



Wal-Mart ID: 36139603

"Yellow"

*****Please read carefully as some of the following information has been updated*****

Date of Audit: 07/31/2014

Date of Assessment: 08/12/2014

Factory Name / ID in Country: ASNY Craft Factory / 36139603 in CHINA

Dear Supplier,

We would like to thank you for your cooperation during our Responsible Sourcing audit. The above stated factory has received a **"Yellow"** assessment. The factory had violations which were deemed to be medium risk.

Please work closely with your factory to remedy these violations to prevent future reoccurrence.

According to the RS program, the following conditions apply to this factory:

- Orders can be placed
- Placement of orders in this factory for Walmart production is at the discretion of Walmart Sourcing / Merchants.
- Orders can be shipped
- Follow-up audit will be conducted within **1 Year** from assessment date listed above.
- The completed action plan by the factory management must be presented to the auditor during the follow-up audit.

Request Info		Scheduling					
Request Number	3936298	Factory ID	36139603	Schedule Date	04/21/2014	GP Office	NA
Factory Details							
	English			Local Language			
Factory Name	ASNY Craft Factory Primary Factory						
Factory Address	Road 2, FanMo, ShiMei Village, WanJiang District						
Factory City	DONGGUAN						
Factory State	Guangdong						
Factory Country	CHINA						
Factory Phone	Wang						
Factory Fax	NA						
Factory Email	balang@asnypin.com						
Factory Code	36139603						
Factory Contact	Balang						
Factory Importer Of	USA SUPPLIER						

Record

Violation Summary

SECTION COMPLIANCE OF WAGE

WAGE FOR NORMAL HOURS

Answer NO

Comments Document reviewed: Payroll records, attendance records, labour contracts and production records

Compliance details: Based on the payrolls from Apr, 2014 to Jun, 2014 review and workers interview, it was noted that all workers in the factory were paid by hourly rate. And the minimum wages paid for workers were RMB 7.53/hour which was comply with the legal minimum wage RMB 7.53/hour since May, 2013.

OVERTIME PREMIUM

Answer NO

Comments Document reviewed: Payroll records, attendance records, labour contracts and production records

Compliance details: Based on the payrolls and attendance records from Apr, 2014 to Jun, 2014 review and workers interview, it was noted that all workers overtime working wages on weekdays and weekends were paid by 150% and 200% of regular wages respectively. And no overtime working hours were arranged on Statutory Holidays. Based on cross checking between production records (such as raw material in/out records, raw material inspection records and daily production records) and the attendance records, no inconsistencies were identified during the audit.

UNCLEAR WAGE SYSTEMS

Answer NO

Comments Document reviewed: Payroll records, attendance records and production records

Compliance details: Based on the payrolls and attendance records from Apr, 2014 to Jun, 2014 review and workers interview, it was noted all workers in the factory were paid by hourly rate. And all workers were paid the wages at the end of the month on the following month by cash. Wages slips were provided for workers while wages were paid. And all workers were required to sign on the payrolls. Paid annual leave, statutory holidays and sick leave were provided for workers comply with legal law. Based on cross checking between production records (such as raw material in/out records, raw material inspection records and daily production records) and the attendance records, no inconsistencies were identified during the audit.

SECTION BENEFITS

MEDICAL CHECK UP / INSUFFICIENT INSURANCE COVERAGE

Answer YES

Pre Defined Comments Source:Payroll record

Comments

Source:Workers? interviews

Non compliance with Wal-Mart Standards For Suppliers Section 1

In accordance with China Labor Law, article 72, the sources of social insurance funds shall be determined according to the categories of insurance, and an overall pooling of insurance funds from the society shall be introduced step by step. The employing unit and laborers must participate in social insurance and pay social insurance premiums in accordance with the law. And article 73, laborers shall, in accordance with the law, enjoy social insurance benefits under the following circumstances: @ retirement; illness or injury; disability caused by work-related injury or occupational disease; @unemployment; and child-bearing.

In addition, In accordance with Wal-Mart Standards for Suppliers Compensation: Suppliers must compensate all workers with wages, overtime premiums, and benefits that meet or exceed legal standards or collective agreements, whichever are higher. Suppliers are encouraged to provide wages that meet local industry standards. Suppliers are encouraged to provide wages and benefits that are sufficient to meet workers f basic needs and provide some discretionary income for workers and their families.

It was noted that inadequate social insurance was provided for employees in each month.

Evidence observed: During the audit, the factory provided social insurance receipts and registers from Apr, 2014 to Jul, 2014 for review, it was identified that inadequate social insurance was provided for employees in each month. Based on social insurance receipt and register of Jul, 2014, the factory provided accident insurance for all 46 employees (18 employees out of them were covered in commercial insurance), only provided retirement insurance, unemployment insurance, medical and maternity insurance for 27 employees,. Then, there were 46 employees in the factory during the audit. And it was confirmed by workers and factory management interview.

Recommendation: To conform to China Labor Law, article 72 and 73, the factory should provide social insurance for all employees.

Timeframe for completion of remediation and the responsible party: Wang Haoliang/HR Manager is responsible for improve the finding within 3 months.

Factory comments: Factory manager acknowledged this finding and will improve it within 3 months.

SECTION

LABOR HOURS

INCOMPLETE AND INCONSISTENT TIME SYSTEM

Answer

NO

Comments

Document reviewed: Payroll records, attendance records, production records

Compliance details: Workers working hours were recorded by electronic card scan. The factory provided the attendance records from Apr 1, 2014 to the audit day for review. And the factory provided the leave application records and the attendance records of retired employee for review. Based on cross checking between production records (such as raw material in/out records, raw material inspection records and daily production records) and the attendance records, no inconsistencies were identified during the audit.

NON COMPLIANCE WITH LABOR HOURS (REGULAR WORKING HOURS: DAILY, WEEKLY, MONTHLY / OVERTIME WORKING HOURS: DAILY, WEEKLY, MONTHLY)

Answer YES

Pre Defined Comments Source:Payroll record
Source:Time card record
Source:Production record

Comments Non compliance with Wal-Mart Standards For Suppliers Section 3
In accordance with China Labor Law, Article 41, the employing unit may extend working hours due to the requirements of its production or business after consultation with the trade union and laborers, but the extended working hour for a day shall generally not exceed one hour; if such extension is called for due to special reasons, the extended hours shall not exceed three hours a day under the condition that the health of laborers is guaranteed. However, the total extension in a month shall not exceed thirty six hours.

In addition, In accordance with the Wal-Mart Standards for Suppliers Labor Hours: Suppliers must provide workers with rest days and must ensure that working hours are consistent with the law and not excessive.

It was noted that workers f monthly overtime hours exceeded 36 hours from Apr, 2014 to Jul, 2014.

Evidence observed: During the audit, the factory provided working hour records from Apr 1, 2014 to the audit date for review, it was identified the workers f monthly overtime hours exceeded 36 hours from Apr, 2014 to Jul, 2014. During the audit, 2 workers f working hour records in Apr, 2014 were sampled for review, it was identified that their monthly overtime hours exceeded 36 hours and up to 42 hours; 2 workers f working hour records in May, 2014 were sampled for review, it was identified that their monthly overtime hours exceeded 36 hours and up to 58 hours; 2 workers f working hour records in Jun, 2014 were sampled for review, it was identified that their monthly overtime hours exceeded 36 hours and up to 46 hours; 2 workers f working hour records in Jul, 2014 were sampled for review, it was identified that their monthly overtime hours exceeded 36 hours and up to 48 hours.

Recommendation: To conform to China Labor Law, Article 41, the factory should arrange workers to work overtime per legal requirement and ensure all workers f monthly overtime hours do not exceed 36 hours.

Timeframe for completion of remediation and the responsible party: Wang Haoliang/HR Manager is responsible for improve the finding within 3 months.

Factory comments: Factory manager acknowledged this finding and will improve it within 3 months.

Current status: Based on the attendance records from Apr 1, 2014 to the audit day review, workers usually did 2 overtime working hours on weekdays and did 8 overtime working hours on Saturdays and rest Sundays. The maximum daily overtime working hours were 2 hours and the maximum monthly overtime working hours were 58 hours in May, 2014, the maximum weekly working hours were 54 hours. Based on cross checking between production records (such as raw material in/out records, raw material inspection records and daily production records from Apr 1, 2014 to the audit day) and the attendance records, no

inconsistencies were identified during the audit.

SECTION

EMPLOYMENT PRACTICES

NO ROBUST HIRING PROCEDURE.

Answer

NO

Comments

Document reviewed: Recruiting procedure, personnel files, labour contracts

Compliance details: Based on documents review, it was noted policy regard to recruitment was established in the factory. Workers ID cards were required to verify while entering the factory. And the factory kept and provided all workers f ID copies and personnel files for review. Based on the employee roster and personnel files review, no underage workers and young workers were identified during the audit. The youngest worker was 21 years old who was born on Apr 10, 1993 and entered in the factory on Mar 20, 2014.

SECTION

PPE / CHEMICAL SAFETY

NO TRAINING FOR PPE / INAPPROPRIATE TYPE OF PPE / WORKERS NOT WEARING PPE APPROPRIATELY / NO PPE PROVIDED TO SOME WORKERS OR SOME DEPARTMENTS IN THE FACTORY

Answer

YES

Pre Defined Comments

Source:On site observation

Comments

Non compliance with Wal-Mart Standards for Suppliers Section 7

In accordance with Article 37, Production Safety Law of the People fs Republic of China

The production and business operation entities shall provide labor protection articles that meet the national standards or industrial standards to the employees thereof, supervise and educate them to wear or use these articles according to the prescribed rules.

In addition, In accordance with Wal-Mart Standards for Suppliers, Health and Safety: Suppliers must provide workers with a safe and healthy work environment. Suppliers must take proactive measures to prevent workplace hazards.

It was noted that one worker exposed to hazardous did not wear proper PPE.

Evidence observed: Based on onsite audit, one worker who worked at moulds manufacturing workshop did not wear earplug. (Confirmed with the management, factory had provided proper PPE).

Recommendation: To conform to Article 37, Production Safety Law of the People fs Republic of China, the factory should educate workers to wear PPE properly.

Timeframe for completion of remediation and the responsible party: Wang Haoliang/HR Manager is responsible for improve the finding immediately.

Factory comments: Factory manager acknowledged this finding and will improve it immediately.

SECTION RIGHT OF INSPECTION

PART OF RELEVANT INFORMATION NOT AVAILABLE / MISSING

Answer YES

Pre Defined Comments Source:Documentation review

Source:On site observation

Non compliance with Wal-Mart Standards for Suppliers Section 1

Comments In accordance with Law of the People's Republic of China on Prevention and Control of Occupational Diseases, Article 27 The employer shall assign special persons to carry out daily monitoring of the factors of occupational disease hazards and make sure that the monitoring system is under normal working conditions.

The employer shall, in accordance with the regulations of the production safety supervision and administration department under the State Council, have the factors of occupational disease hazards regularly monitored and assessed at the workplace. The results of monitoring and assessment shall be kept in the unit's files of occupational health regularly reported to the local production safety supervision and administration department and announced to the workers.

In addition, In accordance with Wal-Mart Standards for Suppliers, Health and Safety: Suppliers must provide workers with a safe and healthy work environment. Suppliers must take proactive measures to prevent workplace hazards.

It was noted that no noise test provided for pressure casting workshop, no air quality test for coloring workshop.

Evidence observed: Based on document review and management interview, no noise test was arranged for pressure casting workshop, no air quality test for coloring workshop.

Recommendation: To conform to Law of the People's Republic of China on Prevention and Control of Occupational Diseases, Article 27, factory should arrange noise test for pressure casting workshop, and arrange air quality test for coloring workshop.

Timeframe for completion of remediation and the responsible party: Wang Haoliang/HR Manager is responsible for improve the finding within 3 months.

Factory comments: Factory manager acknowledged this finding and will improve it within 3 months.

SECTION ENVIRONMENT - WASTEWATER & EFFLUENTS MANAGEMENT

DRAINAGE SYSTEM: (E.G. NO CLEAR LAYOUT, NO SEPARATION AMONG RAINWATER AND WASTEWATER, ETC...)

Answer YES

Pre Defined Comments Source:Documentation review

Non compliance with Wal-Mart Standards for Suppliers Section 9

Comments

In accordance with Wal-Mart Standards for Suppliers, Environment Suppliers should ensure that every manufacturing facility complies with environmental laws, including all laws related to waste disposal, air emissions, discharges, toxic substances and hazardous waste disposal. Suppliers must validate that all input materials and components were obtained from permissible harvests consistent with international treaties and protocols in addition to local laws and regulations.

It was noted that no accurately and detailed drainage layout.

Evidence observed: Based on management interview, no accurately and detailed drainage layout was available.

Recommendation: To conform to Wal-Mart Standards for Suppliers, Environment, the factory should obtain the drainage layout.

Timeframe for completion of remediation and the responsible party: Wang Haoliang/HR Manager is responsible for improve the finding within 1 month.

Factory comments: Factory manager acknowledged this finding and will improve it within 1 month.

SECTION

ENVIRONMENT - AIR EMISSIONS MANAGEMENT

MAINTENANCE OF ODS (OZONE DEPLETING SUBSTANCES) CONTAINING EQUIPMENT (E.G. EQUIPMENTS INSPECTIONS NOT REGULARLY CONDUCTED, NO LEAKAGE CONTROLS IN PLACE, EVIDENCES OF LEAKAGES, ETC...)

Answer

YES

Pre Defined Comments

Source:Documentation review

Non compliance with Wal-Mart Standards for Suppliers Section 9

Comments

In accordance with Wal-Mart Standards for Suppliers, Environment Suppliers should ensure that every manufacturing facility complies with environmental laws, including all laws related to waste disposal, air emissions, discharges, toxic substances and hazardous waste disposal. Suppliers must validate that all input materials and components were obtained from permissible harvests consistent with international treaties and protocols in addition to local laws and regulations.

It was noted that the factory did not inspect the equipments related ODS.

Evidence observed: Based on management interview, the factory did not inspect the equipments such as air conditioner related ODS.

Recommendation: To conform to Wal-Mart Standards for Suppliers, Environment, the factory should inspect the equipments related ODS.

Timeframe for completion of remediation and the responsible party: Wang Haoliang/HR Manager is responsible for improve the finding within 1 month.

Factory comments: Factory manager acknowledged this finding and will improve it within 1 month.

SECTION ENVIRONMENT - MANAGEMENT SYSTEM

NO TRAINED MEMBER OF MANAGEMENT RESPONSIBLE FOR COORDINATION OF ENVIRONMENTAL MANAGEMENT ACTIVITIES

Answer YES

Pre Defined Comments Source:Documentation review

Source:Worker's interview

Non compliance with Wal-Mart Standards for Suppliers Section 9

Comments

In accordance with Wal-Mart Standards for Suppliers, Environment: Suppliers should ensure that every manufacturing facility complies with environmental laws, including all laws related to waste disposal, air emissions, discharges, toxic substances and hazardous waste disposal. Suppliers must validate that all input materials and components were obtained from permissible harvests consistent with international treaties and protocols in addition to local laws and regulations.

It was noted that no trained member of management responsible for coordination of environmental management activities.

Evidence observed: Based on document review and management interview, no trained member of management responsible for coordination of environmental management activities.

Recommendation: To conform to Wal-Mart Standards for Suppliers, Environment, the factory should trained member of management responsible for coordination of environmental management activities.

Timeframe for completion of remediation and the responsible party: Wang Haoliang/HR Manager is responsible for improve the finding within 1 month.

Factory comments: Factory manager acknowledged this finding and will improve it within 1 month.

SECTION HEALTH AND SAFETY RISK ASSESSMENT

FACILITY DOES NOT MAINTAIN DOCUMENTS PERIODICALLY REVIEW RISK ASSESSMENTS RELATING TO OCCUPATIONAL HEALTH AND SAFETY RISKS

Answer YES

Pre Defined Comments Non compliance with Wal-Mart Standards for Suppliers Section 7

Comments In accordance with Law of the People's Republic of China on Prevention and Control of Occupational Diseases, Article 36:

With regard to the workers who engage in operation exposed to occupational disease hazards, the employer shall, in accordance with the regulations of the public health administration department under the State Council, make arrangements for pre-service, in-service and job leaving occupational health checkups and truthfully inform the workers of the results of the checkups. The expenses for occupational health checkups shall be borne by the employer.

No employer may assign to workers who have not received pre-service occupational health check-ups any jobs exposed to occupational disease hazards, nor assign to workers forbidden jobs. Workers whose signs of job-related injuries are shown by occupational health checkups shall be transferred from their original posts and proper arrangements shall be made for them. With regard to workers who have not received occupational health checkups before leaving their jobs, the employer may not cancel or terminate the labor contracts concluded with them.

Occupational health checkups shall be undertaken by the medical and health institutions approved by the public health administration departments of the people's government at or above the provincial level.

In accordance with Wal-Mart Standards for Suppliers, Health and Safety: Suppliers must provide workers with a safe and healthy work environment. Suppliers must take proactive measures to prevent workplace hazards.

It was noted that the factory did not arrange 5 out of 10 workers in hazardous position to do occupational health examination.

Evidence observed: Based on document review and management interview, the factory did not arrange 5 out of 10 workers in hazardous position such as engaged in chemical and noise to do occupational health examination.

Recommendation: To conform to Law of the People's Republic of China on Prevention and Control of Occupational Diseases, Article 36 , the factory should arrange all workers in hazardous position to do occupational health examination.

Timeframe for completion of remediation and the responsible party: Wang Haoliang/HR Manager is responsible for improve the finding within 3 months.

Factory comments: Factory manager acknowledged this finding and will improve it within 3 months.