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### Performance Overview

#### Audit Details

BV Ref:	[REDACTED]
Auditor:	FRANK LEE
Audit Date:	[REDACTED]
Date of Previous Audit:	NIL
Previous Audit #:	NIL
Vendor Name:	[REDACTED]
Factory Name:	[REDACTED]
Address:	[REDACTED]
E-Mail Address:	
Tel:	Fax:
Country:	CHINA
Audit Type:	ENVIRONMENTAL INITIAL AUDIT
Audit Standard:	BV PAS ENVIRONMENTAL CHECKLIST
Product Category:	Footwear

#### Key Personnel

Name	Job Title	Present at Audit (please tick 'X' below)			
		Opening Meeting	On-site Audit	Documentation Review	Closing Meeting
[REDACTED]	Quality Manager	X	X	X	X

#### Audit Results

Total Compliance Level to Standard	Non Conformance(s)			Risk Level for Supply	Recommended Follow-up Frequency
	Critical(s)	Major(s)	Minor(s)		
67.97 %	1	6	16	RED	60-DAY FOLLOW-UP

## Company Profile

This is the initial environmental audit to the factory. The facility was built and put into operation in 2005. Before operation, the factory has processed the EIA procedure, got the EIA approval but has not got the approval for onsite inspection and acceptance of completed environmental protection facilities issued by [REDACTED]. The approved manufacture capacity now is 800 million setting stationeries per year. It specializes in manufacture of Stapler and drilling machine; the main processes in the facility include making molds, plastic injecting, stamping, degreasing, spray painting, electroplating, screen printing, gluing, assembling and packing.

The facility consisted of five production buildings, one office building, one canteen and dormitory building and one sewage treatment plant. The factory is locating in the [REDACTED], around the factory are all factories, there are no residential zone or schools nearby. The factory was planning to implement the environment management system in accordance with ISO 14001, but has not been certified currently.

The general waste generated in the factory were mainly domestic waste, waste packing materials, plastic scraps, metal scraps, etc. Hazardous waste generated in the factory were HW08 waste oil, oily rags, HW09 waste emulsified liquid, HW12 paint residue, rags with paint/ glue, HW17 sewage treatment sludge and HW49 waste paint/ glue barrels, waste oil drums, waste activate carbon. Factory has set recyclable, non-recyclable and hazardous waste trash bins in workshops. However, per factory tour, it was noted that general waste and hazardous waste was mixing stored in several place. The factory entrusted [REDACTED] to collect and dispose their domestic waste. Metal scraps and other recyclable waste were all sold to recycling companies. The factory entrusted [REDACTED] to dispose their hazardous waste, the factory's management provided the contract, the contractor's operation license and hazardous waste manifests for review. However the contract and manifest not covered HW08 waste mineral oils, HW09 waste emulsions, and HW49 waste activate carbon.

The factory maintained a hazardous substances inventory and their MSDS in office, but not posted at some storage/ using place. The factory also has prepared an emergency response plan but had not conducted an chemicals leakage drill in 2011.

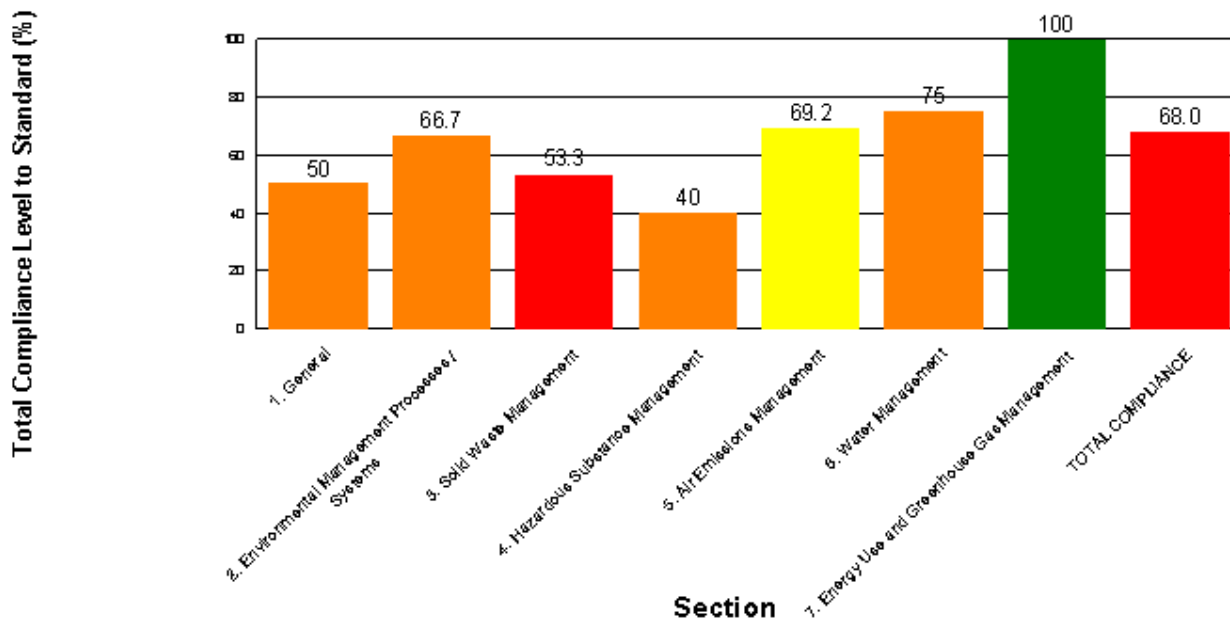
There were air emissions from spray painting processes and electroplating process. Screen printing process and gluing process also volatilized a small amount of VOCs. Water curtain painting machines were all installed activate carbon absorption devices in the flues then emission through high stacks over the roof. The chromium containing air was spray absorbing by sodium metabisulfite then emission through a 15m height stack. The acid air was spray absorbing by sodium hydroxide then emission through a 15m height stack. However, the factory's management was unable to provide the air emission control devices' SOP, inspection records, operation records and air emission monitoring report for review. The factory has not prepared an ODS inventory either.

Besides domestic wastewater, there was wastewater generated from spray painting process, degreasing process and electroplating process. The cooling water from plastic injection process was all circulating re-used. The factory's drainage system has designed and constructed based on the principle of separation rain water from wastewater. All industrial waste water was treated by the sewage treatment plant in the factory then discharged into the municipal sewage drainage system. Domestic wastewater was treated by septic tank, and then discharged into municipal sewage drainage system. All rain water was discharged into the municipal rain drainage system. The factory has one rain water outfall and one sewage outfall respectively. However, the situation of waste water discharged into rain water drainage system was observed in the factory tour, and the factory's management was unable to provide the waste water monitoring report for review either.

All water used in the factory was auto-run water. Energy used in the factory includes electricity, LPG and diesel. The factory had prepared a procedure on management of energy and resource and monitors the energy and water consumption every month. In addition, there is not any legal/ permit limits of greenhouse gas emissions in China, and there is no energy conservation requirement from local government either.

# Analysis of Site Compliance

## Audit Score Overview



NB: Total Compliance Color reflects "Risk level for supply"

## Degree of compliance Overview (per section)

Section	Green	Yellow	Orange	Red	N/A	Total Questions
1. General	5 (71.43%)	0 (0.00%)	1 (14.29%)	0 (0.00%)	1 (14.29%)	7
2. Environmental Management Processes / Systems	7 (63.64%)	2 (18.18%)	1 (9.09%)	0 (0.00%)	1 (9.09%)	11
3. Solid Waste Management	6 (42.86%)	5 (35.71%)	1 (7.14%)	1 (7.14%)	1 (7.14%)	14
4. Hazardous Substance Management	3 (37.50%)	2 (25.00%)	2 (25.00%)	0 (0.00%)	1 (12.50%)	8
5. Air Emissions Management	7 (63.64%)	4 (36.36%)	0 (0.00%)	0 (0.00%)	0 (0.00%)	11
6. Water Management	12 (75.00%)	3 (18.75%)	1 (6.25%)	0 (0.00%)	0 (0.00%)	16
7. Energy Use and Greenhouse Gas Management	5 (83.33%)	0 (0.00%)	0 (0.00%)	0 (0.00%)	1 (16.67%)	6
<b>OVERALL</b>	<b>45 (61.64%)</b>	<b>16 (21.92%)</b>	<b>6 (8.22%)</b>	<b>1 (1.37%)</b>	<b>5 (6.85%)</b>	<b>73 (100%)</b>

This Report provides a summary of the findings and other applicable information found/gathered during the social audit conducted on the above date only and does not officially confirm or certify compliance with any legal regulations or industry standards. The Social Audit process requires that information be gathered and considered from Records Review, Worker Interviews; Management Interviews & Visual Observation. More information is gathered during the Social Audit process than may be provided here. It is BV's position to ensure that workers of factories will not be retaliated against due to comments or information obtained during the auditing process. In the absence of objective evidence and to ensure the integrity of the audit process, BV reserves the right to non disclosure of information obtained from workers. Therefore, information obtained from interviews will be kept confidential and may not be included in this report. However if the payee has previously agreed, then this confidential information may be communicated to retailers & vendors that the factory supplies to.

## Audit Findings Summary

### Critical Non-conformance Section

Clause No.	Clause Requirement	Levels of Non-Conformance	Audit Findings
3	<b>Solid Waste Management</b>		
3.1	Hazardous waste is not properly stored.	<b>Critical (RED)</b>	<p>Description of Non-Compliance: It was noted that there was no cofferdam in the storage area for empty barrels used to contain electroplating liquid behind the electroplating workshop and the ground of the storage area was soil without any impervious measures. A lot of bags filled with oily metal scraps and empty glue barrels stored in the open air out of the metal workshop, lots of greasiness was observed on the ground, and there were not any warning labels nearby. A pile of oily sands discarded on the green area outside the electroplating workshop. The canteen fume was emitted on the soil ground of the green area behind the kitchen. No secondary container under the waste emulsion liquid drums in the molding workshop. And the waste water generated from air compressors and their air cylinder was all discharged directly onto the ground. As a result, there was a lot of greasiness on the ground.</p> <p>Legal requirement: In accordance with the Standard for Pollution Control on Hazardous Waste Storage, 6.2.1 of Standard for pollution control on hazardous waste storage, ground and bund shall be constructed with solid, impervious materials; construction materials must be compatible with the hazardous waste. 6.2.5, there should be design with bund to intercept leakage, the volume of ground and bund should not less than the reserve of the largest container or 1/5 of total reserves. 6.3.9 Hazardous waste must be kept avoidance from wind, rain and sun. 8.1.1 Hazardous waste storage facilities must be set warning signs according to the provisions of GB15562.2.</p> <p>In accordance with Article 52 of Law of the People's Republic of China on Prevention and Control of Solid Waste Pollution, A distinguishing mark of hazardous waste must be put on the containers and packages of hazardous waste as well as on the installations and sites for collection, storage, transportation and treatment of hazardous waste.</p> <p>Recommended Corrective Action: It is recommended that factory management adopt practices and controls to ensure that storage of hazardous waste in accordance with these legal requirements.</p> <p>Supporting Information: Per management interview and factory tour</p>

## Audit Findings Summary

Clause No.	Clause Requirement	Levels of Non-Conformance	Audit Findings
<b>1</b>	<b>General</b>		
1.6	No Completion Inspection was conducted in the factory and no approval was obtained from local EPB.	Major <b>(ORANGE)</b>	<p>Description of Non-Compliance: It was noted that factory management was unable to provide the approval document for onsite inspection and acceptance of completed environmental protection facilities for review.</p> <p>Legal Requirement: In accordance with Article 9 of the Regulations on Environmental Protection Check and Acceptance for Completed Construction Project, after the completion of a construction project, the construction unit shall apply for environmental protection check and acceptance for the project from the competent administrative department of environmental protection.</p> <p>Recommended Corrective Action: It is recommended that factory management adopt practices and controls to ensure that the environmental protection check and acceptance for the factory building construction is obtained from the competent administrative department of environmental protection.</p> <p>Supporting Information: Per documents review and management interview</p>
<b>2</b>	<b>Environmental Management Processes / Systems</b>		
2.2	Factory has been subject to a fine from a government agency for non-compliance with environmental requirements	Major <b>(ORANGE)</b>	<p>Description of Non-Compliance: It was noted that the &lt;Administrative Penalty Notice (Jiahuan Fagao [2011]53)&gt; issued by [REDACTED] showed that the factory was fined for discharging waste water over limits (over limits items: pH, COD, Ni).</p> <p>Client Standard: Factory shall not be subject to a fine from a government agency for non-compliance with environmental requirements.</p> <p>Recommended Corrective Action: It is recommended that management adopt practices and controls to ensure that manage their sewage treatment station well and discharge waste water under limits.</p> <p>Supporting Information: Per documents review and management interview</p>
2.5	Factory's policies and procedures for management of environmental issues do not properly consider all environmental elements	Minor <b>(YELLOW)</b>	<p>Description of Non-Compliance: It was noted that the factory management did not prepare any management procedures for managing ODS and relevant devices.</p> <p>Client Standard: In accordance with client's requirement, factory's procedures for management of environmental issues shall consider all environmental elements.</p> <p>Recommended Corrective Action: It is recommended that management adopt practices and controls to prepare an ODS management procedure to regulate the management of ODS and devices contain ODS.</p> <p>Supporting Information: Per documents review and management interview</p>

2.6	Assigned factory manager does not have an understanding and awareness of applicable environmental requirements	Minor (YELLOW)	Description of Non-Compliance: It was noted that according to the applicable environmental laws and regulations inventory provided by the factory management, it was not included Emission standard of pollutants for electroplating. Client Standard: In accordance with client's requirement, the assigned environment management representative shall have a mechanism in place to remain up to date with changes to applicable statutory requirements. Recommended Corrective Action: It is recommended that the facility take practice to collect and update the applicable environmental laws and regulations regularly. Supporting Information: Per management interview and document review
3	<b>Solid Waste Management</b>		
3.2	Waste disposal is not consistent with applicable permits and legal requirements.	Major (ORANGE)	Description of Non-Compliance: It was noted that the factory management was unable to provide the entrusting disposal contract and hazardous waste manifests for hazardous waste HW12 paint residue, HW08 waste mineral oils(waste hydraulic oil, lubricating oil, etc.), HW09 waste emulsion liquid, HW49 waste activate carbon which do generated in the factory. And the factory management reported that they asked the suppliers to retrieve empty paint/ glue barrels, waste ion exchange resin after treating the nickel containing wastewater. However, the management was unable to provide any relevant contracts, disposal records or delivery notes for review. Legal requirement: In accordance with Article 57 of Law of the People's Republic of China on Prevention and Control of Solid Waste Pollution, Engaging in collection, storage, utilization and treatment of hazardous waste without a business license or at variance with the provisions of a business license is prohibited. Supplying or entrusting hazardous waste to a unit that does not have a business license for collection, storage, utilization and treatment of hazardous waste is prohibited. Recommended Corrective Action: It is recommended that factory management adopt practices and controls to ensure that hazardous wastes be collected and disposed off by a qualified contractor. Supporting Information: Per management interview, document review and factory tour
3.5	Waste streams are not segregated based on the nature of the waste and ability to recycle the waste.	Minor (YELLOW)	Description of Non-Compliance: It was noted that oily rags, waste metal scraps and waste papers were observed mixing stored in several trash bins in metal workshop. Legal requirement: In accordance with Article 58 of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste, Mixing hazardous waste into non-hazardous waste for storage is prohibited. Recommended Corrective Action: It is recommended that factory management adopt practices and controls to ensure that waste streams are segregated based on the nature of the waste and ability to recycle the waste. Supporting Information: Per management interview and factory tour

3.10	Member of hazardous waste emergency response team does not understand responsibilities.	Minor (YELLOW)	Description of Non-Compliance: It was noted that there was no hazardous waste emergency response team organized in the factory. Client Standard: Factory shall organize a hazardous waste emergency response team in the factory. Recommended Corrective Action: It is recommended that management adopt practices and controls to ensure that the hazardous waste emergency response team was organized and trained. Supporting Information: Per management interview and document review
3.11	Member of hazardous waste emergency response team has not received training on hazardous waste procedures.	Minor (YELLOW)	Description of Non-Compliance: It was noted that there was no hazardous waste emergency response team organized in the factory, no training on hazardous waste procedures was provided to relevant employees. Client Standard: Factory shall organize hazardous waste procedure training for the emergency response team in the factory. Recommended Corrective Action: It is recommended that management adopt practices and controls to ensure that the hazardous waste emergency response team was organized and trained. Supporting Information: Per management interview and document review
3.12	Member of hazardous waste emergency response team has not participated in emergency response drills.	Minor (YELLOW)	Description of Non-Compliance: It was noted that there was no hazardous waste emergency response team organized in the factory, no emergency response drills were conducted in the factory. Client Standard: Factory shall organize hazardous waste response drill for the emergency response team in the factory. Recommended Corrective Action: It is recommended that management adopt practices and controls to ensure that the hazardous waste emergency response team member took part in the drills. Supporting Information: Per management interview and document review
3.13	Factory's documentation of hazardous waste management procedures training was not complete	Minor (YELLOW)	Description of Non-Compliance: It was noted that the factory management was unable to provide the hazardous waste management procedure training records for review. Client Standard: Factory shall conduct training on hazardous waste management procedures and maintain the documentation complete. Recommended Corrective Action: It is recommended that management adopt practices and controls to ensure that the documentation of hazardous waste management procedures training was maintained and complete. Supporting Information: Per management interview and document review
<b>4</b>	<b>Hazardous Substance Management</b>		
4.1	Hazardous Substance is not properly stored.	Major (ORANGE)	Description of Non-Compliance: It was noted that 4 tanks of acid, alkali liquid stored in the sewage treatment station were not provided with a secondary container. In addition, no secondary container under the chromic anhydride solution preparation site in

			<p>electroplating workshop, and a lot of leakage trace was observed on the ground. It was noted that the factory use asbestos as insulation materials for LPG pipeline. However, it was observed that the coverage material was damaged in several places, the asbestos was in exposed. There was a lot of emulsion liquid leaking in the tray under the emulsion liquid drums. And there were two bottles of liquid ammonia (25kg per bottle) stored in the open air outside the cutter workshop. Further, there were no warning signs, emergency shower device, PPE and eye washing facility provided on site.</p> <p>Legal Requirement: In accordance with Article 16 of the Regulations on the Safety Administration of Hazardous Chemicals, those producing, storing or using dangerous chemicals shall, according to the categories and characteristics of the hazardous chemicals, set up the corresponding safety facilities and equipment of monitoring, aeration, protection against polarizations, temperature adjusting, fireproof, firefighting, flameproof, pressure discharging, prevention of toxicants, disinfection, neutralization, moisture proof, protection against thunder, protection against static, antiseptis, prevention of leakage, protection dams or segregated operations, and shall carry out maintenance and caring according to the State standards and the relevant provisions of the State, thus to guarantee the compliance with the requirements of safe operations.</p> <p>Recommended Corrective Action: It is recommended that management adopt practices and controls to ensure that all hazardous substances are stored in the proper place with safety facilities and equipment according to their categories and characteristics.</p> <p>Supporting Information: Per management interview and factory tour</p>
4.2	No on-site hazardous substance emergency response team assigned	Major (ORANGE)	<p>Description of Non-Compliance: It was noted that there was no hazardous substance emergency response team be organized in the factory.</p> <p>Client Standard: Factory shall organize on site hazardous substance emergency response team in the factory.</p> <p>Recommended Corrective Action: It is recommended that management adopt practices and controls to ensure that the hazardous substance emergency response team was organized in the factory.</p> <p>Supporting Information: Per management interview and document review</p>
4.6	No Material Safety Data Sheets (MSDS) were provided at storage area or working places where hazardous chemicals were used.	Minor (YELLOW)	<p>Description of Non-Compliance: It was noted that there was no MSDS available at the storage area of liquid ammonia.</p> <p>Legal Requirement: In accordance with Article 27 of the Regulation For Chemical Usage Safety in Work Place: Staff and workers are entitled to receive: (1) Date and information in description of the specific characteristics, hazardous ingredients, and safety precaution marks of the chemicals to be used in the working premises, and instructions upon safety techniques, etc. (2) Information concerning the probability of occurrence of harm against safety and health of staff and workers caused by hazardous</p>



			chemicals in the working process. (3) Trainings upon safety techniques, including trainings with regard to prevention and control, and danger-avoiding methods, handling of emergency cases, or emergency measures. (4) Labor protection articles in conformity to State stipulations. Recommended Corrective Action: It is recommended that management adopt practices and controls to ensure that all chemicals being used in the factory have complete Material Safety Data Sheets (MSDS) which are also provided to the relevant employees handling chemicals in the factory. Supporting Information: Per factory tour
4.7	Periodic hazardous substance emergency response drills are not performed	Minor (YELLOW)	Description of Non-Compliance: It was noted that factory did not perform periodic hazardous substance emergency response drills. Client Standard: Factory shall perform periodic hazardous substance emergency response drills. Recommended Corrective Action: It is recommended that management adopt practices and controls to ensure that periodic hazardous substance emergency response drills was performed. Supporting Information: Per management interview and document review
<b>5</b>	<b>Air Emissions Management</b>		
5.3	Lack of appropriate emissions control equipment installed	Minor (YELLOW)	Description of Non-Compliance: It was noted that the factory did not install a fume purification device in the canteen kitchen. Legal Requirement: In accordance with the EIA approval issued by ██████████ Environment Protection Bureau on Nov. 13th, 2007, canteen oil fume shall be treated by a fume purification device and emission under standard limits. Recommended Corrective Action: It is recommended that management adopt practices and controls to ensure that necessary air emission control devices were install in the facility. Supporting Information: Per document review and factory tour
5.4	Factory does not maintain inventory of main point source emissions	Minor (YELLOW)	Description of Non-Compliance: It was noted that the factory management was unable to provide the inventory of air emission sources for review. Client Standard: Factory shall maintain an inventory of air emission sources. Recommended Corrective Action: It is recommended that management adopt practices and controls to ensure that the inventory of main point source emissions was maintained. Supporting Information: Per management interview and document review
5.6	Factory does not maintain inventory of Ozone Depleting Substances	Minor (YELLOW)	Description of Non-Compliance: It was noted that factory management was unable to provide the inventory of Ozone Depleting Substances for review. Client Standard: Factory shall maintain an ODS inventory. Recommended Corrective Action: It is recommended that management adopt practices and controls to ensure that inventory of Ozone Depleting Substances were

			maintained. Supporting Information: Per management interview and document review
5.11	Other	Minor (YELLOW)	Description of Non-Compliance: It was noted that no SOP / operation records for 2 setting of painting air control facilities, 1 setting of chromium containing air control facility, and 1 setting of electroplating acid air control facility were prepared / maintained in the factory. Legal Requirement: In accordance with Article 26 of Zhejiang Province Environmental Pollution Supervision and Management Methods, Units who discharge pollutants shall establish pollution prevention facilities operation and management ledger. Recommended Corrective Action: It is recommended that management adopt practices and controls to ensure that the pollution prevention facilities were well operated and managed. Supporting Information: Per management interview document review and factory tour
<b>6</b>	<b>Water Management</b>		
6.3	Effluent through water treatment systems are not effectively controlled	Major (ORANGE)	Description of Non-Compliance: It was noted that there was no secondary container under the chromium containing sludge frame filter press in the sewage treatment plant, the waste water extruded from the press will flow into the regulation tank. Legal Requirement: In accordance with Article 22 of Law of the PRC on the prevention and control of water pollution, Water pollutants are prohibited from being discharged by means of installing hidden pipes without permission or otherwise escaping from supervision and management. Recommended Corrective Action: It is recommended that management adopt practices and controls to ensure that the sewage treatment facility was well operated. Supporting Information: Per management interview and factory tour
6.9	Lack of regular wastewater quality testing to ensure compliance with legal/permit limits	Minor (YELLOW)	Description of Non-Compliance: It was noted that the facility management was unable to provide the waste water monitoring report for review. Client Standard: Factory shall conduct wastewater quality testing regularly to ensure compliance with legal/permit limits. Recommended Corrective Action: It is recommended that management adopt practices and controls to ensure that the wastewater quality testing is conducted regularly. Supporting Information: Per management interview and document review
6.11	Wastewater was discharged into municipal rainwater drainage system.	Minor (YELLOW)	Description of Non-Compliance: It was noted that the food washing waste water generated from the canteen was discharged in to the rain water drain directly, and outside the canteen, waste water leaking from food waste trash bins was observed flowing into the rain well. Legal Requirement: In accordance with Article 22 of Law of the PRC on the prevention and control of water pollution, Water pollutants are prohibited from being discharged by means of installing hidden pipes without permission or

			<p>otherwise escaping from supervision and management.</p> <p>Recommended Corrective Action: It is recommended that management adopt practices and controls to ensure that wastewater were not discharged into municipal rainwater drainage system.</p> <p>Supporting Information: Per management interview and factory tour</p>
6.16	Other	Minor (YELLOW)	<p>Description of Non-Compliance: It was noted that the factory did not construct an emergency response tank.</p> <p>Legal Requirement: In accordance with the EIA approval issued by Jiaying City, Environment Protection Bureau on Nov. 13th, 2007, factory shall set an emergency response tank in the plant region.</p> <p>Recommended Corrective Action: It is recommended that management adopt practices and controls to ensure that all requirements referred in the EIA approval be executed in the factory.</p> <p>Supporting Information: Per document review and factory tour</p>

Is there Worker Statement Report associated with this report? (NO)