



MWH

Report Date:

November 6, 2014

Audit Date:

October 30, 2014

Factory ID number:

LL-344

To: Olga Strelnikova, OOO "Perfect"

From: Nicoletta Centofanti, MWH

Cc: Massimo Zanoni, MWH
Karen Thiongson, NBCUniversal
Jo Trostle, NBCUniversal
Parul Chandra, NBCUniversal
Tori Carroll, NBCUniversal
Margaret Erquiaga, NBCUniversal
Anna Ionova, OOO Objedinennaya Tekstilnaya Kompaniya

Subject: Summary of Findings - Supplier EHS Audit
OOO "Perfect", ID # LL-344
Sergeevskaya str, 10, Teikovo, Ivanovskaya Oblast, Russian Federation

Audit type: **X** Initial audit

This report summarizes the findings of the Environment, Health and Safety (EHS) Audit conducted at the facility of **OOO "Perfect"** located at **Sergeevskaya str, 10, Teikovo, Ivanovskaya Oblast, Russian Federation, Russian Federation**.

The findings of the EHS Reviews were based upon a review of the documents furnished by **OOO "Perfect"** and the observations obtained by **MWH** on behalf of NBCUniversal during the Site visit on **October 7, 2014**. For the purpose of this audit, the facility of **OOO "Perfect"** is referred to as the 'Site' in this report.

Guidance:

The Compliance Assessment Report summarizes the Site audit findings and includes a corrective, and preventative action plan that both the Auditor and the Site Manager believe is reasonable to ensure conformity with the country specific and local laws.

NBCUniversal (NBCU) upholds a worldwide reputation for integrity and high standards of business conduct. NBCU Supplier Relationship Policy requires that we source only from suppliers who comply with local laws and any applicable NBCU standards in such areas as labour, environment, health and safety. In order to ensure compliance with applicable laws and company policies please provide evidence of closure on all open red findings within 90 days from receipt of report.

If you have any questions about the memorandum please contact Nicoletta Centofanti, nicoletta.centofanti@mwhglobal.com, and Karen Tiongson, karen.tiongson@nbcuni.com or Jo Trostle, jo.trostle@nbcuni.com.

MWH (on behalf of NBCUniversal)

Supplier General Information	
Name of Factory	OOO "Perfect"
Physical Location Address	Sergeevskaya str, 10, Teikovo, Ivanovskaya Oblast, Russian Federation, Russian Federation
Factory Contact Name(s)	Olga Strelnikova, General Director
Factory Contact Email	tshf1@yandex.ru
Factory Contact Number	Tel: +7 961 248 0216
Licensee/Vendor Company Name	OOO Objedinennaya Tekstilnaya Kompaniya
License/Vendor Company Contact Name/Email	Anna Ionova, ionova.ai@cht.com.ru ; alisa.pavlova@pluslicens.ru Tel: +7 495 646 7400
Waivers from Government	No waivers have been issued for the Site.
Certifications received from Government or other Companies.	Auditors were notified that the Site received a Disney audit two years ago; however no evidence of the audit are available and they do not produce Disney products. All products are certified as per № POCC RU.ИCM001.K00238 valid from September 23, 2013 until September 23, 2016.
Principle Products Manufactured	Bed sheets, blankets
Annual Output of Products	150.000 pieces/month of Bed Sets (not maximum capacity)
Major Customers	Neotek
Production Process	Cutting (manual), Sewing (manual and automatic), Packaging
Factory Normal Working Days and Normal Work Hours	Monday to Friday, one shift: 8:00 - 17:00. Workers receive one-hour break (12:00-13:00). Auditors were notified that overtime is seldom conducted, and generally never exceed two hours per day. Workers compensate eventual overtime working less during the other days, in order not to exceed 40 working hours per week. Guardians works during the day, 8:00 - 20:00, or at night, 20:00 - 8:00, then rest for one day.
Departments that run more than one shift	Site Guardians (they are not official security guards, but are in charge of supervising the Site)
Peak Production Months	Production decreases in Summer, and it is stable during the rest of the year.

Number of Production Buildings	The Site is located in an industrial compound, which was constructed in 1787, and is composed of one three-story building of 4000 m ² .
Canteen/Cafeteria Services	A canteen is present in the Site compound, also a cafeteria is present. Both canteen and cafeteria are not managed by the Site.
Dormitories	No dormitory is present at the Site.
Security	The production Site is fenced, protected by 24/7 security guards, managed by the Site compound. Also, they have internal security control.
Overall findings	<p>In view of findings raised, non compliances were observed in the areas of Health & Safety, PPE, Emergency Preparedness, Chemical Management, Industrial Hygiene, Working Conditions, Medical, Waste Management, Labor Rights and Wages.</p> <p>Details of the findings are listed below. For all other areas, no violations or non compliances were noted.</p>
Findings	<p>Total Findings: 51</p> <p>Black Flags - 0</p> <p>Red Flags - 45</p> <p>Yellow Flags – 6</p>
Permits - the following government documents and permits were provided for review.	<ul style="list-style-type: none"> • Property Registration approved by the Government issued on February 7, 2013. • Company registration at the Federal Tax Service issued on June 21, 2013. • Contract for wastewater discharge with Teikovo Wastewater LTD issued on March 27, 2013, valid until December 31, 2014. • Contract with the Municipality to dispose municipal solid waste issued on January 1, 2014, valid for one year.
Audit Score Percentage and Audit Re-extension Status	49,2%

Background

OOO "Perfect" was founded in November 2011.

The Site is located in an industrial compound, which was constructed in 1787. At the beginning the whole compound was founded by a private Muscovite, and was dedicated to cotton items production. Then, after last century revolution, the compound has been nationalized. After soviet union, the Site was abandoned, later on business started again privately.

Currently the majority of the compound is occupied by a company manufacturing cotton.

OOO "Perfect" occupies one three story building of 4000 m². Activities are organized as following:

Level -1, packaging and storage area.

Level 0, bed sheet department: cutting and sewing, storage area, work shop.

Level 1, blanket department: cutting and sewing (automatic and manual).

The building was previously rented, then it has been acquired in 2013.

The main storage area is outside the compound, and is managed by another company; however packages are completed at the Site.

EHS Management:

Ms. Julia Korovkina, external professional, is appointed as Site H&S Manager, and when needed she visits the Site (reportedly every day for a couple of hours).

Tatiana Ivanova, fire prevention engineer, has been appointed to manage emergency preparedness issues.

Employee Interview

Number of Selected Employees: Of the employees on-site during the audit, 21 (15 female and 6 male) were selected for interviews: one IT worker, two mechanics, one storage worker, one guardian, two packaging operators; from the bed sheet department, two sewing managers, six sewing operators, and two cutting operators; from the blanket department, the department manager, two sewing operators (one manual and one automatic), and one cutting operator.

Age Groups/Gender: The interviewed employees were between 23 to 60 years old, and have worked at the Site between 1 month to 3 years.

Operational Activities: The interviewed personnel were selected from the production areas.

Finding Numbers: 1.8, 2.25

Best Practices:

The implementation of the following best practices was observed at the Site:

- audible fire alarm is installed in all Site floors.

Closing Meeting:

The closing meeting included a summary of the findings and of the good practices identified on-site during the audit. The overall audit impression is sufficient; quite a few findings were identified in the areas of Health & Safety, PPE, Emergency Preparedness, Chemical Management, Industrial Hygiene, Working Conditions, Medical, Waste Management, Labor Rights and Wages.

Site management is aware that a lot of improvement actions, as well as building renovation, will have to be implemented. Site management is willing to solve all the identified findings and will immediately start addressing them.

Closing meeting participants were:

Olga Strelnikova, General Director

Nicoletta Centofanti – MWH Auditor

Andrei Artov – MWH Auditor

OOO "Perfect" – ID # LL-344

Results Summary

Section	Is there a finding?	If there is a finding, then list finding ID/Flag Type	Auditor Notes
Underage Labor	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
Forced Labor	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
Prison Labor	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
Working Hours	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
Labor Rights	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	1.12 Yellow Flag 1.13 Yellow Flag	
Wages & Compensation	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	4.4 Red Flag 4.9 Red Flag 4.12 Red Flag	
Discrimination/Human Rights ¹	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	1.14 Yellow Flag	
Freedom of Association	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
Facilities/Building Conditions	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	2.6.1 Red Flag 2.6.2 Red Flag	
Chemical Mgmt.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	2.13 Red Flag 2.30 Red Flag	
Emergency Preparedness	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	1.8 Red Flag 2.4.1 Red Flag 2.4.2 Red Flag 2.4.3 Red Flag 2.4.4 Red Flag 2.4.5 Red Flag 2.5.1 Red Flag 2.5.2 Red Flag 2.5.3 Red Flag 2.5.4 Red Flag 2.5.5 Red Flag 2.5.6 Red Flag 2.5.7 Red Flag 2.5.8 Red Flag 2.19.1 Red Flag 2.19.2 Red Flag 2.19.3 Red Flag 2.19.4 Red Flag	

¹ According to Russian legislation, pregnancy, HIV, and hepatitis have to be checked before hiring a new worker. The aim of the legislation is to inform, not to discriminate, the worker.

OOO "Perfect" – ID # LL-344

Section	Is there a finding?	If there is a finding, then list finding ID/Flag Type	Auditor Notes
Occupational Health & Safety (Include all permits)	X Yes <input type="checkbox"/> No	1.3 Yellow Flag 1.5 Yellow Flag 2.7 Yellow Flag 2.8 Red Flag 2.21.1 Red Flag 2.21.2 Red Flag 2.21.3 Red Flag 2.21.4 Red Flag 2.21.5 Red Flag 2.21.6 Red Flag 2.21.7 Red Flag 2.21.8 Red Flag 2.22 Red Flag 2.25 Red Flag 2.27.1 Red Flag 2.27.2 Red Flag 2.27.3 Red Flag	
Environmental Conditions (Include Waste, Air, Water)	X Yes <input type="checkbox"/> No	2.32.1 Red Flag 2.32.2 Red Flag 2.32.3 Red Flag	
Canteen & Cafeteria Services	<input type="checkbox"/> Yes X No		
Medical	X Yes <input type="checkbox"/> No	2.17 Red Flag 2.37 Red Flag 2.38 Red Flag	
Security	<input type="checkbox"/> Yes X No		

Number of Fulltime Employees/Workers

Department	Total
Office	14
Sewing*	112
Packaging*	64
Cutting*	17
Minor Warehouse	19
Maintenance	2
Quality Control	1
Cleaners	2
Total Number of Employees/Workers	231

(*) The number includes also blanket department workers.

H&S Manager, Elevator and Electrical Maintenance, Fire Prevention are conducted by external professionals, that visits the Site when needed.



Production Process



Production process	Check if applicable to Site	Chemicals used	Approximate volume of chemicals used/stored monthly as observed by Auditor
Maintenance	Yes	Machine Oil	30 liters/month



Issues to be addressed



No.	Finding Category	Flag Type	Audit Findings	Recommendations	Photos
1.3	Health & Safety Permits	Yellow Flag	No attestation of work places has been issued for the site operations.	Provide the attestation of work places, in order to assess working conditions and identify Health & Safety hazards for the site activities, as required by the Russian legislation.	N/A
1.5	Health & Safety	Yellow Flag	No injury log is present at the Site. Reportedly sometimes minor injuries occur; no serious injuries have ever occurred	Provide the Site with an Injury Log, and record on it all minor and major injuries occurred at the Site.	N/A
1.8	Fire Protection	Red Flag	Reportedly fire drills are conducted every quarter. However, fire drills are not recorded, also interviewed workers gave divergent answers on this matter.	Ensure fire drills are conducted at least annually and keep evidence of the drills.	N/A
1.12	Discrimination	Yellow Flag	The Site does not have a specific policy protecting employees from discrimination.	Develop a Site policy, stating the Site principles and vision, including the commitment for the employees' protection from discrimination. Communicate the policy at the time of hiring and make it visible to all employees.	N/A


1.13	Harassment	Yellow Flag	The Site does not have a specific policy protecting employees from harassment or retaliation.	Develop a Site policy, stating the Site principles and vision, including the commitment for the employees' protection from harassment or retaliation. Communicate the policy at the time of hiring and make it visible to all employees.	N/A
1.14	Dispute Resolution	Yellow Flag	No objective process for handling complaints from employees that is outside the direct supervisory chain in the organization is present at the Site.	Ensure an objective process for handling complaints from employees that is outside the direct supervisory chain in the organization is established (i.e. complaint box). Also, establish a procedure to handle eventual complaint, and ensure they are recorded.	N/A


2.4.1	Emergency Preparedness	Red Flag	<p>The emergency exit in the bed sheet department (nearby the office) is obstructed and locked.</p>	<p>Ensure the pathway that leads to the emergency exit in the bed sheet department (nearby the office) is free from obstacles. Also, ensure the door is kept open during working hours, and remove the lock from the door.</p>	 
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2.4.2	Emergency Preparedness	Red Flag	<p>In the bed sheet department, one of the door marked as emergency exit is not accessible and obstructed by material. However, auditors were notified that the door is not considered as an emergency exit anymore, since it leads to another company Site.</p> <p>During the audit no emergency exit was available in the sewing area in the bed sheet department (see finding 2.4.1).</p>	<p>Identify the emergency exits in sewing area in the bed sheet department and adequately identified, with proper and visible sign. Ensure the identified emergency exits are free from obstacle.</p>	 
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2.4.3	Emergency Preparedness	Red Flag	The only effective emergency exit present in Level 0 (bed sheet department and storage area), next to the storage area, is partially obstructed.	Free the corridor leading to the emergency exit present in Level 0.	
2.4.4	Emergency Preparedness	Red Flag	The only effective emergency exit present in Level -1 (packaging department) is partially obstructed.	Free the corridor leading to the emergency exit present in Level -1.	



2.4.5	Emergency Preparedness	Red Flag	The only effective emergency exit present in Level 1 (blanket department) is partially obstructed.	Free the corridor leading to the emergency exit present in Level 1.	
2.5.1	Emergency Preparedness	Red Flag	The evacuation map posted in Level 0, nearby the storage area, is not up to date, and shows the emergency exits that are currently not to be used anymore.	Ensure the evacuation map posted in Level 0 describe the effective evacuation paths and exits. Ensure evacuation maps posted on Site walls are up to date.	


2.5.2	Emergency Preparedness	Red Flag	A lot of material is stored in front of the evacuation map posted in Level -1, therefore the map is not easily visible.	Ensure the evacuation map posted in Level -1 is easily accessible.	
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2.5.3	Emergency Preparedness	Red Flag	<p>Work areas in the sewing section in the bed sheet department have no clear access. Risk is present in case of immediate evacuation is needed.</p>	<p>Ensure work areas in the sewing section in the bed sheet department have clear access.</p> <p>Provide corrective actions' evidences showing the whole sewing area.</p>	
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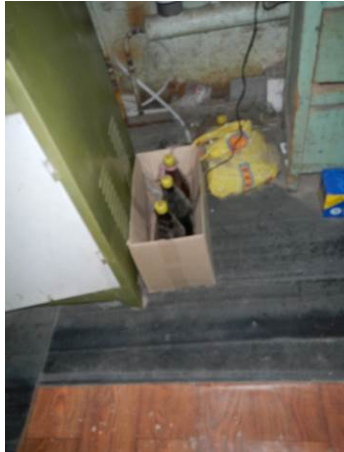
2.5.4	Emergency Preparedness	Red Flag	No emergency exit pathway is ensured in the storage area blocks.	<p>Ensure each block has a walkway to easily access, as well as easily escape the work areas, whenever needed.</p> <p>Provide corrective actions' evidences for both the attached pictures.</p>	
2.5.5	Emergency Preparedness	Red Flag	The only effective emergency exit pathways present on Level 0 (bed sheet department and storage area), next to the storage area, is not marked.	Mark the emergency exit pathways next to the storage area on Level 0, ensure the sign is easily visible and well lit.	



2.5.6	Emergency Preparedness	Red Flag	Emergency exits and pathways in Level -1 are not signed.	<p>Ensure emergency exits and pathways in Level -1 are provided with visible signs.</p> <p>Provide corrective actions' evidences for all the attached pictures.</p>	
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2.5.7	Emergency Preparedness	Red Flag	The emergency exit pathway on the main stairwell (between Level 0 and Level -1) is not marked.	Mark the emergency exit pathway on the main stairwell, ensure the sign is easily visible and well lit.	
2.5.8	Emergency Preparedness	Red Flag	Work areas in the automatic sewing area in the blanket department have no clear access. Risk is present in case of immediate evacuation is needed.	Ensure work areas in the automatic sewing area in the blanket department have clear access.	


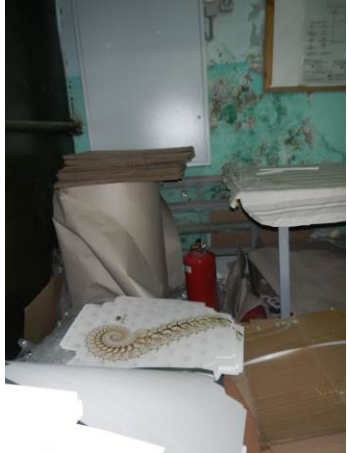
2.6.1	Working Conditions	Red Flag	<p>General Site cleaning was observed to be poor. Especially in the sewing area in the bed sheet department. Dust was observed on electrical lamps and electrical panels.</p>	<p>Sweep dust from the Site electrical equipment, cable and lamps. Ensure site cleaning is conducted on a regular basis.</p> <p>Provide corrective actions' evidences for all the attached pictures.</p>	
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2.6.2	Working Conditions	Red Flag	<p>General Site cleaning was observed to be poor. Dust was observed on walls and on pipes, especially in Level 0 and in Level -1.</p>	<p>Sweep dust from Site walls and pipes. Ensure site cleaning is conducted on a regular basis.</p> <p>Provide corrective actions' evidences for all the attached pictures.</p>	
2.7	Working Conditions	Yellow Flag	<p>Interviewed workers' complained about Site lighting. No monitoring has been conducted yet. Site management reported they will complete it in the near future.</p>	<p>Ensure a lightning monitoring is conducted by an external qualified laboratory, as required by the legislation. Implement the required corrective actions' measures, if needed.</p>	N/A



2.8	Industrial Hygiene	Red Flag	As per the Russian legislation, in the textile process dust exposures must be analyzed. No airborne monitoring has ever been conducted at the Site.	Evaluate workers chemical exposures and ensure air monitoring of airborne exposures is conducted by an external qualified laboratory. Provide respiratory protections, as well as, ventilation/ aspiration devices, if required.	N/A
2.13	Chemical Storage	Red Flag	Chemicals were observed not to be properly stored. Secondary containment was missing, labels were not always present.	Properly store all chemicals in use and provide them with secondary containment basins. Ensure all chemicals are labeled. Provide corrective actions' evidences for all the identified pictures.	 


2.17	Medical	Red Flag	First aid kits present at the Site are not provided with adequate material, and present kit are out of date. No one at the Site has been identified to periodically check the first aid kits.	Ensure first aid kits present at the Site are provided with adequate and complete material (identify a list of medicals that should be kept in every first aid kit). Identify a person to periodically check the first aid kits.	
2.19.1	Fire Prevention	Red Flag	The fire extinguisher in the sewing department in the bed sheet area, nearby the storage in Level 0, is not easily accessible.	Remove the material obstructing the fire extinguisher in the sewing department in the bed sheet area in Level 0 and ensure it is easily accessible.	


2.19.2	Fire Prevention	Red Flag	Fire extinguishers in the sewing department in the blanket area in Level 1 are not easily accessible.	<p>Remove the material obstructing the fire extinguishers in the sewing department in the blanket area in Level 1 and ensure it is easily accessible.</p> <p>Provide corrective actions' evidences for both the pictures.</p>	 
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2.19.3	Fire Prevention	Red Flag	The fire hydrant in the packaging department in Level -1 is not easily accessible.	Remove the material obstructing the fire hydrant in the packaging department in Level -1, and ensure it is easily accessible.	
2.19.4	Fire Prevention	Red Flag	The fire extinguisher in the packaging department in Level -1 is not easily accessible.	Remove the material obstructing the fire extinguisher in the packaging department in Level -1, and ensure it is easily accessible.	



2.21.1	Working Conditions	Red Flag	In Level 0, nearby the storage area, a lot of material was observed to be stored in disorder and an unsafe way. Auditor were notified that material has to be disposed.	Ensure material stored in Level 0, nearby the storage area, is adequately stored or disposed of.	
2.21.2	Working Conditions	Red Flag	The overall Site conditions were extremely poor: oil leakages were observed on site walls in Level 0 and -1. Auditors were notified that these leakages occurred few years ago from the equipment used by the company previously occupying the site.	Remove oil leakages from the walls both in Level 0 and -1, ensure the walls are restored. Provide corrective actions' evidences for all the attached pictures.	 


2.21.3	Working Conditions	Red Flag	<p>The overall Site conditions were extremely poor: wall peeling, as well as water infiltrations, was observed in the sewing area in the bed sheet department.</p>	<p>Ensure wall peelings in the sewing area in the bed sheet department are repaired and the building is restored.</p> <p>Provide corrective actions' evidences for all the attached pictures.</p>	 
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2.21.4	Working Conditions	Red Flag	<p>The overall Site conditions were extremely poor: wall peeling, as well as water infiltrations, was observed in Level 0, nearby the main exit.</p>	<p>Ensure wall peelings in Level 0, nearby the main exit, are repaired and the building is restored.</p> <p>Provide corrective actions' evidences for all the attached pictures.</p>	 Three photographs showing severe wall peeling and water damage in a building interior. The top photo shows a corner with peeling paint and exposed pipes. The middle photo shows a wall with significant peeling and a doorway in the background. The bottom photo shows a staircase area with peeling paint and debris on the floor.
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2.21.5	Working Conditions	Red Flag	<p>The overall Site conditions were extremely poor: wall peeling, as well as water infiltrations, were observed in Level -1, nearby the stairwell.</p>	<p>Ensure wall peelings in Level 0, nearby the main exit, are repaired and the building is restored.</p> <p>Provide corrective actions' evidences for all the attached pictures.</p>	
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2.21.6	Working Conditions	Red Flag	<p>The overall Site conditions were extremely poor: wall peeling, as well as water infiltrations, were observed in Level -1, in the packaging area.</p> <p>Windows were broken: cellophane was used to substitute the missing glass.</p>	<p>Ensure wall peelings in Level 0, in the packaging area, are repaired and the building is r restored.</p> <p>Repair all broken windows' glass.</p> <p>Provide corrective actions' evidences for all the attached pictures.</p>	 
2.21.7	Working Conditions	Red Flag	<p>The overall Site conditions were extremely poor: wall peeling, as well as water infiltrations, were observed in Level -1, in the storage area.</p>	<p>Ensure wall peelings in Level 0, in the storage area, are repaired and the building is restored.</p>	



2.21.8	Working Conditions	Red Flag	<p>The overall Site conditions were extremely poor: wall peeling, as well as water infiltrations, were observed in Level 1 in the sewing area in the blanket department.</p>	<p>Ensure wall peelings in Level 1 in the sewing area in the blanket department are repaired and the building is restored.</p> <p>Provide corrective actions' evidences for all the attached pictures.</p>	
2.22	PPE	Red Flag	<p>Cutting operation (both in bed sheet and blanket department) was observed to be conducted with a rotating cutter. The equipment did not have any machine guarding, as well, the worker doing the task was not provided with protective gloves.</p>	<p>Provide workers doing the task with adequate protective metal gloves. Train workers doing the task on the activity's risks.</p> <p>Post adequate and visible signs requiring the use of PPE in all areas where the activities require them (both Level 0 and Level 1).</p>	

2.25	Industrial Hygiene	Red Flag	<p>Automatic sewing operation was observed to be noisy.</p> <p>No internal noise level measurement has ever been conducted.</p> <p>No PPE are provided to the workers.</p>	<p>Ensure noise emissions measurements are conducted at the Site by an external qualified laboratory.</p> <p>If required, ensure hearing protection are provided to the workers, and train them on PPE usage.</p>	
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2.27.1	Electrical Safety	Red Flag	<p>Electrical panels located in the bed sheet department in Level 0 were observed to have the cover open. Also, a lot of dust was observed on panels box and cables.</p>	<p>Ensure the cover of the electrical panels located in the bed sheet department is always kept close. Clean the electrical panels and cables and ensure that no dust is present on electrical equipment.</p> <p>Provide electrical equipment in picture n.2 with a protective box/cover.</p> <p>Provide corrective actions' evidences for all the attached pictures.</p>	<p>1. </p> <p>2. </p> <p>3. </p>
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2.27.2	Electrical Safety	Red Flag	<p>Electrical panels located in Level -1 were observed to have the cover open. Also, a lot of dust was observed on panels box and cables.</p>	<p>Ensure the cover of the electrical panels located in Level -1 is always kept close. Clean the electrical panels and cables and ensure that no dust is on electrical equipment.</p> <p>Provide corrective actions' evidences for all the attached pictures.</p>	
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2.27.3	Electrical Safety	Red Flag	The electrical panel located in the sewing area in the blanket department in Level 1 was observed to have the cover open.	Ensure the cover of the electrical panel located in Level 1 is always kept close.	
2.30	Health & Safety	Red Flag	Material Safety Data Sheet (MSDS) of the machine oil used at the Site are missing.	Ensure MSDSs are provided for the chemicals used at the Site. Ensure MSDS are readily available near the working stations.	N/A
2.32.1	Hazardous Waste Mgmt.	Red Flag	No contract for hazardous waste disposal is present at the Site (used oil, mercury lamps). Auditor was notified that both used oil and mercury lamps are disposed of by the other company present in the Site compound; however no formal agreement is in place. Also, waste passports required by the legislation are not present.	Establish a contract to dispose hazardous waste produced at the Site (used oil, mercury lamps); or provide a formal agreement with the Company which is currently disposing them. Ensure all waste produced at the Site are provided with the passport (identifying the waste class) required by the legislation.	N/A

2.32.2	Hazardous Waste Mgmt.	Red Flag	Used lamps were observed in Level 0, nearby the office, and in Level -1, without an adequate container, and risk to be damaged.	Ensure used lamps are collected in an adequate dedicated container, in order to prevent any damage.	
2.32.3	Hazardous Waste Mgmt.	Red Flag	Used lamps were observed in Level 1, without an adequate container, and high risk to be damaged. Also, electronic waste was present.	Ensure used lamps are collected in an adequate dedicated container, in order to prevent any damage. Dispose of all unused electric material.	

2.37	Medical	Red Flag	No designated first aid responders are present at the Site.	Identify and train an adequate number of employees on first aid response. Training should be issued by a qualified person, according to the legislation requirements. Provide first aid instructions for all the workers. Ensure training records are kept.	N/A
2.38	Medical	Red Flag	Employees are not provided with periodical medical surveillance, as required by the Russian legislation.	Ensure periodical medical surveillance is provided to all workers employed at the Site (either on-site or in the local hospital), according to their task, as per the legislation requirements.	N/A
4.4	Wages	Red Flag	Auditors were notified that overtime is seldom conducted, and generally never exceed two hours per day. Site management reported that workers compensate eventual overtime working less during the other days, in order not to exceed 40 working hours per week. Eventual overtime are not recorded anywhere, and workers has never received overtime payments.	Ensure that whenever overtime are conducted, the overtime payments of the legal overtime rate are applied. Record overtime salary, and ensure it is countersigned for acceptance by the workers.	N/A

4.9	Wages	Red Flag	Auditors were notified that overtime is seldom conducted, and generally never exceed two hours per day. Site management reported that workers compensate eventual overtime working less during the other days, in order not to exceed 40 working hours per week, as per the contract. However, eventual overtime are not recorded anywhere: also the working hours register kept by the line managers does not show the effective worked hours conducted by the employees.	Ensure the effective working hours conducted by the employees are recorded, both on Line managers register and on payrolls.	
4.12	Wages	Red Flag	Sometimes university students are employed at the Site for a few months, no contract or agreement has ever been established.	Establish a contract or an official agreement, whenever students work at the Site, even if only for a few months, or as part of a vocational program.	N/A

Notes

- Black Flag** - if there is a finding of possible child or prison labor, factory will be disqualified for use if confirmed.
- Red Flag** - all red flags findings must be closed or downgraded within 90 days of the audit. (If you are unable to meet the closure timeline please contact Massimo Zanoni, massimo.zanoni@mwhglobal.com or Nicoletta Centofanti, nicoletta.centofanti@mwhglobal.com and Candice De La Rosa, candice.delarosa@nbcuni.com or Karen Tionson, karen.tionson@nbcuni.com).
- Yellow Flag** - all yellow flag findings must be closed before scheduled re-audit.
- NBCUniversal has implemented a scoring system to provide an index by which our approved suppliers are rated to predict the sustainability of their compliance programs. If your factory scores 85% or above on the initial audit and then works to also close all mandatory findings, this will qualify the factory for an extension of the annual audit requirement. As an incentive for demonstrating commitment to an ongoing improvement plan, the annual audit requirement may be extended to 18 month or 24 month re-audit cycle. Note: If the factory scores below 85% then will only re-qualify for the re-audit extension based on new score from the second audit after 12 months.