



Factory Audit Vendor surveillance www.j-peco.com

Client: Severn	Vendor: Zhejiang Guanzheng Valve Co., LTD.	
Project: ROO Operations & Maintenance	Sub-Vendor: Qiubao Valve Co., LTD.	
PO No.: //	Location: Guanzheng Industrial Zone, Xuyi Industrial Street, Oubei Town, Yongjia County, Zhejiang, China	
SO No.: //	Job No.: //	Report No.: 01
Requisition No.: //	WO No.: //	Date of Visit: 29.07.2022

MATERIAL ON ORDER (IF ANY)

Item No.	Quantity	Description
Not applicable	Not applicable	Not applicable

SUMMARY:

As per request of client, J-PECO inspected Jiang Jiankui performed vendor capability assessment at Zhejiang Guanzheng Valve Co., LTD hereinafter referred to as GOZV, detailed information please see section 1~14.

RECORD OF HOURS

Vendor/Report Hours:	Vendor/Report Hours:	Vendor/Report Hours:
QS Engineer: Jiang Jiankui <i>Jiang Jiankui</i>	Inspecting Engineer:	Inspecting Engineer:
Date: 07.29.2022	Date:	Date:



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7.Quality Attributes 8.Management and key Personnel 9.Codes & Standards 10.Confidentiality & Data Protection 11.Project
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1. Business Information

1.1	How long has the company been trading?
1.1.1	Year began trading: 1989
1.1.2	Number of years to date: 33
1.2	State the total number of staff within the organisation.
1.2.1	Number of Managers: 100
1.2.2	Number of Engineers: 7
1.2.3	Number of Inspectors: 7
1.2.4	Number of other Staff: 50
1.3	Please list any/all parent companies and ownership percentages, if each:
	Not applicable
1.4	Please state the company's chamber of commerce or other applicable legal business registration number.
	91330300717632750J (attachment 1)
1.5	Please identify the legal status of the company (e.g. Partnership, Limited Liability, Publicly Limited etc.)
	Limited Liability
1.6	What are the principal activities of the company?
	Manufacturing and sell of valves
1.7	In what country is the company registered?
	China
1.8	Please provide the registration address.
	Guanzheng Industrial Zone, Baoyuan Industrial Street, Oubei Town, Yongjia County, Zhejiang, China
1.9	Please provide the operational address of the business if different from the registration address.
	Not applicable

2. Business Ethics

2.1	What is the minimum hiring age?
	18
2.2	What policies are in place to ensure compliance with anti-corruption laws?
	Icac monitoring system
2.3	Does the company have a Code of Conduct or other similar compliance and ethics-related policy in place?
	Employee Handbook
2.4	Does any government official in the country covered by the scope of work, have any direct or indirect ownership or interest in your company or any of its affiliates? If yes please explain the nature of the



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	relationship.
	No
2.5	Has the company ever made any public disclosures involving fraudulent or corrupt conduct or improper accounting, including bribery to any US, UK or other government authorities, including the US Department of Justice, the Securities and Exchange Commission, or the UK Serious Fraud Office? If yes please explain the nature of the disclosure.
	No
2.6	Has your company or any of its affiliates or current employees paid or received any incentives, finder's fees, commission or gratuity in connection with sale of work? If yes, please describe the nature of the incentive
	No

3. Legal Data

3.1	Have your company or any of its directors, officers, or key employees been convicted of a criminal offence in the last 3 years or have they been involved in a dispute or litigation that may be relevant. If Yes please give details:
3.1.1	In your country of business?
	No
3.1.2	In the country of delivery?
	No
3.1.3	In other country?
	No
3.2	Is your company currently, or has it been in the last 3 years, involved in litigation or arbitration in which it was alleged that you failed to perform under a contract or breached a contract?
3.3	Please give details of the current insurance coverage: Employers' Liability, Public Liability and Professional Indemnity.
	endowment insurance, medical insurance, unemployment insurance, employment injury insurance and maternity insurance

4. Health, Safety, Security and Environment (HSSE)

4.1	Legal Compliance and Standards
4.1.1	Does your company have a process in place to identify, and ensure compliance with, applicable HSSE legal and



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	regulatory requirements?
	Yes
4.2	Policy and Organisation
4.2.1	Does the company have a documented HSSE Policy Statement?
	Yes
4.2.2	Does the company have a documented substance abuse policy?
	N/A
4.2.3	Does the company have a documented and tested formal emergency response plans?
	Yes
4.2.4	Does the company have a Business Continuity Plan with clear accountability?
	Yes
4.2.5	Does the company have a documented HSSE Induction Plan for all employees within your organisation?
	Yes
4.2.6	Does the company have a documented HSSE Induction Plan for all contractors within your organisation?
	Yes
4.2.7	Does the company have a documented programme in place to ensure that all employees have suitable HSSE training and qualifications in order to carry out their roles and responsibilities?
	Yes
4.3	Leadership
4.3.1	Please explain how the company will deliver, implement and monitor leadership HSSE training in this contract.
	As we do as usual.
4.4	HSSE Policy and Goals
4.4.1	Please define the company strategic HSSE goals and delivery of exemplary HSSE performance in this contract scope.
	As we do as usual.
4.4.2	Please explain the process and metrics by which the company brings the HSSE policy and the contract goals to the attention of your workforce?
	Make a HSSE object and place for every month.
4.5	HSSE Management System
4.5.1	How does the company ensure that the HSSE management system properly describes your company approved HSSE working practices and that these practices are followed in your work activities?
	The contents of the HSSE are write in the working procedure, and the manager make the interval monitoring in the daily work.
4.6	HSSE Organisation
4.6.1	Please describe the organisational structure for HSSE management. How will the company organisation be structured for this contract to manage and communicate HSSE effectively?
	Security Department is the functional department in the company, which plans for the HSSE management, and every sub-factory has his own professional employees for the management of the HSSE.



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4.7	Risk Management
4.7.1	Please describe the risk identification, assessment, and mitigation process which allows the company to manage risk in HSSE performance improvement to a level as low as reasonably practicable.
	attachment 27

5. Facilities/Technical

5.1	Relevant Experience
5.1.1	<p>Please provide details of the company's history and experience relevant to the scope of work.</p> <p>Zhejiang Guanzheng Valve Co., LTD. (VENDOR) was founded in 1992 and now has six subsidiaries, many overseas offices and a sales network throughout China. It has a total land area of 16,000 m², over 150 employees and an annual production capacity of 12,000 t. VENDOR makes overall arrangements for the demands between each factory and each market through ERP system. It has a machining center with more than 400 sets of machining equipment and metal heat treatment equipment of good quality such as numerically-controlled machine tool, numerically-controlled boring-milling machine, general purpose machine tool, large vertical lathe, spherical lathe, etc., various test methods for physical composition analysis, mechanical property test and UT, MT, PT nondestructive examination of material, test equipment such as desk type spectrograph, material impact tester, portable hardness (Brinell) tester, MT spectrometer, coating thickness gauge, ultrasonic wall thickness gauge, fireproof test devices with Lloyds certification, ultra-temperature and high temperature test system, torque test system, low-temperature leakage test system, etc., to effectively control the product quality.</p> <p>VENDOR has been honored with multiple national new technical patents for the development of API 6D BALL VALVE, special material ball valve, API 609 butterfly valve and GGC, API 609 butterfly valve etc..</p> <p>The company has passed the ISO9001 quality management system, ISO14001 environmental management system, ISO45001 (OHSAS 18001) occupation health and safety management system, ISO15848, API 602, API 609, API 6D, CE PED of Product and System Certificate.</p>
5.2	Resource Suitability
5.2.1	<p>Please outline the personnel and office resources.</p> <p>The Integrated Management Department has the responsibility of HR and office.</p>
5.2.2	Please review the organization chart identifying your personnel and their roles and responsibilities for suitability.



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5.2.3	Does the company have job opportunities available for all personnel? Yes
5.3	Future Commitments
5.3.1	Are there any future commitments on the proposed resources, including outstanding tenders or pre-qualification exercises that could impact the scope?
5.4	Estimate the shop floor space. Detail area and types. 16,000 m2
5.5	How many production related employees are at the works?
5.5.1	
5.6	Detail Machinery types & numbers relevant to the scope of the work (give indication as to age and condition) (attached)
5.7	Please give details of Welding bays, type and numbers. (attached)
5.8	Please give details of Clean room facilities Not Applicable
5.9	Please give details of Storage facilities (Total/Segregation) Total:2000m2



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6. Quality Attributes

6.1	Quality System and Management Plan
6.1.1	Does the company have a certified quality management system (or similar) in place? <input type="checkbox"/> No <input checked="" type="checkbox"/> Yes? Is this an accredited company?
	Yes
6.1.2	If yes please review a copy of the certificate and minutes of the most recent management review meeting. Detail any issues or concerns.
	(attachment 7)
6.1.5	Does the company have a Quality Manager (or similar)?
	Yes, Manager Representative
6.1.6	If yes, please provide the name of the designated person who will be responsible for managing J-PECO work?
	Chi Zhangxiang
6.2	Certification
6.2.1	Confirm that the ISO 9001:2015 Certification is valid for scope.
	(attachment 9)
6.2.3	If your certification does not cover surveillance work scope, please explain how your company manages quality for the provision of this work?
	N/A
6.2.4	Confirm that the ISO 9001:2015 Certification is valid for all locations.
	(attachment 10)
6.5	Assessment of Vendor Quality Plans
6.5.1	Does the vendor use quality plans?
	(attachment 22)
6.5.2	Does the quality plan indicate all manufacturing processes?
	Yes
6.5.3	Does the quality plan include all relevant specifications and international standards?
	Yes
6.5.4	How does the vendor monitor progress of manufacture against the production schedule and quality plan?
	By monitoring equipment and inspection.
6.5.5	How does the vendor control documentation requirements for the order?
	(attachment 31)

7. Management and Key Personnel

7.1	Induction of Personnel
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7.1.1	Describe the documented induction programme for all employees within the organisation? attachment 32
7.2	Change Management
7.2.1	What Management of Change processes and systems does your company have in place to ensure that J-PECO requirements are not compromised, that performed work will be value-adding, and will reduce risks to the project or operations? For example, management of personnel deployment and backfills/re-deployment. attachment 23
7.2.2	Has the vendor prepared an organisation chart for the project? Yes
7.3	List key personnel attachment 33
7.4	Is there a dedicated: Project manager/QA manager etc? (detail) Yes
7.5	Do all NDT personnel have current certification relevant to the PO specification requirements? Certifying programme ASNT/PCN etc.) Yes
7.6	Do welders have current assessments and processes? Yes
7.7	Is there a welder rating and re-qualification register? Yes
7.8	Discuss with the QA and Project Managers the specification requirements of the PO (i.e. ASME/API/BS etc.) Do they seem to understand the requirements of the specification? Detail any concerns. attachment 24

8. Codes and Standards

8.1	<p>What process will ensure that Personnel will have access to the latest revision of documents referenced in the Contract or Call-off required to perform his/her work. Documents include but are not limited to:</p> <ul style="list-style-type: none"> ● HSSE Issues ● Ethical considerations ● Work instructions ● Inspection Reports ● Specifications ● Codes of practice (i.e. API, ASME, ISO etc.) ● Purchase order requirements
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• Client requirements
attachment 34

9. Confidentiality and Data Protection

9.1	How will your company confirm that documents & information issued to Personnel and Sub-contractors are returned to your company? What is your policy and procedure for handling these documents and information?
	attachment 34

10. Project Management

10.1	Please confirm the name and title of your project manager (or equivalent)
	Project Engineer- Miao Maole
10.2	Please confirm the name and title of your work Assignment Manager (or equivalent)
	Project Engineer- Miao Maole
10.3	How will the company ensure project management of the work scope?
	attachment 34

11. Training, Development and Retention

11.1	What is your company's Personnel training and development programme?
	attachment 34
11.2	What is the Personnel turn over for the last 12 months? Number of staff that left the business? Percentage of total staff?
	The number of staff left the business was 8, 7%.

12. Workload

12.1	What is the current % workload of maximum capacity?
	75%
12.2	What is the vendors workload forecast capacity?
	12000tons
12.3	Does the vendor have a capacity control system?



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	Make monthly plan and check the production schedule every day
12.4	Assess the vendor's current work load compared to the manpower and machine capacity.
	attachment 38

SAMPLE