	The factory sampled according to GB2828-2003, level II, AQL: 0/2.5/4.0 to conduct final inspection.
G7	No records of disposition of rejected lots were maintained.
H2*, H3*, H4, H6, H8*	There was identified & segregated area to store non-conforming materials in plastic warehouse, metal tubes warehouse and packing materials warehouse, but these materials were not identified with inspection status. And non-conforming products in assembly area and packing area were not identified and not segregated.
H5	There were no records of non-conforming components or products.
I2*	Written procedure of product changes or ingredient substitutions and blank form of products changes were available, as per factory, no products were changed.
I5	Injection molding was sub-contracted, but no internal inspection reports on components/parts were provided by outside subcontractors.
J1, J2	"Break away" blades and scissors were used in assembly area; these were not tied to work benches.
J4	There was no record (log) book to register daily issuance and return of sharp tools.
J6, K9	Metal detector was not applicable to the products.
J7	No needles were used in the factory.
K7	Ultraviolet light was not applicable to the products.
K13	There was no equipment used for stamping date code, lot and case numbers.

Factory Name:	x	Report Number:	HC1300115
Vendor Name:	x	Audit Date:	Feb.27, 2013

[FACTORY GATE]

x

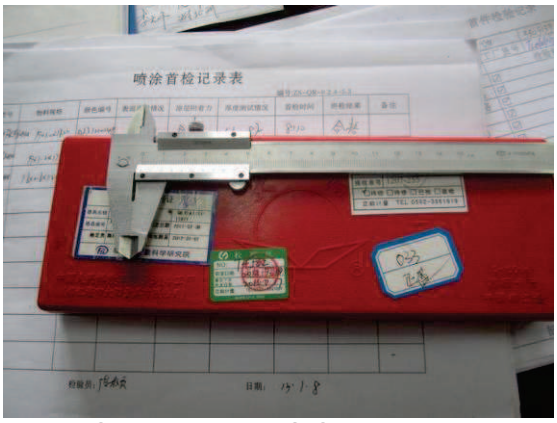
[FACTORY NAME]

[PRODUCTION BUILDINGS]

[INCOMING INSPECTION AREA]

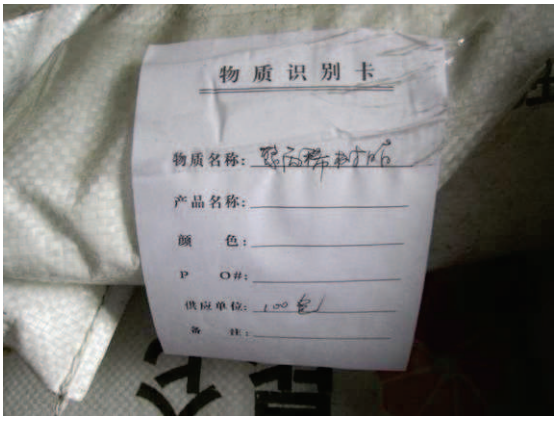
[NON-CONFORMING PRODUCTS IN FABRIC COMPONETS WAREHOUSE WERE IDENTIFIED AND SEGREGATED]

[EQUIPMENT WAS CALIBRATED]



[EQUIPMENT WAS CALIBRATED]

[PLASTIC RAW MATERIALS STORAGE]



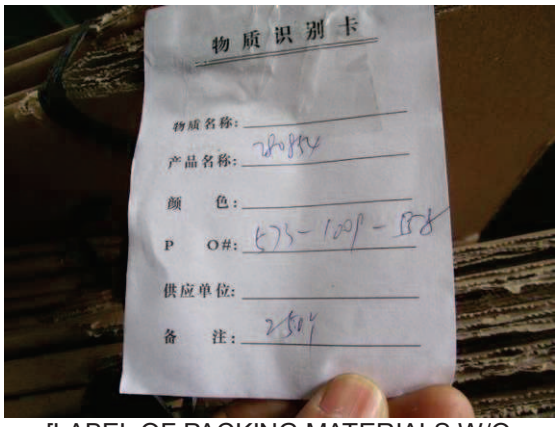
[LABEL OF PLASTIC RAW MATERIALS W/O SPECIFICATION, LOT NUMBER, INSPECTION STATUS AND DATE]

[PLASTIC COMPONENTS STORED W/O LABEL]

[METAL TUBES STOAGE]

[COATING POWDER STORAGE]

[PACKING MATERIALS STORAGE]



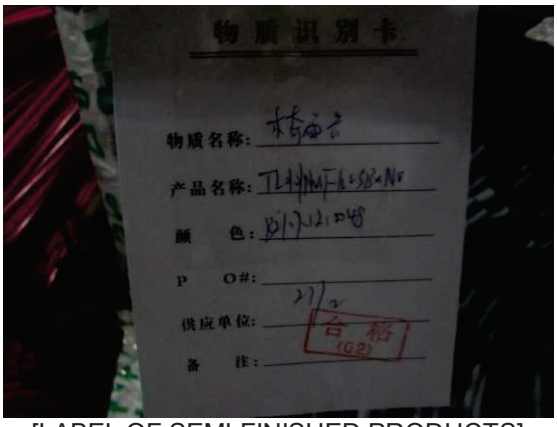
[LABEL OF PACKING MATERIALS W/O SPECIFICATION, LOT NUMBER, INSPECTION STATUS AND DATE]

[AUTOMATIC POWDER COATING LINE]

[COATED PARTS WERE100% INSPECTED]

[NON-CONFORMING PRODUCTS WERE IDENTIFIED AND SEGREGATED]

[SEMI-FINISHED PRODUCTS STORAGE]

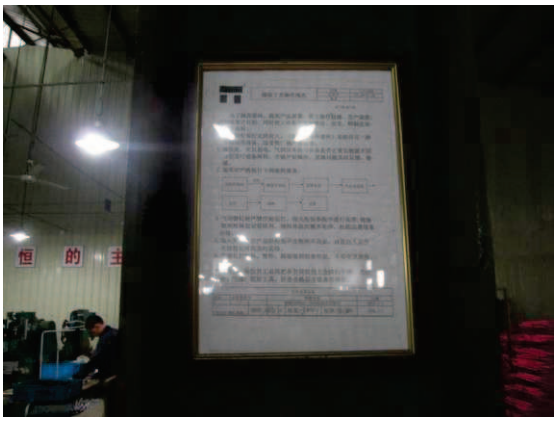


[LABEL OF SEMI-FINISHED PRODUCTS]


[RIVETING AREA]


[ASSEMBLY AREA]


[APPROVED SAMPLE AVAILABLE]


[WORK INSTURCTIONS AVAILABLE]

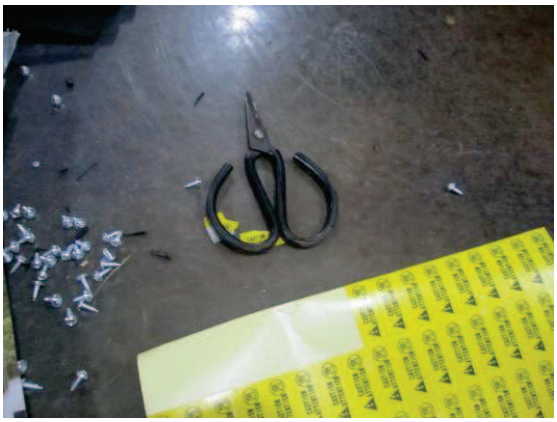

[IN-PROCESS INSPECTION]

[NON-CONFORMING PRODUCTS WERE NOT IDENTIFIED AND NOT SEGREGATED]

[ASSEMBLY AREA]

[ASSEMBLY AREA]

['BREAK WAWY' BLADES WERE USED IN ASSEMBLY AREA]



[SCISSORS IN ASSEMBLY WERE NOT TIED]

[PACKAGING AREA]

[IN-PROCESS INSPECTION]

[NON-CONFORMING PRODUCTS WERE NOT IDENTIFIED AND NOT SEGREGATED

[PACKED PRODUCTS STORAGE]

X

[LABEL OF PAKED PRODUCTS]

End of Report