

Social Compliance Audit Report

Audit ID #: SHCJ26702-02

Audit Report Date: 25/11/2014

Factory Information

Factory ID No.	R698-6314-1		
Factory Name:	Tianjin Fuji-Ta Bicycle Co., Ltd.		
Street Address Line 1:	South of Chajin Road, junliangcheng, Dongli District, Tianjin		
Street Address Line 2:	Not applicable		
City:	Tianjin	State/Province:	Tianjin
Zip Code:	300041	Country:	China
Contact Person Name:	Mr. Zhang wei	Telephone:	+ 86-22-24353587
Contact Person Title:	Administration Manager	Fax:	+ 86-22-24363566

Compliance Audit Report

Document Completed By:	Audit Entered By (Name):	Title:	Date Audit Entered:
			Click here to enter a date.
Factory Audited By:	Audit Conducted By (Name):	Audit Organization:	Date Audit Conducted:
	Amy Han, Avery Zhu	Intertek Testing Services	18/11/2014
	Audit Type:		Tentative Audit Date:
	<input checked="" type="checkbox"/> Initial <input type="checkbox"/> 1st Follow-Up		18/11/2014
	<input type="checkbox"/> 2nd Follow-Up <input type="checkbox"/> 3rd Follow-Up		
Number of Factory Workers:	<input type="checkbox"/> Unable to Determine	<input type="checkbox"/> 101-250	<input type="checkbox"/> 1001-2500
	<input type="checkbox"/> 1-50	<input type="checkbox"/> 251-500	<input type="checkbox"/> 2501-5000
	<input type="checkbox"/> 51-100	<input type="checkbox"/> 501-1000	<input type="checkbox"/> Over 5000
Audit Report Date:	25/11/2014		
Overall Rating:	<input checked="" type="checkbox"/> Needs Improvement <input type="checkbox"/> Acceptable		
Agreed to and signed Corrective Action Plan Acknowledgement Report (CAPAR):	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
	Comments: Mr. Zhang Wei / Administration Department Manager agreed to and signed Corrective Action Plan Acknowledgement Report.		

Compliance Audit Report (Continued)

Access to Facility: ☒ Accepted ☐ Denied

If denied, explain: Predetermined Comments:

☒ 1. Acceptable

Comments: None

**Partial Access
Denied?:**

***SKIP THIS SECTION – No longer applicable
Do not enter any data in this field in Lotus Notes***

**Percentage of the
Factory's capacity
devoted to
production of
Disney Products:**

☒ 0%

☐ 31-40%

☐ 71-80%

☐ 1-10%

☐ 41-50%

☐ 81-90%

☐ 11-20%

☐ 51-60%

☐ 91-100%

☐ 21-30%

☐ 61-70%

**Overall
Assessment:**

Assessment Process

Assessment Type (Spot Check, Unannounced, Announced, GIFW, Observed Assessment): Announced

Specify Code of Conduct Assessed (ex. Disney, ICTI or SA8000): Disney

Monitoring Firm: Intertek Testing Services

Number of Monitors (ex. Due to the schedule conflict/limited manpower resources, the auditors from the audit team of the previous audit cannot conduct this follow-up audit): Two auditors

Name and Title of Others Present (ex. Translators, observers, trainees): Beyond He (Observer)

Status of Disney's Ethics Policy (Presented and explained, Signature Block Completed): Presented and explained, Signature Block Completed

Number of Testing: 10

Months of Work Attendance Records Reviewed: 13 months and 17 days' (from October 1, 2013 to November 17, 2014) attendance records

Months of Payroll Ledgers Reviewed: 12 months from October 2013 to September 2014

Number of Employees Interviewed: 10

Number of Employees/Group Interviewed: 0

Signing of the Confidentiality Agreement (Y / N): N

Resources Received from Facility (i.e. transportation, meals): The facility provided lunch without any charge.

Report Disney approved or not approved deviations from the ILS Audit Scope and Procedures and who, what, and why details (ex. number of auditors, different auditors assigned from previous audit, different number of testing from the requirement, and different number of interviews from the requirement, etc): None observed

Facility Overview Information

Facility Address: South of Chajin Road, Junliangcheng, Dongli District, Tianjin, China

Contact Person: Mr. Zhang Wei

Month and Year of Establishment: August 1994

Numbers and Purpose (Administrative / Production / Dormitory) of Buildings: In view of the facilities, the facility consists of parts of one flat building, partial of which being 2-storey building used for office, production workshops and warehouses and 1/F, 2/F and 6/F in one 6-storey building used for kitchen and canteen which was which was shared with Tianjin Fuji-Ta Group Company.

Product Type: Bicycle

Production Processes: Rim, pre-assembly, assembly, inspection and packing

Current / Normal Employee Size by Employee Type: 348

Current / Past percentage of Disney Production: 0% / 1.7%

Other Brands Present: Hount

Peak / Low Production Months: The peak season is not obvious in the facility.

Facility Regular Hours / Shift: The employees worked in one shift from 08:00 to 17:00 with 1 hour break from 11:00 to 12:00.

Pay Date: 28th every month

Name of the Licensee / Vendor: Tianjin Fuji-Ta Bicycle Co., Ltd.

Does the audit scope include additional locations? (Explain) Not applicable, no additional locations were found during auditing.

Are these locations under the same business license? (Explain) Not applicable, no additional locations were found during auditing.

Violations Categories: Health & Safety and Subcontracting.

Comments / Observations:

1. The address provided by the facility was South of Chajin Road, Junliangcheng, Dongli District, Tianjin and that in business license was South of road junction, Dongli District, Tianjin. The facility management explained that the two parlances referred to the same one location.

2. There were another one facility named Tianjin Fuji-Ta Bicycle Group Company including CKD lines, IBD lines, paint baking lines, duralumin 1, duralumin 2, domestic sales, Japan lines and car frame II and the audited facility just included the processes of rim, pre-assembly, assembly, inspection and packing.

Communicated Findings with:

Discussions regarding the Corrective Action Plan occurred with Mr. Zhang Wei / Administration Manager (Name & Title).

Child Labor:

☒ Acceptable ☐ Needs Improvement ☐ N/A ☐ Unable to Verify

Comments:

Current Child Labor:

☒ Acceptable ☐ Needs Improvement ☐ N/A ☐ Unable to Verify

Predetermined Comments:

☒ 1. Acceptable

Comments: No apparent violation

Young Persons

☒ Acceptable ☐ Needs Improvement ☐ N/A ☐ Unable to Verify

Predetermined Comments:

☒ 1. Acceptable

Comments: No apparent violation

Other:

☒ Acceptable ☐ Needs Improvement ☐ N/A ☐ Unable to Verify

Predetermined Comments:

☒ 1. Acceptable

Comments: No apparent violation

Involuntary Labor: ☒ Acceptable ☐ Needs Improvement ☐ N/A ☐ Unable to Verify
Comments:

Prison, Bonded, Indentured, Forced Labor:
☒ Acceptable ☐ Needs Improvement ☐ N/A ☐ Unable to Verify

Predetermined Comments:

☒ 1. Acceptable

Comments: No apparent violation

Mandatory Overtime:
☒ Acceptable ☐ Needs Improvement ☐ N/A ☐ Unable to Verify

Predetermined Comments:

☒ 1. Acceptable

Comments: No apparent violation

Other:
☒ Acceptable ☐ Needs Improvement ☐ N/A ☐ Unable to Verify

Predetermined Comments:

☒ 1. Acceptable

Comments: No apparent violation

Coercion and Harassment:

☒ Acceptable ☐ Needs Improvement ☐ N/A ☐ Unable to Verify

Comments:

Physical Abuse or Sexual Harassment:

☒ Acceptable ☐ Needs Improvement ☐ N/A ☐ Unable to Verify

Predetermined Comments:

☒ 1. Acceptable

Comments: No apparent violation

Other:

☒ Acceptable ☐ Needs Improvement ☐ N/A ☐ Unable to Verify

Predetermined Comments:

☒ 1. Acceptable

Comments: No apparent violation

Non-Discrimination:

☒ Acceptable ☐ Needs Improvement ☐ N/A ☐ Unable to Verify

Predetermined Comments:

☒ 1. Acceptable

Comments: No apparent violation

Association:

☒ Acceptable ☐ Needs Improvement ☐ N/A ☐ Unable to Verify

Predetermined Comments:

☒ 1. Acceptable

Comments: No apparent violation

Minimum Wage:

☒ Acceptable ☐ Needs Improvement ☐ N/A ☐ Unable to Verify

Predetermined Comments:

☒ 1. Acceptable

Comments: No apparent violation

Remark:

1. The local minimum wage standards set at RMB 1500 per month equivalent to RMB 8.62 (1500/21.75/8) per hour from April 1, 2013 to March 31, 2014 and RMB 1680 per month equivalent to RMB 9.66 (1680/21.75/8) per hour from April 1, 2014.
2. 12 months' (from October 2013 to September 2014) payroll records were provided for review.

Overtime Wage: ☒ Acceptable ☐ Needs Improvement ☐ N/A ☐ Unable to Verify

Predetermined Comments:

☒ 1. Acceptable

Comments: No apparent violation

Overtime Hours: ☒ Acceptable ☐ Needs Improvement ☐ N/A ☐ Unable to Verify

Predetermined Comments:

☒ 1. Acceptable

Comments: No apparent violation

1. The facility provided 13 months and 17 days' (from October 1, 2013 to November 17, 2014) attendance records for review.
2. Through employee interview, the interviewees expressed that they worked overtime on voluntary basis.
3. Based on the document provided by the facility, the working hours were analyzed as follows:
 - (1) For September 2014 (current month), the average number of hours worked in a week for 10 randomly selected samples were 47.56 hours. Maximum working hours per week were 50 hours (9 out of 10 randomly selected samples); maximum monthly overtime hours were 34 hours (9 out of 10 randomly selected samples);
 - (2) For June 2014 (random month), the average number of hours worked in a week for 5 randomly selected samples were 48 hours, maximum working hours per week were 50 hours (5 out of 5 randomly selected samples); maximum monthly overtime hours were 36 hours (5 out of 5 randomly selected samples);
 - (3) For November 2013 (random month), the average number of hours worked in a week for 5 randomly selected samples were 46.72 hours. Maximum working hours per week were 60 hours (4 out of 5 randomly selected samples); maximum monthly overtime hours were 32 hours (4 out of 5 randomly selected samples).

Social Benefits ☒ Acceptable ☐ Needs Improvement ☐ N/A ☐ Unable to Verify

Predetermined Comments:

☒ 1. Acceptable

Comments: No apparent violation

**Other
Compensation**

☒ Acceptable ☐ Needs Improvement ☐ N/A ☐ Unable to Verify

Predetermined Comments:

☒ 1. Acceptable

Comments: No apparent violation

**Monitoring and
Compliance:**

☒ Acceptable ☐ Needs Improvement ☐ N/A ☐ Unable to Verify

Comments:

Transparency:

☒ Acceptable ☐ Needs Improvement ☐ N/A ☐ Unable to Verify

Predetermined Comments:

☒ 1. Acceptable

Comments: No apparent violation

Ethics:

☒ Acceptable ☐ Needs Improvement ☐ N/A ☐ Unable to Verify

Predetermined Comments:

☒ 1. Acceptable

Comments: No apparent violation

Insufficient or Inadequate Records:

☒ Acceptable ☐ Needs Improvement ☐ N/A ☐ Unable to Verify

Predetermined Comments:

☒ 1. Acceptable

Comments: No apparent violation

Other:

☒ Acceptable ☐ Needs Improvement ☐ N/A ☐ Unable to Verify

Predetermined Comments:

☒ 1. Acceptable

Comments: No apparent violation

Health and Safety:

☒ Acceptable ☐ Needs Improvement ☐ N/A ☐ Unable to Verify

Comments:

Medical & First Aid:

☒ Acceptable ☐ Needs Improvement ☐ N/A ☐ Unable to Verify

Predetermined Comments:

☒ 1. Acceptable

Comments: No apparent violation

Personal Protective Equipment (PPE):

☒ Acceptable ☐ Needs Improvement ☐ N/A ☐ Unable to Verify

Predetermined Comments:

☒ 1. Acceptable

Comments: No apparent violation

Fire & Emergency Safety:

☒ Acceptable ☐ Needs Improvement ☐ N/A ☐ Unable to Verify

Predetermined Comments:

☒ 1. Acceptable

Comments: No apparent violation

Machine & Electrical Safety:

☐ Acceptable ☒ Needs Improvement ☐ N/A ☐ Unable to Verify

Predetermined Comments:

- ☒ 31. Machine operators' certificates are expired.

Comments:

HS. MES. # 31. Auditors noted that special appliance operator certificate expired. During facility tour, auditor found that there were two forklifts in the facility for goods transferring and loading; however, one out of two forklift operators' certificates without annual check expired on January 22, 2013 for review.

Regulations on Safety Supervision of Special Appliance article 38 requires the operator of special appliances (mentioned in Article 2, such as boiler, compressing equipment, lift, lifting appliance, Operators and managers of special vehicles in the factory (onsite) shall undergo relevant examination and qualifications to obtain special appliances certificate from the Special Appliance Quality Safety Monitoring department before operating those appliances.

Hazardous Material:

☒ Acceptable ☐ Needs Improvement ☐ N/A ☐ Unable to Verify

Predetermined Comments:

- ☒ 1. Acceptable

Comments: No apparent violation

Sanitation:

☐ Acceptable ☒ Needs Improvement ☐ N/A ☐ Unable to Verify

Predetermined Comments:

- ☒ 5. Kitchen employees do not have valid health certificates.
☒ 6. The canteen does not have a catering service license.

Comments:

HS. S. # 6. Auditors noted that the facility did not obtain the catering service license for its kitchen. During facility tour, auditor found that one kitchen and canteen was located on 1/F in one 6-storey dormitory building. The group managed this kitchen and canteen, but both the facility and the group did not obtain the catering service license.

The PRC Law on Food Safety article 29 requires, the State shall adopt a licensing system for food production and trading. Anyone engaged in food production, food circulation or catering service shall obtain a food production license, a food circulation license or a catering service license according to law.

HS. S. #5. Auditors noted that kitchen staff did not have health certificate. During document review, 1 out of 17 kitchen staff working in kitchen did not have health certificate.

The PRC Law on food safety article 34 requires, the food producing and trading personnel shall undergo health check-ups every year and can only work upon obtaining health certificates.

Other:

☒ Acceptable ☐ Needs Improvement ☐ N/A ☐ Unable to Verify

Predetermined Comments:

☒ 1. Acceptable

Comments: No apparent violation

Dormitories: ☒ Acceptable ☐ Needs Improvement ☐ N/A ☐ Unable to Verify

Predetermined Comments:

☒ 1. Acceptable

Comments: No apparent violation

Protection of the Environment: ☒ Acceptable ☐ Needs Improvement ☐ N/A ☐ Unable to Verify

Predetermined Comments:

☒ 1. Acceptable

Comments: No apparent violation

Subcontracting: ☒ Acceptable ☒ Needs Improvement ☐ N/A ☐ Unable to Verify

Predetermined Comments:

☒ 5. All or some production processes are subcontracted to another facility without Disney's written consent.

Comments:

Sub. # 5. Auditors noted that paster with Disney logo was purchased from other facility. Through facility tour, auditor found that the paster with Disney logo was purchased from other facility with Disney's written content.

Facility Name: Tianjin Hua Ying Printing Co., Ltd.

Address: Dasunzhuang Village, Balitai Town, Jinnan Industrial Park, Tianjin

Contact: Ms. Ni

Tel: + 86-22-88693307

Fax: + 86-22-88693305

Disney Code of Conduct: The manufacturer should not use subcontractors to produce Disney products without Disney's expressed written consent, this also applies to subcontract works on parts, semi finished items and packing materials that bear Disney logos and trademarks.

Other Laws (if applicable):

☒ Acceptable ☐ Needs Improvement ☐ N/A ☐ Unable to Verify

Comments:

Labor Contract:

☒ Acceptable ☐ Needs Improvement ☐ N/A ☐ Unable to Verify

Predetermined Comments:

☒ 1. Acceptable

Comments: No apparent violation

Other:

☒ Acceptable ☐ Needs Improvement ☐ N/A ☐ Unable to Verify

Predetermined Comments:

☒ 1. Acceptable

Comments: No apparent violation

Publication:

☒ Acceptable ☐ Needs Improvement ☐ N/A ☐ Unable to Verify

Predetermined Comments:

☒ 1. Acceptable

Comments: No apparent violation
