

ILS Social Compliance Audit

Audit ID #: JSASCN18344909 **Date Audit Conducted:** 2018/08/17
Yr/Mo/Day

Code Conducted to: Disney **Audit Report Date:** 2018/08/23
Yr/Mo/Day

Audit Type: Initial First F/U Second F/U Third F/U Other F/U

Facility Information

Facility ID No.: No information.

Facility Name: FOSHAN NANHAI HIGH MOULD CO., LTD.

Address Line 1: NO.4 PRODUCTION BUILDING OF CHEN JINTAO AND ZHAO ZHU, ZHAO NAN DUAN, ZHAO DA PIONEER PARK, SHISHAN TOWN, NANHAI DISTRICT, FOSHAN CITY, GUANGDONG PROVINCE, CHINA.

Address Line 2: Nil

Address Line 2: Nil

City: Foshan **State/Province:** Guangdong

Town: Shishan **Country:** China

Postal Code: 528225 **GPS Location:** 23°05'38"N;
113°02'02"E

Contact Last Name: Deng **Contact First Name:** Huidan

Primary Email: zhuangao_dd@163.com **Telephone:** 0757-86443698

Contact Person Title: HR Manager **Fax:** 0757-86443698

Name/Address/Ownership Updates

Facility Name: FOSHAN NANHAI HIGH MOULD CO., LTD.

Facility Address: NO.4 PRODUCTION BUILDING OF CHEN JINTAO AND ZHAO ZHU, ZHAO NAN DUAN, ZHAO DA PIONEER PARK, SHISHAN TOWN, NANHAI DISTRICT, FOSHAN CITY, GUANGDONG PROVINCE, CHINA.

Facility Ownership Update: Limited-liability

Upcoming Relocation or Expansion: Nil

Audit Team

Audit Firm: SGS-CSTC Standards Technical Services Co., Ltd.

Lead/ Exclusive Auditor: Juliana Chen

Number of Auditors: 1

Audit Team Member 1: Nil **Audit Team Member 2:** Nil

Audit Team Member 3: Nil **Audit Team Member 4:** Nil

Audit Team Member 5: Nil **Audit Team Member 6:** Nil

Audit Team Member 7: Nil **Audit Team Member 8:** Nil

Audit Details & Assessment

Facility Details

Access to Facility: Accepted Denied Denied by phone Unable to Access – No fault of facility

Predetermined Comments Acceptable
 Auditors attempted to conduct an audit and were denied access.
 Other

Additional Comments: Nil

Current % Capacity Devoted to Disney: 0% **Past % Capacity Devoted to Disney:** 0%

Products Produced: Molds

Disney Products Observed: Nil

Production Processes: Raw material-CNC Milling- Electro Sparking-Cutting-Machining-Assembling- Mold Testing-Finished good

Total Employees: 49 **#Production Employees:** 34

Buildings: 3

Buildings by Purpose: One 1-storey building was used as production workshop and warehouse. Two 3-storey buildings were used as office and dormitory.

Peak Production Months:

<input type="checkbox"/> Unknown	<input type="checkbox"/> April	<input type="checkbox"/> September
<input checked="" type="checkbox"/> None	<input type="checkbox"/> May	<input type="checkbox"/> October
<input type="checkbox"/> January	<input type="checkbox"/> June	<input type="checkbox"/> November
<input type="checkbox"/> February	<input type="checkbox"/> July	<input type="checkbox"/> December
<input type="checkbox"/> March	<input type="checkbox"/> August	

Low Production Months:

<input type="checkbox"/> Unknown	<input type="checkbox"/> April	<input type="checkbox"/> September
<input checked="" type="checkbox"/> None	<input type="checkbox"/> May	<input type="checkbox"/> October
<input type="checkbox"/> January	<input type="checkbox"/> June	<input type="checkbox"/> November
<input type="checkbox"/> February	<input type="checkbox"/> July	<input type="checkbox"/> December
<input type="checkbox"/> March	<input type="checkbox"/> August	

Facility Regular Hours: 1 shift:
8:00-12:00 AM,
14:00-18:00 PM,
18:00-21:30 OT

Facility # of Shifts/Hours 1 Shift /8 hours per day

Other Brands Present? RI FENG

Establishment Date: Yr/Mo/Day
2013/07/16

Audit Details

Attendance Records Reviewed:

<input type="checkbox"/> Unknown	<input type="checkbox"/> April	<input type="checkbox"/> September
<input type="checkbox"/> None	<input type="checkbox"/> May	<input type="checkbox"/> October
<input type="checkbox"/> January	<input type="checkbox"/> June	<input type="checkbox"/> November
<input type="checkbox"/> February	<input checked="" type="checkbox"/> July	<input checked="" type="checkbox"/> December
<input checked="" type="checkbox"/> March	<input type="checkbox"/> August	

Payroll Ledgers Reviewed:

<input type="checkbox"/> Unknown	<input type="checkbox"/> April	<input type="checkbox"/> September
<input type="checkbox"/> None	<input type="checkbox"/> May	<input type="checkbox"/> October
<input type="checkbox"/> January	<input type="checkbox"/> June	<input type="checkbox"/> November
<input type="checkbox"/> February	<input checked="" type="checkbox"/> July	<input checked="" type="checkbox"/> December

	<input checked="" type="checkbox"/> March	<input type="checkbox"/> August	
Last Pay Date: Yr/Mo/Day	2018/08/07	Number of Records Sampled:	15
# Individual Employee Interviews:	5	# Employee Group Interviews:	0
Numbers per Group:	0		
Additional Locations Audited?	<input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes; Locations not under same business license	
	<input type="checkbox"/> Yes; Location under same business	<input type="checkbox"/> Yes; unknown	
Explain Additional Location Details:	Nil		
Comments/Observations:	Nil		
Communicated Findings With:	Chen Gang/ General Manager		
Agreed to and Signed CAPAR?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Unknown
Audit Entered by: (Name)	Juliana Chen		

Comments Details

Comments: Nil

Name and Title of Others Present (ex. translators, observers, trainees): Jasmine Zhang/ Observer

Attendance Records Provided: 12 months and 17 days from Aug 1, 2017 to Aug 17, 2018

Payroll Records Provided: 12 months from Aug 2017 to Jul 2018

Number of Records Sample: 15(Current: 5, Random: 5, Random: 5)

Resources Received from Facility (i.e. transportation, meals): Nil

Factory Representative in opening meeting (name/title): Chen Gang/General Manager, Deng Huidan/HR Manager, Jiang Shujun/ Production supervisor.

Factory Representative in closing meeting (name/title): Chen Gang/General Manager, Deng Huidan/HR Manager, Jiang Shujun/ Production supervisor.

(Note: other comments may include but not limit to: details if "Agreed to and signed CAPAR" is indicated "No"; further details regarding audit scope; special observation or comments on the audit process; etc.)

Audit Violations

Age Requirement

Child Labor:

Acceptable Needs Improvement N/A Unable to Verify

Predetermined Comments:

Acceptable

Law / Code: N/A

Additional Comments: No apparent violation.

Other:

Acceptable Needs Improvement N/A Unable to Verify

Predetermined Comments:

Acceptable

Law / Code: N/A

Additional Comments: No apparent violation.

Young Persons:

Acceptable Needs Improvement N/A Unable to Verify

Predetermined Comments:

Acceptable

Law / Code: N/A

Additional Comments: No apparent violation.

Association:

Acceptable Needs Improvement N/A Unable to Verify

Predetermined Comments:

Acceptable

Law / Code: N/A

Additional Comments: No apparent violation.

Coercion and Harassment:

Other:

Acceptable Needs Improvement N/A Unable to Verify

Predetermined Comments:

Acceptable

Law / Code: N/A

Additional Comments: No apparent violation.

Physical Abuse or Sexual Harassment:

Acceptable Needs Improvement N/A Unable to Verify

Predetermined Comments:

Acceptable

Law / Code: N/A

Additional Comments: No apparent violation.

Compensation: Minimum Wage:

Acceptable Needs Improvement N/A Unable to Verify

Predetermined Comments:

Acceptable

Law / Code: N/A

Additional Comments: No apparent violation.

Remarks:

Local minimum wage standard: (wage per hour or per month):
RMB 8.68 per hour or RMB 1510 per month before Jul 2018;
RMB 9.89 per hour or RMB 1720 per month since Jul 2018.

Overtime Hours:

Acceptable Needs Improvement N/A Unable to Verify

Predetermined Comments:

Employees work in excess of the legal overtime limit.

Law / Code:

Labor Law of the People's Republic of China (1994), Article 41 requires that The employing unit may extend working hours due to the requirements of its production or business after consultation with the trade union and laborers, but the extended working hour for a day shall generally not exceed one hour; if such extension is called for due to special reasons, the extended hours shall not exceed three hours a day under the condition that the health of laborers is guaranteed. However, the total extension in a month shall not exceed thirty-six hours.

Additional Comments:

Auditor noted that the employees' monthly overtime hours exceeded legal requirement.

Based on the attendance records provided from Aug 2017 to the audit day by the factory, it was noted that 69% employees' monthly overtime hours exceeded legal requirement, the maximum was up to 80 hours per month, occurred in Mar 2018.

Remarks:

Attendance Recorded by: (automated/electronic, timecard, manual, no recording, etc.): Fingerprint system

Based on the attendance records provided from Aug 2017 to the audit day by the factory, working hours statistics was as the following:

- 1) For Jul 2018 (Current month), the max. weekly working hours were 58 hours, and the max. monthly overtime were 63 hours.
- 2) For Mar 2018 (Random month), the max. weekly working hours were 58 hours, and the max. monthly overtime were 80 hours.
- 3) For Dec 2017 (Random month), the max. weekly working hours were 58 hours, and the max. monthly overtime were 77 hours.

Overtime Wage:

Acceptable Needs Improvement N/A Unable to Verify

Predetermined Comments:

Acceptable

Law / Code: N/A

Additional Comments: No apparent violation.

Social Benefits and Other Compensation:

Acceptable Needs Improvement N/A Unable to Verify

Predetermined Comments:

Employees are not provided with legally mandated benefits.

Law / Code:

Labor Law of the People's Republic of China (1994), requires that Article 72, The sources of social insurance funds shall be determined according to the categories of insurance, and an overall pooling of insurance funds from the society shall be introduced step by step. The employing unit and laborers must participate in social insurance and pay social insurance premiums in accordance with the law.

Article 73, Laborers shall, in accordance with the law, enjoy social insurance benefits under the following circumstances:

1. Retirement;
2. Illness or injury;
3. Disability caused by work-related injury or occupational disease;
4. Unemployment; and
5. Child-bearing.

Additional Comments:

Auditor noted that the factory did not provide social insurance for all employees as per legal requirements.

Based on the social insurance payment certificate provided by the factory, there were total 49 employees in the factory during the audit day, but the factory only provided retirement, accident, unemployment, medical and maternity insurance for 6 employees (around 12%).

Remark: The factory provided commercial insurance for all employees, which are valid until Aug 26, 2018.

Remarks:

Regular Pay Date: 7th of each month.

Wage pay in/by (cash, check, direct deposit, etc.): Cash

Health and Safety:

Dormitories:

Acceptable Needs Improvement N/A Unable to Verify

Predetermined Comments:

Acceptable

Law / Code: N/A

Additional Comments: No apparent violation.

Fire & Emergency Safety:

Acceptable Needs Improvement N/A Unable to Verify

Predetermined Comments:

Acceptable

Law / Code: N/A

Additional Comments: No apparent violation.

Hazardous Material:

Acceptable Needs Improvement N/A Unable to Verify

Predetermined Comments:

Acceptable

Law / Code: N/A

Additional Comments: No apparent violation.

Machine & Electrical Safety:

Acceptable Needs Improvement N/A Unable to Verify

Predetermined Comments:

Acceptable

Law / Code: N/A

Additional Comments: No apparent violation.

Medical & First Aid:

Acceptable Needs Improvement N/A Unable to Verify

Predetermined Comments:

Acceptable

Law / Code: N/A

Additional Comments: No apparent violation.

Other:

Acceptable Needs Improvement N/A Unable to Verify

Predetermined Comments:

Occupational health examinations are not provided to employees as required.

Law / Code:

Law of the People's Republic of China on Prevention and Control of Occupational Diseases (2011 Amendment), Article 36 requires that For employees conducting operations with exposure to occupational disease hazards, an employer shall organize pre-job, on-the-job, and off-the-job occupational health examination of employees according to the provisions of the work safety administrative department and health administrative department of the State Council and inform in writing employees of the examination results. The expenses for the occupational health examination shall be assumed by the employer. Employers shall not assign employees who have not undergone the pre-job occupational health examination to operations with exposure to occupational disease hazards; shall not assign employees with occupational contraindications to operations causing such contraindications; shall transfer employees who are found during occupational health examination to have suffered health injuries related to their jobs from such jobs and settle such employees appropriately; and shall not rescind or terminate labor contacts with employees who have not undergone the off-the-job occupational health examination. The occupational health examination shall be conducted by medical health institutions approved by the health administrative departments of the people's governments at and above the provincial level.

Additional Comments:

Auditor noted that the factory did not provide pre-job and off-the-job occupational health examinations for all employees who engaged in work with occupational disease hazards, and only 3 out of 34 employees who engaged in work with occupational disease hazards were provided on-the-job occupational health examinations (around 8%).

Personal Protective Equipment (PPE):

Acceptable Needs Improvement N/A Unable to Verify

Predetermined Comments:

Acceptable

Law / Code: N/A

Additional Comments: No apparent violation.

Sanitation:

Acceptable Needs Improvement N/A Unable to Verify

Predetermined Comments:

Acceptable

Law / Code: N/A

Additional Comments: No apparent violation.

Involuntary Labor:

Mandatory Overtime:

Acceptable Needs Improvement N/A Unable to Verify

Predetermined Comments:

Acceptable

Law / Code: N/A

Additional Comments: No apparent violation.

Other:

Acceptable Needs Improvement N/A Unable to Verify

Predetermined Comments:

Acceptable

Law / Code: N/A

Additional Comments: No apparent violation.

Prison, Bonded, Indentured, Forced Labor:

Acceptable Needs Improvement N/A Unable to Verify

Predetermined Comments:

Acceptable

Law / Code: N/A

Additional Comments: No apparent violation.

Monitoring and Compliance:

Ethics:

Acceptable Needs Improvement N/A Unable to Verify

Predetermined Comments:

Acceptable

Law / Code: N/A

Additional Comments: No apparent violation.

Insufficient or Inadequate Records:

Acceptable Needs Improvement N/A Unable to Verify

Predetermined Comments:

Acceptable

Law / Code: N/A

Additional Comments: No apparent violation.

Other:

Acceptable Needs Improvement N/A Unable to Verify

Predetermined Comments:

Acceptable

Law / Code: N/A

Additional Comments: No apparent violation.

Transparency:

Acceptable Needs Improvement N/A Unable to Verify

Predetermined Comments:

Acceptable

Law / Code: N/A

Additional Comments: No apparent violation.

Non-Discrimination:

Acceptable Needs Improvement N/A Unable to Verify

Predetermined Comments:

Acceptable

Law / Code: N/A

Additional Comments: No apparent violation.

Other Laws (if applicable):

Labor Contract:

Acceptable Needs Improvement N/A Unable to Verify

Predetermined Comments:

Acceptable

Law / Code: N/A

Additional Comments: No apparent violation.

Other:

Acceptable Needs Improvement N/A Unable to Verify

Predetermined Comments:

Acceptable

Law / Code: N/A

Additional Comments: No apparent violation.

Protection of the Environment:

Acceptable Needs Improvement N/A Unable to Verify

Predetermined Comments:

A valid contract with a licensed waste disposal service was not provided for review.

Law / Code:

Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes (2013 Amendment), Article 57 requires that

It is forbidden to supply or entrust hazardous wastes to the unit that does not have the operation licenses for the collection, storage, utilization and treatment.

Additional Comments:

Auditor noted that the factory did not transfer hazardous wastes to licensed vendor.

Based on document review and confirmed by the management interview, there was no hazardous waste transfer manifest or relevant contract provided to show that hazardous wastes in the factory, such as waste oil and waste oil barrels had been transferred to licensed vendor for disposal.

Publication:

Acceptable Needs Improvement N/A Unable to Verify

Predetermined Comments:

Acceptable

Law / Code: N/A

Additional Comments: No apparent violation.

Subcontracting:

Acceptable Needs Improvement N/A Unable to Verify

Predetermined Comments:

N/A

Law / Code: N/A

Additional Comments:

Auditor confirmed that FOSHAN NANHAI HIGH MOULD CO., LTD. does not subcontract or receive Disney-branded production from any facility or other sources during Aug 2017 to the audit day.