<table>
<thead>
<tr>
<th>Production Processes</th>
<th>Complete</th>
<th>Non-Compliance 1</th>
<th>Non-Compliance 2</th>
<th>Non-Compliance 3</th>
<th>Non-Compliance 4</th>
<th>Non-Compliance 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Refill assembly, MECH assembly, grinding, polishing, tumbling, facing, powder coating, lacquer coating, cuing, molding, engineering, metal stamping, packaging, sand blasting, degreeless cleaning, ultra-sonic cleaning</td>
<td>Completed</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**External Verification**

**Risk of Noncompliance**

1. No age verification procedures.
2. No other methods to prove workers' ages.
3. No system for identifying work stations.
5. Disciplinary records are not maintained in H&S.5 Health and Safety Management System.

**H&S.6 Discipline/Worker Awareness and Participation of Young Workers**

1. No system for identifying work stations.
2. Noncompliance.
3. The documented procedure on juvenile workers protective action was established in the Employee Handbook, clause 1.6.3. The documented procedure on juvenile workers protection instruction for Young Workers according to applicable laws.
4. The documented procedure on juvenile workers protective action was established; the file name was Protection Instruction for thomen under Legal Age Work, Recipe.
5. The documented procedure on juvenile workers protective action was established.

**H&S.7 General Compliance and Participation of Workers**

1. The register and annual inspection certificate of one forklift was provided during this audit.
2. The documented procedure on discipline and appeals procedure was established in the Employee Handbook, clause 1.6.4.
3. The documented complaint procedure was established in the Employee Handbook, clause 1.6.4.
4. The documented nondiscrimination procedure was established in the Employee Handbook, clause 1.6.4.
5. The documented procedure on discipline and appeals procedure was established in the Employee Handbook, clause 1.6.4.

**H&S.8 Health and Safety Policy**

1. Three gas tanks of 2 cubic in air compressor room of 6/F are not regularly tested and reviewed and continuously developed.
2. The chemical warehouse store with about 4 tons paint and other flammable chemicals located on the roof of the factory building near to the air compressor room.
3. The documented procedure on communication and complaint was determined at the Employee Handbook, section 1.6.1 and 1.6.2. The employees entitled to report the noncompliance, retaliation or unfair treatment to another supervisor.
4. The documented procedure on communication and complaint was determined at the Employee Handbook, section 1.6.1 and 1.6.2.
5. The registered health and safety policy was established in the factory.

**H&S.9 Health and Safety Management System**

1. The written Health and Safety Management System was established in the factory.
2. The documented procedure was established in the Employee Handbook, clause 1.6.4.
3. The documented procedure was established in the Employee Handbook, clause 1.6.4.
4. The documented procedure was established in the Employee Handbook, clause 1.6.4.
5. The documented procedure was established in the Employee Handbook, clause 1.6.4.

**H&S.12 Establishment and Implementation of Training**

1. The safety procedures and trainings are conducted for the factory staff.
2. The documented complaint procedure was established in the Employee Handbook, clause 1.6.4.
3. The documented procedure was established in the Employee Handbook, clause 1.6.4.
4. The documented procedure was established in the Employee Handbook, clause 1.6.4.
5. The documented procedure was established in the Employee Handbook, clause 1.6.4.

**H&S.13 Establishment and Implementation of Training**

1. The documented complaint procedure was established in the Employee Handbook, clause 1.6.4.
2. The documented procedure was established in the Employee Handbook, clause 1.6.4.
3. The documented procedure was established in the Employee Handbook, clause 1.6.4.
4. The documented procedure was established in the Employee Handbook, clause 1.6.4.
5. The documented procedure was established in the Employee Handbook, clause 1.6.4.

**H&S.14 Establishment and Implementation of Training**

1. The documented complaint procedure was established in the Employee Handbook, clause 1.6.4.
2. The documented procedure was established in the Employee Handbook, clause 1.6.4.
3. The documented procedure was established in the Employee Handbook, clause 1.6.4.
4. The documented procedure was established in the Employee Handbook, clause 1.6.4.
5. The documented procedure was established in the Employee Handbook, clause 1.6.4.
All inks, which are flammable chemicals, are not stored in safety shields of three fans in the workplace. Noncompliance

All emergency signs are not illuminated all the time in the workplace. Risk of fire is possible. Noncompliance

All electrical control box doors and one switch on the emergency sign are not grounded. Noncompliance

All maintenance records were not checked by third-party verification. Noncompliance

The 28 sampling devices were not checked by second-party verification. Noncompliance

Employees worked 18 hours and 30 minutes until 21:30 in March 2007. Daily working hours exceed law. Noncompliance

There is one procedure on OT employees' actual punch time. All the salary is also paid based on weekly/monthly. All the salary is also paid based on weekly/monthly. Noncompliance

There is Labor Union registration in C4 which is also registered in local government.

This data was gathered from an interview, document review and observation. This data was gathered from an interview, document review and observation. Noncompliance

There is no documentation of annual leave policies and procedures. There is no documentation of annual leave policies and procedures. Noncompliance

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<table>
<thead>
<tr>
<th>FLA Code/Benchmark Compliance</th>
<th>Description of noncompliance, risk of noncompliance or uncorroborated evidence of noncompliance</th>
<th>Noncompliance Status</th>
<th>Date</th>
<th>Follow-Up Date</th>
<th>Source of Verification</th>
<th>Verification Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>WBOT.4 Timely Payment of Wages</td>
<td>New Finding: Due to the inconsistencies on working hours identified during the audit, the factory did not record all workers overtime hours completely and accurately, so the auditors could not verify if the factory paid adequate OT premium to workers according to local requirements.</td>
<td>Noncompliance</td>
<td>December 1, 2007</td>
<td>November 16 &amp; 17, 2009</td>
<td>Document review (payrolls, attendance records, daily production records, monthly reports)</td>
<td>Workers interview</td>
</tr>
<tr>
<td></td>
<td>Completed: The written notes on wages &amp; salary reimbursement for the resigned employees resigned and would leave the town soon, the salary would be distributed at the designated date and in cash. Such situation was confirmed by workers interview, the resignation letter and the corresponding pay stub.</td>
<td>Completed</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>WBOT.13 Deposit of Legally Mandated Deductions</td>
<td>New Finding: The factory did not provide maternity insurance for workers.</td>
<td>Noncompliance</td>
<td>December 1, 2007</td>
<td>November 16 &amp; 17, 2009</td>
<td>Document review; Workers interview</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Completed: The maternity insurance is now covered in the current social insurance package. Based on Dongguan’s regulation: all eligible female employee who have registered in the social insurance system for more than 2 years, they are all entitled to get the maternity insurance. The factory registers all the employees in the social insurance system.</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>
Documentation:

- MSDS of all chemicals stored in the warehouse

3) The certificate for the 3 pressure vessels. This will be available in the end of August.

6) Fire Project Confirmation Contract (消防验收合同) for the whole building.
A new HR time clock system is officially used from June 2009 to ensure all the time record is accurate and consistent. The working hours is also weekly reviewed by each Dept. supervisor and the HR personnel.

All the operators attendance record are verified weekly by the operators and production supervisors weekly to ensure their working hours are correctly.
One new HR time clock system is officially used from June, 2009 to ensure all the time records are accurate and consistent. The working hours are also weekly reviewed by each Dept. supervisors and the HR personnel.

- The rules and regulations are published in the Dongguan social insurance website: http://dgsi.dg.gov.cn/look/zclook.jsp?pid=2238&g=医疗保险&k=yiliao

- The receipt payment of all the employees’ social insurance