

Walmart Factory Supply Chain Security Audit Report

Section A: Executive Summary

Factory Score:

Factory Score	90
Country Risk Level	Medium
Audit Date	March 09, 2021
Monitoring Company	Omega Compliance Limited

Factory Profile:

SCS Audit Request ID	14231758
Walmart Factory ID	28099369
Factory Name	NINGBO ZHENHAI LIUHE PLASTICS CO.,LTD
Address	NO. 258 JINHE ROAD ZHENHAI ECONOMIC DEVELOPMENT ZONE NINGBO, CHINA
City & State/Province	Ningbo & Zhejiang
Country	China
Contact Person & Title	Ms. Hu Xiaoyan, General Manager
Phone	0574-86318079
Email	winnie.lee@nb-xc58.com
Website	N/A
Total number of workers	64
Number of permanent workers	64
Number of temporary workers	0
Number of migrant/overseas workers	0
Nationalities of workers	China

Business Overview:

Type of Industry	Hardlines
Principle Product	Shelf lable HID
Years in business at this location	5 years
Has the factory undergone a supply chain security validation through the C-TPAT initiative, PIP or AEO?	No
If so, list the date of validation	

Factory Physical Structure:

Total number of buildings	4
Number of production buildings	1
Number of warehouses	2
Number of other buildings	1
Description of other buildings	One 4-story building was used as offices and a canteen.
Total Facility Land Size (m²)	7100
Located in free trade zone?	No
% of goods exported to the US:	60%
By air	0
By sea	100
By rail	0
By truck	0

Section B: Walmart Supply Chain Security Audit Corrective Action Plan

SCS Audit Request ID	14231758
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Contact Person & Title	Ms. Hu Xiaoyan, General Manager
Phone	0574-86318079
Email	winnie.lee@nb-xc58.com
Audit Type	Initial
Audit Date	March 09, 2021
Monitoring Company	Omega Compliance Limited
Name of Auditor(s)	Simon Zhuang
Opening Meeting Attendee(s) & Titles	Ms. Hu Xiaoyan/General Manager; Ms. Chen Junying/Warehouse Manager; Mr. Zhao Liuxia/Security Manager
Closing Meeting Attendee(s) & Titles	Ms. Hu Xiaoyan/General Manager; Ms. Chen Junying/Warehouse Manager; Mr. Zhao Liuxia/Security Manager

Area Requiring Corrective Action:

1. Personnel Security	<input type="checkbox"/>	5. Container / Trailer Security	<input checked="" type="checkbox"/>
2. Threat Awareness	<input checked="" type="checkbox"/>	6. Procedural Security	<input checked="" type="checkbox"/>
3. Physical Access Controls	<input checked="" type="checkbox"/>	7. Information Security	<input checked="" type="checkbox"/>
4. Physical Security	<input checked="" type="checkbox"/>	8. Contactor Security	<input type="checkbox"/>

Corrective Action Plan Confirmation

The factory acknowledges the audit findings and the corrective actions Omega Compliance recommends.

Signatures

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Printed Factory Representative Name & Title:	Printed Omega Auditor Name & Title:
Mr./Ms. Ms. Hu Xiaoyan	Mr./Ms. Simon Zhuang
Title: General Manager	Title: Compliance Auditor

Findings and Recommendations:

2. THREAT AWARENESS

Audit Finding	1. Incomplete threat awareness training program
Requirement	The facility is required have a Threat Awareness Program to train employees on how to report a security situation or incident.
Finding Details	Although the threat awareness training records were provided by the facility, it was noted from the on-site interviews with 4 randomly selected employees from different workshops that 3 out of 4 employees had never been trained about threat awareness and also did not know how to report a security situation or incident.
Recommendation	The facility is advised to establish a threat awareness training program which includes the procedure for an employee to report a security issue.

Audit Finding	2. Incomplete threat awareness program
Requirement	The facility is required to have a threat awareness training program which provides specific job related training to shipping and receiving employees.
Finding Details	Although a Threat Awareness Training Program was established and records for the sensitive or restricted areas of the facility were provided, 2 out of 3 randomly interviewed employees from sensitive positions did not have a clear understanding of how to identify unique risks for the sensitive or restricted areas of the facility.
Recommendation	The facility is advised to establish a threat awareness training program which provides specialized training to shipping and receiving employees.

Audit Finding	3. Insufficient training on threat awareness program
Requirement	The facility is required to ensure their threat awareness training program is provided during new hire orientation and then every 12 months as refresher training to all employees.
Finding Details	Although a Threat Awareness Training Program was provided to the newly hired employees, 1 out of 2 interviewed new employees who entered the facility less than 1 year was not aware of the program.
Recommendation	The facility is advised to ensure that their threat awareness training program is provided during new hire orientation and as refresher training to all employees every 12 months.

Audit Finding	4. No incentives offered
Requirement	The facility is required to give some form of encouragement to employees who report suspicious activity and security violations.
Finding Details	Although the facility had a written procedure to require employees who report suspicious activity and security violations are given some form of encouragement, all 4 randomly interviewed employees did not know the encouragement for reporting suspicious activity and security violations.
Recommendation	The facility is advised to give some form of encouragement to employees who report suspicious activity and security violations.

3. PHYSICAL ACCESS CONTROLS


Audit Finding	5. Positive identification not required
Requirement	The facility is required to have a written procedure that requires a visitor and a pick-up/delivery driver to show photo identification before entry is permitted.
Finding Details	It was noted that the facility did have a written procedure that required security staff or a receptionist to verify the photo identification of all visitors and a pick-up/delivery drivers to the facility; however, through an observation during the facility tour, the security guard did not check the photo identification of all visitors and pick-up/delivery drivers.
Recommendation	The facility is advised to have a written procedure requiring security staff or a receptionist to verify

the photo identification of any visitor and a pick-up/delivery driver.

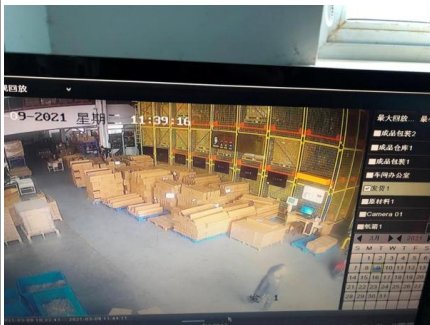
4. PHYSICAL SECURITY

Audit Finding	6. Access to outside light switches/controls not restricted
Requirement	The facility is required to ensure that access to outside lighting switches/controls is restricted to authorized employees/the security guard supervisor only.
Finding Details	It was noted that access to outside lighting switches/controls is not restricted to authorized personnel only.
Recommendation	The facility is advised to ensure that access to outside lighting switches/controls is restricted to authorized employees/the security guard supervisor only.

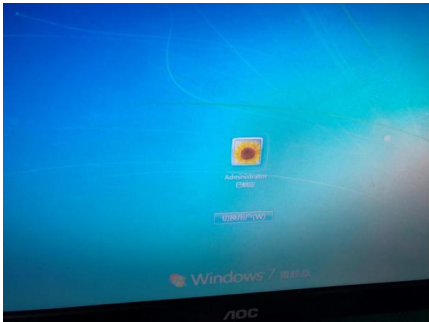
5. CONTAINER / TRAILER SECURITY


Audit Finding	7. Insufficient CCTV records for loading areas
Requirement	The facility is required to ensure that the recording is kept for a minimum of 30 days when CCTV is used to capture container/trailer loading.
Finding Details	It was noted that the CCTV records for loading area kept for only 1 day since March 9, 2021. 
Recommendation	The facility is advised to ensure that the recording is kept for a minimum of 30 days when CCTV is used to capture container/trailer loading.

6. PROCEDURAL SECURITY

Audit Finding	8. Insufficient CCTV records for final packaging area.
Requirement	The facility is required to use security methods to prevent tampering with goods during final packaging.
Finding Details	It was noted that the CCTV records for final packaging area was kept for only 1 day since March 9, 2021. 
Recommendation	The facility is advised to use a security guard or an employee designated by management as an observer or CCTV to prevent tampering with goods during final packaging.







7. INFORMATION SECURITY

Audit Finding	9. No user name
Requirement	The facility is required to have a designated system administrator responsible for establishing system users and their identity codes/user names.
Finding Details	<p>Although the facility has a designated system administrator, it was noted that 2 out of 4 randomly selected computer accounts were set as "Administrator".</p> 
Recommendation	The facility is advised to appoint a designated system administrator responsible for establishing system users and their identity codes/user names.

Audit Finding	10. Screens are not locked after a period of inactivity
Requirement	The facility is required to ensure that computer terminals will close and lock after a short period of inactivity.
Finding Details	<p>It was noted that 2 out of 4 selected computer terminals do not close and lock after a period of inactivity.</p> 
Recommendation	The facility is advised to ensure that computer terminals will close and lock after a period of inactivity.

9. OVERALL COMMENT	
Remark (if any)	Nil

Section C: Factory Security Tour

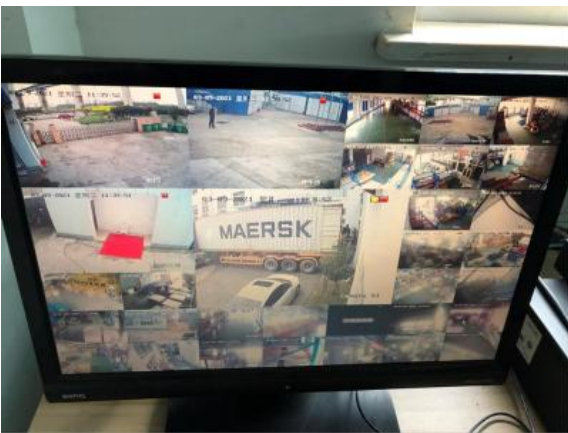
	
<p>Facility name</p>	<p>Facility entrance gate</p>
	
<p>Facility building structures</p>	<p>Packing workshop</p>
	
<p>Finished goods warehouse</p>	<p>Container storage area</p>



Perimeter fencing



Outside lighting



CCTV system and monitor



Guard room



Visitor log book and/or visitor badge



Visitor parking area