

# Social Compliance Audit Report

Audit ID #: CA-14-HKCN196SA1

Audit Report Date: December 25~26, 2014

## Factory Information

Factory ID No.	-		
Factory Name:	QUANZHOU DINGJI BAGS CO.,LTD		
Street Address Line 1:	No.3, Huaxing Road, Chengdong Industrial Area, Fengze District		
Street Address Line 2:	-		
City:	Quanzhou city	State/Province:	Fujian
Zip Code:	362011	Country:	China
Contact Person Name:	Mr. Huang Dui Nan	Telephone:	86-0595-22122086
Contact Person Title:	Factory Manager	Fax:	86-0595-22122586

## Compliance Audit Report

Document Completed By:	<b>Audit Entered By (Name):</b> Macy Fung	<b>Title:</b> Auditor	<b>Date Audit Entered:</b> December 25~26, 2014
Factory Audited By:	<b>Audit Conducted By (Name):</b> Macy Fung	<b>Audit Organization:</b> Insite Compliance Services - MTS	<b>Date Audit Conducted:</b> December 25~26, 2014
	<b>Audit Type:</b> <input checked="" type="radio"/> Initial <input type="radio"/> 1st Follow-Up <input type="radio"/> 2nd Follow-Up <input type="radio"/> 3rd Follow-Up		<b>Tentative Audit Date:</b> December 25~26, 2014

<b>Number of Factory Workers:</b>	<input type="radio"/> Unable to Determine	<input type="radio"/> 101-250	<input type="radio"/> 1001-2500
	<input checked="" type="radio"/> 1-50	<input type="radio"/> 251-500	<input type="radio"/> 2501-5000
	<input type="radio"/> 51-100	<input type="radio"/> 501-1000	<input type="radio"/> Over 5000

**Audit Report Date:** December 25~26, 2014

**Overall Rating:**  Needs Improvement  Acceptable

**Agreed to and signed Corrective Action Plan Acknowledgement Report (CAPAR):**  Yes  No  
Comments: Nil

## Compliance Audit Report (Continued)

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**Access to Facility:**  Accepted  Denied

**If denied, explain:** Predetermined Comments:

1. Acceptable  
 2. Auditors attempted to conduct an audit and were denied access.  
 3. Other

Comments: Nil

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**Partial Access Denied?:**

***SKIP THIS SECTION – No longer applicable  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

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**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%
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**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: Insite Compliance Services - MTS

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): One auditor in two days

Name and Title of Others Present (ex. Translators, observers, trainees): N/A

Status of Disney's Ethics Policy (Presented and explained, Signature Block Completed): Disney's Ethics Policy was presented and explained to the factory and signed by the factory.

Number of Testing: 5 samples from October 2014(most recent pay period), 5 samples from August 2014 and May 2014 respectively

Months of Work Attendance Records Reviewed: from November 2013 to December 2014

Months of Payroll Ledgers Reviewed: from November 2013 to October 2014

Number of Employees Interviewed: 5

Number of Employees/Group Interviewed: 0

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

Resources Received from Facility (i.e. transportation, meals): a simple lunch

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

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requirement, etc): No deviations

**Facility Overview Information**

Facility Address: No.3, Huaxing Road, Chengdong Industrial Area, Fengze District, Quanzhou City, Fujian, China

Contact Person: Mr. Huang Dui Nan / Factory Manager

Month and Year of Establishment: March 2014

Numbers and Purpose (Administrative / Production / Dormitory) of Buildings:  
2/F of one 6-storey industrial building was used as production and office, no dormitory, kitchen and canteen was available for employees.

Product Type: School bags

Production Processes: Cutting, Sewing, Inspection, Packing

Current / Normal Employee Size by Employee Type:

Total of 34 employees is currently working in the factory, which includes 29 production employees and 5 non-production employees.

Current / Past percentage of Disney Production: 0%

Other Brands Present: HIT

Peak / Low Production Months: Average

Facility Regular Hours / Shift:

The employees work for 5 days per week in one shift, 8 hours per day from 8:00~12:00, 14:00~18:00

Pay Date: 30<sup>th</sup> of every month

Name of the Licensee / Vendor: Jacob Company BVBA

Does the audit scope include additional locations? (Explain) Nil

Are these locations under the same business license? (Explain) N/A

Violations Categories: Overtime Hours, Health and Safety, Publication

Comments / Observations:

The factory: QUANZHOU DINGJI BAGS CO.,LTD is located in 2/F of one 6-storey industrial building.

The 1<sup>st</sup> floor is used by another factory: Fei Li Te Chest Factory

3<sup>rd</sup> ~ 4<sup>th</sup> floor is used by FeiYang Textile

5<sup>th</sup> floor is used by Chen Fu Yi Textile

6<sup>th</sup> floor is used by HeiDian Garment.

The factory management explained that they did not have authority to let auditor to check other factory building floors, finally auditor has not audited other factories/floors. There was no co-mingling relationship between factories in the industrial building.

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**Communicated Findings with:**

Discussions regarding the Corrective Action Plan occurred with Mr. Huang Dui Nan / Factory Manager (Name & Title).

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**Child Labor:**

Acceptable    Needs Improvement    N/A    Unable to Verify

Comments: Nil

**Current Child Labor:**

Acceptable    Needs Improvement    N/A    Unable to Verify

Predetermined Comments:

- 1. Acceptable
- 2. N/A
- 3. Unable To Verify
- 4. Compliance with minimum age requirements could not be verified because complete proof-of-age documents were not provided.
- 5. One or more employees are younger than the legal working age.
- 6. Other

Comments: Nil

**Young Persons**

Acceptable    Needs Improvement    N/A    Unable to Verify

Predetermined Comments:

- 1. Acceptable
- 2. N/A
- 3. Unable To Verify
- 4. Juvenile employees are not provided regular health examinations.
- 5. Juvenile employees are not registered with the local Labor Bureau.
- 6. Juvenile employees are required to pay for their own health examinations.
- 7. Juvenile employees are assigned normal work hours or overtime hours prohibited by local law.
- 8. Juvenile employees are assigned to jobs that are prohibited by local law.
- 9. Juvenile employees have not obtained tokens and fitness certificates.
- 10. Juvenile employees are assigned to work with harmful substances.
- 11. A register of juvenile employees is not maintained.
- 12. Other

Comments: Nil

**Other:**

Acceptable     Needs Improvement     N/A     Unable to Verify

Predetermined Comments:

- 1. Acceptable
- 2. N/A
- 3. Unable To Verify
- 4. Facility management did not ensure the safe return of previously hired underage worker(s) to his/her parents or legal guardians.
- 5. One or more employees were less than 16 years of age when hired.
- 6. Other

Comments: Nil

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**Involuntary Labor:**

Acceptable     Needs Improvement     N/A     Unable to Verify

Comments: Nil

**Prison, Bonded, Indentured, Forced Labor:**

Acceptable     Needs Improvement     N/A     Unable to Verify

Predetermined Comments:

- 1. Acceptable
- 2. N/A
- 3. Unable To Verify
- 4. The facility utilizes prison labor for some or all production.
- 5. Other

Comments: Nil

**Mandatory Overtime:**

Acceptable     Needs Improvement     N/A     Unable to Verify

Predetermined Comments:

- 1. Acceptable
- 2. N/A
- 3. Unable To Verify

- 4. Employees are fined for refusing to work overtime.
- 5. Overtime is not voluntary.
- 6. Other

Comments: Nil

**Other:**

Acceptable     Needs Improvement     N/A     Unable to Verify

Predetermined Comments:

- 1. Acceptable
- 2. N/A
- 3. Unable To Verify
- 4. Employee access to the dormitories is restricted.
- 5. Employee access to the restroom is restricted.
- 6. Employee movement is restricted during working hours.
- 7. Employees have difficulty obtaining resignation approval.
- 8. Employees who resign without approval must forfeit wages.
- 9. Facility management collects a deposit from employees' wages and does not return it until the employee has worked for a specified time period.
- 10. Facility management retains employees' identification documents.
- 11. The resignation notice required of employees exceeds the legal requirement.
- 12. Other

Comments: Nil

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**Coercion and Harassment:**

Acceptable     Needs Improvement     N/A     Unable to Verify

Comments: Nil

**Physical Abuse or Sexual Harassment:**

Acceptable     Needs Improvement     N/A     Unable to Verify

Predetermined Comments:

- 1. Acceptable
- 2. N/A
- 3. Unable To Verify
- 4. Employees were physically abused by facility management.
- 5. Employees were sexually harassed.
- 6. Other

Comments: Nil

**Other:**

Acceptable     Needs Improvement     N/A     Unable to Verify

Predetermined Comments:

- 1. Acceptable
- 2. N/A
- 3. Unable To Verify
- 4. Employees were intimidated by facility management during interviews with auditors.
- 5. Employees were verbally abused by facility management.
- 6. Employees who disagree with job arrangements are restricted from working overtime.
- 7. The training for protecting women against harassment at the workplace is not provided.
- 8. Other

Comments: Nil

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**Non-Discrimination:**

Acceptable     Needs Improvement     N/A     Unable to Verify

Predetermined Comments:

- 1. Acceptable
- 2. N/A
- 3. Unable to Verify
- 4. The facility imposes discriminatory hiring restrictions.
- 5. The facility has a policy of Hepatitis B (HBV) testing as part of the hiring process.
- 6. The facility has a policy of pregnancy testing as part of the hiring process.
- 7. Female employees are prohibited from being pregnant.
- 8. Employees do not receive equal benefits.
- 9. Other

Comments: Nil

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**Association:**

Acceptable    Needs Improvement    N/A    Unable to Verify

## Predetermined Comments:

- 1. Acceptable
- 2. N/A
- 3. Unable To Verify
- 4. Employees are punished and/or dismissed for participating in union activities.
- 5. Employees are punished and/or dismissed for participating in a labor strike.
- 6. A Collective bargaining agreement has not been established.
- 7. Other

Comments: Nil

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**Minimum Wage:**

Acceptable    Needs Improvement    N/A    Unable to Verify

## Predetermined Comments:

- 1. Acceptable
- 2. N/A
- 3. Unable To Verify
- 4. Employees are paid less than minimum wage.
- 5. Employees are not properly compensated for downtime.
- 6. Employees are dismissed during the probation period without pay.
- 7. Other

Comments: Nil

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

Predetermined Comments:

- 1. Acceptable
- 2. N/A
- 3. Unable To Verify
- 4. Employees are not properly compensated for overtime.
- 5. Employees are not properly compensated for hours worked on statutory holidays.
- 6. Other

Comments: Nil

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

Predetermined Comments:

- 1. Acceptable
- 2. N/A
- 3. Unable To Verify
- 4. Employees worked in excess of 60 hours per week for more than 17 weeks per year.
- 5. Employees worked in excess of 72 hours per week.
- 6. Employees worked in excess of six consecutive days without a day of rest.
- 7. Employees worked in excess of the legal daily overtime hour limit.
- 8. Employees worked in excess of the legal monthly overtime hour limit.
- 9. Employees worked in excess of the limits allowed by the comprehensive work hour system.
- 10. The facility's normal work hours exceed the legal limit.
- 11. Other

Comments:

- 1. OH. # 8: It was noted that 9 out of 15 sample population employees worked in excess of the statutory overtime hour limits. A review of the sample population employees' time records for October 2014, August 2014 & May 2014 yielded the following:
  - 5 out of 5 sample population employees worked in excess of 36 overtime hours per month (i.e. 62 hours) in August 2014, which exceeded the statutory overtime limit of 36 hours per month.
  - 4 out of 5 sample population employees worked in excess of 36 overtime hours per month (i.e. 68 hours) in May 2014, which

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exceeded the statutory overtime limit of 36 hours per month.

In accordance with Article 41 of the Labor Law of the PRC, after consultation with the trade union and employees, the employer may extend working hours due to its production or business needs, but the extended working hours shall not generally exceed one hour a day; in special circumstances that require an extension of working hours, the extended working hours shall not exceed 3 hours a day and 36 hours a month on condition that the health of employees is guaranteed.

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**Social Benefits**

Acceptable     Needs Improvement     N/A     Unable to Verify

Predetermined Comments:

- 1. Acceptable
- 2. N/A
- 3. Unable To Verify
- 4. A child care facility is not provided.
- 5. The cafeteria size is insufficient for the number of employees.
- 6. Employee benefit contributions are not made in a timely manner.
- 7. Employees are not provided all required paid annual leave.
- 8. Employees are not provided the required paid statutory holidays.
- 9. Employees are not provided the required sick leave.
- 10. Employees are not provided the required paid work-related injury leave.
- 11. Employees are not provided with an Agreement of the Board of Directors of the Workers' Recreational Institute (IRTRA) card.
- 12. Employees who are nursing do not receive the required break periods.
- 13. Employees work on required paid rest days.
- 14. Female employees are not provided paid maternity leave.
- 15. Male employees are not provided paid paternity leave.
- 16. Not all employees receive all required social insurance benefits.
- 17. Not all employees receive the required medical benefits.
- 18. Proof that the facility-provided healthcare complies with legal requirements was not provided.
- 19. Provident Fund deductions are not calculated correctly.
- 20. Retirement fund contributions are not properly collected and/or distributed.

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- 21. Social security benefit deductions are not based on the employee's total wages.
  - 22. Other

Comments: Nil

Remark: According to the social insurance payment receipts of December 2014 provided by factory management, it was noted that 15 out of 35 employees (43%) were provided with pension insurance, medical insurance, , maternity insurance and unemployment insurance, 35 out of 35 employees (100%) were provided with accident insurance.

However the factory has obtained an official approval from the local social security bureau to seek exemption from certain kind of social insurance schemes on November 13, 2014.

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**Other  
Compensation**

Acceptable     Needs Improvement     N/A     Unable to Verify

Predetermined Comments:

- 1. Acceptable
- 2. N/A
- 3. Unable To Verify
- 4. Employees are charged for work-related necessities.
- 5. Employees are fined for taking unauthorized leave.
- 6. Employees are fined for violating facility rules.
- 7. Employees are not compensated for unused annual leave.
- 8. Employees are not fully compensated for downtime.
- 9. Employees are not paid at the time of resignation.
- 10. Employees are not properly compensated for sick leave.
- 11. Employees are not properly compensated for work-related injury leave.
- 12. Employees pay for their own health examinations.
- 13. Employees' wages are deducted for arriving late.
- 14. Employees who resign are not paid at the time of resignation.
- 15. Facility management deducts fees from employees' wages.
- 16. Retirement fund contributions are not properly collected and/or distributed.
- 17. Wages are not paid within the legal time limit.
- 18. Employees are not properly compensated for statutory holidays.
- 19. Employees are not fully compensated for downtime.
- 20. Other

Comments: Nil

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**Monitoring and Compliance:**

Acceptable    Needs Improvement    N/A    Unable to Verify

Comments: Nil

**Transparency:**

Acceptable    Needs Improvement    N/A    Unable to Verify

Predetermined Comments:

- 1. Acceptable
- 2. N/A
- 3. Unable To Verify
- 4. Compliance with wage requirements and overtime hour limitations could not be verified due to discrepancies between the documents provided by facility management for review and/or the information provided by employees during interviews.
- 5. Discrepancies were noted between the actual number of employees observed at the facility and the number of employees disclosed by facility management.
- 6. Employees appeared to have been influenced by facility management prior to private interviews.
- 7. Unauthorized transfer of employees from the audited facility to another facility.
- 8. Other

Comments: Nil

**Ethics:**

Acceptable    Needs Improvement    N/A    Unable to Verify

Predetermined Comments:

- 1. Acceptable
- 2. N/A
- 3. Unable To Verify
- 4. This audit reveals that undue influence occurred during the audit process.
- 5. Facility management attempted to influence auditors through intimidation.
- 6. Other

Comments: Nil

**Insufficient or Inadequate Records:**

Acceptable     Needs Improvement     N/A     Unable to Verify

Predetermined Comments:

- 1. Acceptable
- 2. N/A
- 3. Unable To Verify
- 4. Attendance records and payroll ledgers are not signed by employees for acknowledgement.
- 5. Attendance records do not contain detailed "in and out" times and are not signed by employees for acknowledgment.
- 6. Auditors attempted to conduct an audit and were denied access to required documents.
- 7. Bank transfer statements are not maintained.
- 8. Compliance with wage requirements and overtime hour limitations could not be verified because not all required attendance records and payroll ledgers were available for review.
- 9. Compliance with wage requirements and overtime hour limitations could not be verified because attendance records do not contain detailed "in and out" times and are not signed by employees for acknowledgment.
- 10. Compliance with wage requirements and overtime hour limitations could not be verified because attendance records and payroll ledgers are not signed by employees for acknowledgement.
- 11. Compliance with wage requirements and overtime hour limitations could not be verified because payroll ledgers are neither signed by employees nor stamped by the bank for acknowledgment.
- 12. Compliance with wage requirements and overtime hour limitations could not be verified because bank transfer statements are not maintained.
- 13. Compliance with wage requirements and overtime hour limitations could not be verified because the attendance system does not record actual time worked.
- 14. Compliance with social benefit requirements could not be verified because social insurance payment receipts provided are incomplete.
- 15. Employment contracts for resigned employees were not provided for review.
- 16. Not all required attendance records and payroll ledgers were available for review.
- 17. Payroll ledgers are neither signed by employees nor stamped by the bank for acknowledgment.
- 18. Social insurance payment receipts provided are incomplete.

- 19. The attendance system does not record actual time worked.
- 20. Compliance with social insurance benefits could not be verified because the number of employees provided social insurance benefits could not be determined.
- 21. Compliance with social benefit requirements could not be verified because social insurance payment receipts were not available for review.
- 22. Compliance with social benefit requirements could not be verified because discrepancies were noted between social insurance payment receipts and government records.
- 23. Other

Comments: Nil

**Other:**

Acceptable     Needs Improvement     N/A     Unable to Verify

**Predetermined Comments:**

- 1. Acceptable
- 2. N/A
- 3. Unable To Verify
- 4. Auditors attempted to conduct an audit and were denied access to employee interviews.
- 5. Auditors attempted to conduct an audit and were denied access to certain areas of the facility.
- 6. Other

Comments: Nil

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**Health and Safety:**  Acceptable  Needs Improvement  N/A  Unable to Verify

Comments: Nil

**Medical & First Aid:**

Acceptable  Needs Improvement  N/A  Unable to Verify

Predetermined Comments:

- 1. Acceptable
- 2. N/A
- 3. Unable To Verify
- 4. Employees do not receive first aid training.
- 5. Eye wash stations are not installed where chemicals are used and stored.
- 6. Eye washing facilities are not easily accessed.
- 7. Eye washing facilities do not function properly.
- 8. First aid kits are locked.
- 9. First aid kits are not adequately stocked.
- 10. First aid kits are not provided in all areas.
- 11. First aid kits are not provided.
- 12. First aid personnel are not on staff.
- 13. A first aid brigade has not been established.
- 14. A medical clinic is not available.
- 15. Authorization letters for the facility doctor and the health and safety expert are not available.
- 16. Contact information for first aid personnel is not posted.
- 17. Other

Comments: Nil

**Personal Protective Equipment (PPE):**

Acceptable  Needs Improvement  N/A  Unable to Verify

Predetermined Comments:

- 1. Acceptable
- 2. N/A
- 3. Unable To Verify
- 4. Employees are not provided with Personal Protective Equipment (PPE).
- 5. Employees are not provided with proper Personal Protective Equipment (PPE).
- 6. Employees do not receive training on proper usage of Personal

Protective Equipment (PPE).

- 7. Employees do not wear provided Personal Protective Equipment (PPE).
- 8. Warning signs are not posted in areas requiring Personal Protective Equipment (PPE).
- 9. Personal Protective Equipment (PPE) training records were not provided for review.
- 10. Other

Comments: Nil

**Fire & Emergency Safety:**

Acceptable     Needs Improvement     N/A     Unable to Verify

Predetermined Comments:

- 1. Acceptable
- 2. N/A
- 3. Unable To Verify
- 4. Fire safety measures are non-existent.
- 5. A fire alarm is not installed.
- 6. A fire alarm with visual signals is not installed.
- 7. A fire prevention and firefighting program has not been established.
- 8. A firefighting brigade has not been established.
- 9. An evacuation assembly point has not been established and marked.
- 10. Combustible materials are stored in evacuation stairwells.
- 11. Emergency exit doors are locked.
- 12. Emergency exit doors are obstructed.
- 13. Emergency exit doors are rolling and/or sliding doors.
- 14. Emergency exit doors do not open in the direction of evacuation.
- 15. Emergency information is not displayed.
- 16. Emergency lights and illuminated exit signs are not installed in some areas.
- 17. Emergency lights and illuminated exit signs are not installed.
- 18. Emergency lights do not function.
- 19. Emergency lights are not connected to the electrical supply.
- 20. Emergency lights are not installed in some areas.
- 21. Emergency lights are not installed.
- 22. Emergency lights are not regularly inspected.
- 23. Emergency procedures have not been established.

- 24. Employees do not receive firefighting training.
- 25. Evacuation passages are not clearly marked.
- 26. Evacuation passages are obstructed.
- 27. Evacuation passages are too narrow.
- 28. Evacuation plans are not posted.
- 29. Evacuation plans are not posted in some areas.
- 30. Evacuation routes are not clearly marked.
- 31. Evacuation signs are not installed.
- 32. Evacuation signs are not installed in some areas.
- 33. Evacuation signs are installed too high.
- 34. Evacuation signs do not function properly.
- 35. Evacuation signs installed are not the illuminated type.
- 36. Evacuation signs are not visible.
- 37. Exit signs are not installed.
- 38. Exit signs are not installed in some areas.
- 39. Exit signs installed are not the illuminated type.
- 40. Fire alarm switches are not installed in some areas.
- 41. Fire drill records were not provided for review.
- 42. Fire drill records do not contain detailed information.
- 43. Fire drills are not conducted.
- 44. Fire drills are not regularly conducted.
- 45. Fire extinguisher locations are not marked.
- 46. Fire extinguishers are not accessible due to improper mounting or installation.
- 47. Fire extinguishers are not distributed throughout the facility.
- 48. Fire extinguishers are not properly maintained.
- 49. Fire extinguishers are not provided.
- 50. Fire extinguishers are not provided in some areas.
- 51. Fire extinguishers are not regularly inspected.
- 52. Fire extinguishers are obstructed.
- 53. Fire extinguishers are placed directly on the floor.
- 54. Fire extinguishers do not function properly.
- 55. Fire extinguishers do not have operating instructions in the local language.
- 56. Fire extinguishers provided are the incorrect type.
- 57. Fire hydrants are not connected to the electrical supply.
- 58. Fire hydrants are not connected to the water supply.

- 59. Fire hydrants are obstructed.
- 60. Fire safety signs are not posted.
- 61. Fire safety signs are not posted in some areas.
- 62. Fire safety training is not provided.
- 63. Fire safety training records are not provided.
- 64. Firefighting equipment is not regularly inspected.
- 65. Heating facilities are installed under the stairwell.
- 66. Gas cylinders are stored too close to a heat source.
- 67. Illuminated exit signs are not installed in some areas.
- 68. Illuminated exit signs are not installed.
- 69. Incompatible fire extinguishers are installed together.
- 70. Materials are stacked too close to ceiling light fixtures.
- 71. Materials are stacked too high.
- 72. Materials in the warehouse are stacked too closely together.
- 73. Materials in the warehouse are stacked against posts and walls.
- 74. Some materials are stacked in a precarious manner and appear ready to collapse.
- 75. Non-explosive lights are not installed in the warehouse.
- 76. The fire acceptance approval document is not available for review.
- 77. The fire service certificate is expired.
- 78. The fire service certificate provided does not include all buildings.
- 79. The fire service certificate was not provided for review.
- 80. The number of emergency exits provided is insufficient.
- 81. The number of fire extinguishers provided is insufficient.
- 82. Water and sand buckets are not provided near the generator.
- 83. Other

Comments: Nil

**Machine & Electrical Safety:**

Acceptable     Needs Improvement     N/A     Unable to Verify

Predetermined Comments:

- 1. Acceptable
- 2. N/A
- 3. Unable To Verify
- 4. Open electric wires were found near water.
- 5. A machinery risk analysis has not been conducted.

- 6. Blade guards installed on electric fans are insufficient.
- 7. Common daylights are not equipped with protective covers.
- 8. Cutting machines are not equipped with dual button control devices.
- 9. Electrical devices are not properly insulated.
- 10. Electrical panels are not equipped with protective covers.
- 11. Electrical panels are not fenced.
- 12. Electrical panels are obstructed.
- 13. Electrical wiring and switches are not properly covered.
- 14. Electrical wiring is not properly insulated.
- 15. Equipment is not registered.
- 16. Machinery warning signs are not posted in the local language.
- 17. Machines are not equipped with safety devices.
- 18. Machines are not properly maintained.
- 19. Machines are not regularly inspected.
- 20. Rubber mats are not provided in front of electrical panels.
- 21. Sharp tools are not fastened to their respective workstations.
- 22. Stairs are not equipped with handrails.
- 23. Stairs on the injection machine(s) are not equipped with guardrails.
- 24. Handrails are not the correct height.
- 25. The electrician is not licensed.
- 26. Lights in the chemical storage areas are not explosion proofed.
- 27. Non-explosive lights are not installed in the warehouse.
- 28. The generator installation permit has not been obtained.
- 29. Warning signs are not posted near machines.
- 30. Warning signs are not posted on electrical panels.
- 31. Machine operators' certificates are expired.
- 32. Machinery maintenance records are not maintained.
- 33. Machine operators' certificates were not provided for review.
- 34. Special equipment operators have not received the periodic training required to keep their certifications current.
- 35. The electrician's license is expired.
- 36. The electrician's license is not regularly inspected.
- 37. The electrician's license was not provided for review.
- 38. Warning signs posted on electrical panels do not meet legal requirements.
- 39. Other

Comments:

1. HS. MES. #17: It was noted that most sewing machines at sewing

workshop and sample room were not equipped with safety needle guards.

In accordance with Article 6.1.6 of Code of Design of Manufacturing Equipment Safety and Hygiene, the external part or dangerous part of any transmission belts, rotational axis, transmission chain, coupling, belt wheel, gear, flying wheels, chain wheels and electric saw that is within 2 meters height of the plane where the operator is operating such device shall be equipped with safety devices.

2. HS. MES. #17: It was noted that the transmission belts of 2 sewing machines at sewing workshop and sample room respectively were not equipped with pulley guards.

In accordance with Article 6.1.6 of Code of Design of Manufacturing Equipment Safety and Hygiene, the external part or dangerous part of any transmission belts, rotational axis, transmission chain, coupling, belt wheel, gear, flying wheels, chain wheels and electric saw that is within 2 meters height of the plane where the operator is operating such device shall be equipped with safety devices.

3. HS. MES. #27: It was noted that there were no explosive proof measures for some lightings installed in the fabric warehouse at cutting workshop.

In accordance with Article 38 of Plan for Warehouse Fire Prevention Safety Management: For warehouses that store goods of category C, high temperature lighting fixtures shall not be used, e.g. iodine-tungsten lamps and incandescent lamps of more than 60W. When low temperature lighting fixtures, e.g. daylight lamps, and other flame-retardant lighting fixtures are used, fire prevention measures of heat insulation and heat rejection should be taken for the ballast to ensure safety. (Flammable solids of category C include chemicals, artificial fibers and their fabrics, paper, cotton, fur, silk, hemp and its fabrics, cereals, flour, natural rubber and its products, bamboo, wood and its products, Chinese herbal medicines, TV sets, recorders, other electronic products, disks with recorded data of computer rooms, fish and meat in the refrigerator.)

**Hazardous Material:**

Acceptable     Needs Improvement     N/A     Unable to Verify

**Predetermined Comments:**

- 1. Acceptable
- 2. N/A
- 3. Unable To Verify
- 4. A hazardous chemical study has not been conducted.
- 5. Chemical containers are not properly and clearly marked.
- 6. Chemicals are not stored in proper containers.
- 7. Chemical emergency drills are not conducted.

- 8. Chemical safety training is not provided.
- 9. Chemicals are not properly and clearly marked.
- 10. Chemicals are not stored in a separate storage area.
- 11. Dangerous chemical emergency drills are not conducted.
- 12. Dangerous chemical emergency plans are not available.
- 13. Empty chemical containers are not properly stored.
- 14. Explosion-proof electrical devices are not installed where chemicals are stored.
- 15. Material Safety Data Sheets (MSDS) are not available for chemicals.
- 16. Secondary containment is not provided for chemicals.
- 17. Warning signs are not posted in areas requiring Personal Protective Equipment (PPE).
- 18. Warning signs are not posted where occupational disease hazards are produced.
- 19. Chemical safety training records were not provided for review.
- 20. Other

Comments: Nil

**Sanitation:**

- Acceptable   
  Needs Improvement   
  N/A   
  Unable to Verify

Predetermined Comments:

- 1. Acceptable
- 2. N/A
- 3. Unable To Verify
- 4. Employees drink water in the presence of dust and toxic fumes.
- 5. Kitchen employees do not have valid health certificates.
- 6. The canteen does not have a catering service license.
- 7. The canteen's catering service license is expired.
- 8. Toilets do not function.
- 9. Bathrooms are not maintained in a sanitary condition.
- 10. Bathrooms are not marked by gender.
- 11. Bathrooms are not stocked with soap and paper.
- 12. Bathrooms do not have doors for privacy.
- 13. Drinking water is not periodically tested.
- 14. Drinking water is not located in a suitable area.
- 15. Production areas are not maintained in a sanitary condition.
- 16. Toilets are not equipped with seats and lids.

17. Other

Comments: Nil

**Other:**

Acceptable     Needs Improvement     N/A     Unable to Verify

Predetermined Comments:

- 1. Acceptable
- 2. N/A
- 3. Unable To Verify
- 4. Employees worked an exceptionally high number of overtime hours.
- 5. A health and safety commission has not been established.
- 6. A work safety officer is not on staff.
- 7. A procedure for working at heights has not been established.
- 8. A proper ventilation system is not installed.
- 9. A risk analysis procedure for new components and products has not been established.
- 10. Auditors were not allowed to conduct a health and safety inspection of subleased areas of the facility.
- 11. Accident and injury records are not maintained.
- 12. Employees are exposed to unacceptable noise levels.
- 13. Employees do not receive basic health and safety training.
- 14. Employees do not receive periodic occupational health examinations.
- 15. Occupational hazards factors testing is not conducted annually.
- 16. Risk analyses are not conducted.
- 17. The audit report and / or certificate for completed construction projects were not provided for review.
- 18. The loading platform is not equipped with a guardrail.
- 19. A drinking water point is not marked.
- 20. Environment, Health and Safety (EHS) meetings are not conducted.
- 21. An Accident and Injury Register is not maintained.
- 22. Anti-fatigue mats are not provided to employees who stand while working.
- 23. An Accident Register is not maintained.
- 24. Loading and unloading areas are not properly marked.
- 25. An amended building plan and certificate of stability have not been obtained.
- 26. Guardrails are not the correct height.

- 27. Mirrors are not installed at intersections to prevent traffic accidents.
- 28. The work safety officer's certificate is expired.
- 29. Ventilation is insufficient.
- 30. Ventilation is insufficient in some areas.
- 31. Other

Comments: Nil

**Dormitories:**

Acceptable     Needs Improvement     N/A     Unable to Verify

Predetermined Comments:

- 1. Acceptable
- 2. N/A
- 3. Unable To Verify
- 4. Employees use high-powered electrical appliances in the dormitory rooms.
- 5. Employees cook in dormitory rooms.
- 6. Some areas of the production building are used as dormitories.
- 7. Some areas of the dormitory building are being used for production.
- 8. Adequate privacy is not provided.
- 9. Hot water is not provided in the dormitory.
- 10. The dormitories are not separated by gender.
- 11. The dormitories are overcrowded.
- 12. A first aid brigade has not been established.
- 13. Authorization letters for the facility doctor and the health and safety expert are not available.
- 14. Contact information for first aid personnel is not posted.
- 15. Employees do not receive first aid training.
- 16. First aid kits are locked.
- 17. First aid kits are not adequately stocked.
- 18. First aid kits are not provided in all areas.
- 19. First aid personnel are not on staff.
- 20. A fire alarm system is not installed.
- 21. A fire alarm with visual signals is not installed.
- 22. A fire prevention and firefighting program has not been established.
- 23. A firefighting brigade has not been established.
- 24. An evacuation assembly point has not been established and marked.

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- 25. Combustible materials are stored in evacuation stairwells.
  - 26. Emergency exit doors are locked.
  - 27. Emergency exit doors are obstructed.
  - 28. Emergency exit doors are rolling and/or sliding doors.
  - 29. Emergency exit doors do not open in the direction of evacuation.
  - 30. Emergency information is not displayed.
  - 31. Emergency lights and illuminated exit signs are not installed in some areas.
  - 32. Emergency lights and illuminated exit signs are not installed.
  - 33. Emergency lights are not connected to the electrical supply.
  - 34. Emergency lights are not installed in some areas.
  - 35. Emergency lights are not installed.
  - 36. Emergency lights are not regularly inspected.
  - 37. Emergency lights do not function.
  - 38. Emergency procedures have not been established.
  - 39. Employees do not receive firefighting training.
  - 40. Evacuation passages are not clearly marked.
  - 41. Evacuation passages are obstructed.
  - 42. Evacuation passages are too narrow.
  - 43. Evacuation plans are not posted.
  - 44. Evacuation plans are not posted in some areas.
  - 45. Evacuation routes are not clearly marked.
  - 46. Evacuation signs are not installed.
  - 47. Evacuation signs are not installed in some areas.
  - 48. Evacuation signs are installed too high.
  - 49. Evacuation signs do not function properly.
  - 50. Evacuation signs installed are not the illuminated type.
  - 51. Evacuation signs are not visible.
  - 52. Exit signs are not installed.
  - 53. Exit signs are not installed in some areas.
  - 54. Exit signs installed are not the illuminated type.
  - 55. Exit signs do not function properly.
  - 56. Exit signs are not visible.
  - 57. Fire alarm switches are not installed.
  - 58. Fire alarm switches are not installed in some areas.
  - 59. Fire drill records were not provided for review.
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- 60. Fire drill records do not contain detailed information.
  - 61. Fire drills are not conducted.
  - 62. Fire drills are not regularly conducted.
  - 63. Fire extinguisher locations are not marked.
  - 64. Fire extinguishers are not accessible due to improper mounting or installation.
  - 65. Fire extinguishers are covered in rust.
  - 66. Fire extinguishers are not distributed throughout the facility.
  - 67. Fire extinguishers are not properly maintained.
  - 68. Fire extinguishers are not provided.
  - 69. Fire extinguishers are not provided in some areas.
  - 70. Fire extinguishers are not regularly inspected.
  - 71. Fire extinguishers are obstructed.
  - 72. Fire extinguishers are placed directly on the floor.
  - 73. Fire extinguishers do not function properly.
  - 74. Fire extinguishers do not have operating instructions in the local language.
  - 75. Fire extinguishers provided are the incorrect type.
  - 76. Fire hydrants are not connected to the electrical supply.
  - 77. Fire hydrants are not connected to the water supply.
  - 78. Fire hydrants are obstructed.
  - 79. Fire safety measures are non-existent.
  - 80. Fire safety signs are not posted.
  - 81. Fire safety signs are not posted in some areas.
  - 82. Fire safety training is not provided.
  - 83. Fire safety training records are not provided.
  - 84. Firefighting equipment is not regularly inspected.
  - 85. Gas cylinders are stored too close to a heat source.
  - 86. Heating facilities are installed under the stairwell.
  - 87. Illuminated exit signs are not installed in some areas.
  - 88. Illuminated exit signs are not installed.
  - 89. Incompatible fire extinguishers are installed together.
  - 90. The fire acceptance approval document is not available for review.
  - 91. The fire service certificate is expired.
  - 92. The fire service certificate provided does not include all buildings.
  - 93. The fire service certificate was not provided for review.
  - 94. The number of emergency exits provided is insufficient.

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- 95. The number of fire extinguishers provided is insufficient.
  - 96. Water and sand buckets are not provided near the generator.
  - 97. Blade guards installed on electric fans are insufficient.
  - 98. Electrical devices are not properly insulated.
  - 99. Electrical panels are obstructed.
  - 100. Electrical wiring and switches are not properly covered.
  - 101. Electrical wiring is not properly insulated.
  - 102. Open electric wires were found near water.
  - 103. Warning signs are not posted on electrical panels.
  - 104. Warning signs posted on electrical panels do not meet legal requirements.
  - 105. The number of toilets is insufficient.
  - 106. Toilets do not function.
  - 107. Bathrooms are not maintained in a sanitary condition.
  - 108. Bathrooms are not marked by gender.
  - 109. Bathrooms are not stocked with soap and paper.
  - 110. Bathrooms do not have doors for privacy.
  - 111. Dormitory areas are not maintained in a sanitary condition.
  - 112. Toilets are not equipped with seats and lids.
  - 113. A proper ventilation system is not installed.
  - 114. Drinking water is not periodically tested.
  - 115. Drinking water is not located in a suitable area.
  - 116. The audit report and/or certificate for completed construction projects were not provided for review.
  - 117. Other

Comments: Nil

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**Protection of the Environment:**

Acceptable     Needs Improvement     N/A     Unable to Verify

Predetermined Comments:

- 1. Acceptable
- 2. N/A
- 3. Unable To Verify
- 4. Untreated waste water is discharged directly into the local water source.
- 5. Air pollutants are discharged from the facility, but a pollutant discharge permit was not available for review.
- 6. The facility has not conducted an atmospheric analysis.
- 7. Facility management has not signed a contract for hazardous waste disposal.
- 8. Hazardous waste containers are not properly stored.
- 9. Hazardous waste is mixed with non-hazardous waste.
- 10. The environmental impact assessment approval reports have not been obtained.
- 11. The environmental protection acceptance check for the completed construction project has not been obtained.
- 12. The environmental protection certificate has not been obtained.
- 13. The facility discharges airborne gases or particles that contain hazardous or poisonous substances to the atmosphere, and purification treatment is not added before discharge.
- 14. The facility has not compiled an Environmental Impact Report or an Environmental Impact Report Form or filled out an Environmental Impact Registration Form.
- 15. The facility has not registered and reported its atmospheric pollutants at the local administrative department of environmental protection.
- 16. The facility has not registered and reported its water pollutants at the local administrative department of environmental protection.
- 17. The facility has not resubmitted the Environmental Impact Assessment documents since the facility has expanded.
- 18. The facility has not submitted the relevant technical data concerning the prevention and control of water pollution.
- 19. The facility has not submitted the relevant technical data concerning the prevention and control of atmospheric pollution.
- 20. The facility's hazardous waste is not collected by a supplier with the required permit.
- 21. The hazardous waste containers are not properly labeled.
- 22. The pollutant discharge permit has not been obtained.
- 23. Waste water is discharged without proper treatment.
- 24. Water pollutants are discharged from the facility but the pollutant

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- discharge permit was not available for review.
- 25. The report from the environmental protection administration for the polluted water discharging pool was not available for review.
  - 26. Facility management did not provide duplicate forms for transferring solid hazardous waste.
  - 27. Facility management was unable to provide the hazardous waste disposal contract and relevant transfer manifests for review.
  - 28. The provided hazardous waste disposal contract is expired.
  - 29. The environmental impact assessment approval reports were not available for review.
  - 30. The environmental protection acceptance check for the completed construction project was not available for review.
  - 31. The environmental protection certificate was not available for review.
  - 32. The hazardous waste transfer manifest was not available for review.
  - 33. The pollutant discharge permit was not available for review.
  - 34. The waste discharge permit is expired.
  - 35. Employees do not receive basic training on environmental safety procedures.
  - 36. The radiation safety permit for radioactive equipment was not provided for review.
  - 37. The updated Environmental Aptitude Certificate was not available for review.
  - 38. A water efficiency usage program has not been established.
  - 39. An Environmental Management Department has not been established.
  - 40. An analysis of the discharged waste water has not been conducted.
  - 41. An acoustic enclosure for the generator does not meet the legal requirements.
  - 42. The chimney height for the generator does not meet the legal requirements.
  - 43. The consent order (NOC), or No Objection Certificate, from the Local Pollution Control Board has not been obtained for water discharge and operation in an air pollution control area.
  - 44. The effluent treatment plant is not functioning.
  - 45. The stack height of the DG set (80 KVA) is not adequate.
  - 46. An environmental management and monitoring plan is not maintained at the facility.
  - 47. The facility is not registered as a hazardous waste producer.
  - 48. The facility management does not keep a log detailing the volume of waste generated and how it is handled.
  - 49. Safety monitoring reports are not regularly submitted.
  - 50. The Environmental Compliance Certificate has not been obtained.

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- 51. The annual waste or unused material reports are not submitted to the Department of Industrial Works.
  - 52. The facility has not conducted an atmospheric analysis.
  - 53. Other

Comments: Nil

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**Subcontracting:**

- Acceptable     Needs Improvement     N/A     Unable to Verify

Predetermined Comments:

- 1. Acceptable
- 2. N/A
- 3. Unable To Verify
- 4. All or some production processes are subcontracted to illegal home-workers.
- 5. All or some production processes are subcontracted to another facility without Disney's written consent.
- 6. All or some production processes are subcontracted to home-workers without Disney's written consent.
- 7. Other

Comments: Nil

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**Other Laws (if applicable):**

Acceptable     Needs Improvement     N/A     Unable to Verify

Comments: Nil

**Labor Contract:**

Acceptable     Needs Improvement     N/A     Unable to Verify

Predetermined Comments:

- 1. Acceptable
- 2. N/A
- 3. Unable To Verify
- 4. Employees do not receive a copy of the employment contract.
- 5. Employment contracts do not include information on potential occupational disease hazards and prevention.
- 6. Employment contracts do not include some of the required information.
- 7. Employment contracts have not been established with employees.
- 8. Employment contracts state that facility management may dismiss employees during the probation period without pay.
- 9. The probationary period in the employment contract exceeds the local limit.
- 10. Other

Comments: Nil

**Other:**

Acceptable     Needs Improvement     N/A     Unable to Verify

Predetermined Comments:

- 1. Acceptable
- 2. N/A
- 3. Unable To Verify
- 4. Employees do not receive detailed payroll information.
- 5. Facility management has failed to establish facility rules and regulations.
- 6. The business license has not been updated to reflect the most current facility information.
- 7. The business license does not meet the legal requirements.
- 8. The business license is expired.
- 9. The facility rules stipulate that employees will be fined for violating facility rules.
- 10. Facility rules are not communicated to employees.

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- 11. Facility rules have not been approved.
  - 12. Some employees' identification cards are expired.
  - 13. Some outsourced or contract employees perform permanent jobs.
  - 14. The employee roster does not include some of the required information.
  - 15. The facility has not prepared an employee roster.
  - 16. The facility has a policy of conducting unnecessary tests as part of the medical exam process.
  - 17. The legal requirement for protecting women against harassment at the workplace is not posted.
  - 18. Legal authorization to work overtime has not been obtained.
  - 19. A Leave with Wages Register is not maintained and employees are not provided with leave books.
  - 20. A register for advances and deductions is not maintained.
  - 21. A register for advances and fines is not maintained.
  - 22. A register of contracted employees is not maintained.
  - 23. Certified standing orders have not been obtained.
  - 24. Contract employees are hired but the required license has not been obtained.
  - 25. Employee registers and muster rolls are not maintained.
  - 26. Facility management employs contract employees from contract labor agencies which do not have the required licenses.
  - 27. Facility management has not obtained approval for shift work.
  - 28. Leave Books are not issued to employees.
  - 29. Service cards are not maintained for some employees.
  - 30. Some of the required abstracts and notifications are not displayed.
  - 31. Suggestion boxes are not provided.
  - 32. The facility does not have a grievance redressal system.
  - 33. The facility registration is expired.
  - 34. The notice of weekly off days has not been submitted to the inspector of factories and is not posted in the facility.
  - 35. The required committees do not meet on a regular basis.
  - 36. The required health and safety, grievance and anti-sexual harassment committees have not been established.
  - 37. The standing order is not displayed.
  - 38. Employees do not receive a copy of the Collective Bargaining Agreement.
  - 39. The Collective Bargaining Agreement has not been updated.
  - 40. The facility does not maintain signed privacy notices in employee

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personnel files.

- 41. The Internal Work Rules have not been properly registered.
- 42. A record book of holiday compensation has not been established.
- 43. Facility management has hired apprentices through a contractor's apprenticeship program that has not been registered with and approved by the Technical Education and Skills Development Authority (TESDA).
- 44. The facility is not registered with the Department of Labor & Employment.
- 45. The facility regulations have not been submitted to the competent authority for approval.
- 46. Some employees are not provided with the required amount of rest between shifts.
- 47. Some female employees work after 7:00 p.m.
- 48. Other

Comments: Nil

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**Publication:**

Acceptable     Needs Improvement     N/A     Unable to Verify

Predetermined Comments:

- 1. Acceptable
- 2. N/A
- 3. Unable To Verify
- 4. The Disney Code of Conduct is not posted in the facility and/or communicated to employees.
- 5. Other

Comments:

1. PUB. #4: It was noted that the factory has not communicated Disney Code of Conduct for Manufactures to employees, 5 out of 5 interviewed employees were not clear about Disney Code of Conduct.

The Disney Code of Conduct: Manufacturers will take appropriate steps to ensure that the provisions of this Code of Conduct are communicated to employees, including the prominent posting of a copy of this Code of Conduct, in the local language and in a place readily accessible to employees, at all times.