



# Licensee Audit Report

*Facility Name*

## Taizhou Huangyan Yjie Plastic Factory

*Audit Date*

**March 2, 2016**

**Findings:**

- I. Forced Labor
- II. Child Labor
- III. Working Hours
- IV. Compensation and Benefits
- V. Health and Safety
- VI. Abuse and Discrimination
- VII. Acceptance of Advantages
- VIII. Environmental Impact
- IX. Freedom of Association
- X. Compliance with Other Laws


**Monitoring and Compliance:**

- Full Access
  - Denied Access:  Documents  Interviews  Walkthrough  All
- Person/Title/Reason:

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	<b>Facility Name</b>	<b>Audit Date</b>	<b>Audit Number</b>
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<b>To:</b>		<b>From: Thomas Tang</b> Intertek Testing Services Fax: 0086-21-61815359	
<b>Initial Onsite Date:</b> March 2, 2016	<b>1st follow up Verification Date:</b>	<b>2nd follow up Verification Date:</b>	
<b>Name of Vendor:</b> ATS Developpement			
<b>Name of Facility:</b> Taizhou Huangyan Yjie Plastic Factory			
<b>Physical Location Address:</b> 3-426#, Yaoshan, Huangyan, Taizhou, Zhejiang, China.			
<b>Contact Name / Title:</b> Mr. He Yitao / Manager			
<b>Mailing Address:</b> 3-426#, Yaoshan, Huangyan, Taizhou, Zhejiang, China.			
<b>Telephone #:</b> 86-576-84196619		<b>Fax #:</b> 86-4008892163-131747	
<b>Total Employees at this Facility:</b> 12			
<b>Percentage of Hasbro product produced at the facility (throughout the year)</b> 0%			
<b>Please review information above, make changes on form if necessary.</b>			

<b>Facility info:</b>	Legal status: Private		Year Started: February 2013	
Language(s):		Total employees:	7 female / 5 male	
Management:	Chinese	Management:	2	
Production:	Chinese	Production:	10	
<b>Vendor name:</b>	ATS Developpement			
Postal Address:	Not provided			
City/Town:	Not provided			
State/Province:	Not provided	Postal Code:	Not provided	
Country:	Not provided			
Phone:	Not provided	Fax:	Not provided	
Contact Name:	Not provided			
Contact Title:	Not provided			
Email:	Not provided	Website:	Not provided	
<b>Monitor Firm:</b>				
Auditor(s):	Ken Zheng			
Date of Audit:	March 2, 2016			
<b>Audit Type:</b>				
	<input checked="" type="checkbox"/> Initial	<input type="checkbox"/> Follow-up Verification	<input type="checkbox"/> Annual	
	<input checked="" type="checkbox"/> Announced	<input type="checkbox"/> Unannounced	<input type="checkbox"/> Announce window	
<b>Product Type:</b>	Plastic toys			
Labels WIP:	Not provided	/ ( )%		
	/ ( )%	/ ( )%		
	Production capacity a week:	Total # of machines: 6		

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	About 0.25 container	
<b>Subcontractors:</b>	<input checked="" type="checkbox"/> N/A	<b># of Subcontractors:</b>
Subcontractor Name:		
Physical Address:		
Specialty/Client WIP%	/ ( )%	
Tel/Fax	/	
Subcontractor Name:		
Physical Address:		
Specialty/Client WIP%	/ ( )%	
Tel/Fax	/	
<b>Audit Sample Size:</b>	10 samples from January 2016 (current month) and 5 samples from May 2015 (random month) and October 2015 (random month) respectively	
<b>Payroll:</b>	From February 2015 to January 2016	
<b>Interviews:</b>	10 employees	

## General Observation:

### Facility Background

A total of 12 employees including 7 female employees and 5 male employees are currently working in the facility, their ages ranged from 24-54 years old. 2 employees are local employees and 10 employees are come from other province, such as Chongqin, Jiangxi, etc. All 12 employees are hired by the facility directly. There are 12 employees present on the day of audit.

In view of the facilities, the facility had one flat building (total occupied is about 200 m2) for office, production and warehouse. No canteen, kitchen or dormitory was available in this facility.

The main production processes are listed as follows: Smashing, Mixing, Injection, Printing, Inspection and Packing

All employees work in 1 shift, the normal working hour is from 7:30 to 17:00 with 1.5 hours break from 11:30 to 13:00. Electronic Attendance System is used for time keeping for all employees by management. Employees' wages are calculated on hourly rate basis and paid monthly. The peak season is not obvious in this facility.

### Audit Process

This initial audit was conducted by Intertek Testing Services. One auditor assessed / verified the facility's operations against the Hasbro Business Ethics Principles, ICTI standards and local legislations on a sampling basis in 1 day.

Overview of opening meeting, facility management responses

At 9:30am on March 2, 2016, auditor entered the facility began to conduct this audit according to the Client's Program, the facility management Mr. He Yitao / manager and Mr. Peng Changming / Facility Director were present in the meeting. They stated that they would be co-operative with this audit.

10 samples from January 2016 (current month) and 5 samples from October 2015 (random month) and May 2015 (random month) respectively were reviewed in this audit. 10 employees were interviewed, including 5 males and 5 females.

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**Attitude of employees**

Most of interviewees were a little shy but comfortable during interview.

All employees were satisfied with the facility and no negative information was raised. The employees do enjoy working in the facility.

**Attitude of managers**

The facility management showed a positive attitude to this audit during the whole process. All documentation requested for the review was provided timely. Locked areas encountered during the audit were unlocked timely. At the end of the audit, all the findings were accepted by the facility management. No negative information was raised by managers.

**Overall Findings**

In view of the findings raised, below non-compliances were found in the areas of Health and Safety. For other areas, no violations were noted.

1. No handrail was installed for ladder of machinery. During facility tour, auditor found that there were three injection molding machines with ladders in Injection Molding Workshop. The height of ladders was more than 1.5m, but no handrail was installed for these ladders.
2. MSDS were not available for hazardous chemicals. During facility tour, auditor found that the facility used mold-release agent at the injection workshop. However, no MSDS (Material Safety Data Sheet) was provided in these areas.
3. No risk assessment for all material and process. During document review, auditor found that no risk assessment for all material and process in this facility.
4. No qualification certificate for the principal in charge and persons for the management of work safety in the facility. During document review, auditor found that the facility could not provide the qualification certificate of the principal in charge and persons for the management of work safety for review. During interview with Mr. Zhang in charge of the EHS department, he stated that they didn't know the legal requirement, but they would arrange someone to attend the training and obtain the certificate later.
5. No gaps between the materials and the walls. During facility tour, auditor found that there were no gaps between the materials and the walls in the finished products warehouse and accessory warehouse.
6. No lightning system testing report. During document review, auditor found that the facility could not provide the lightning system testing report for review.
7. Machines without protective devices. During facility tour, auditor found that no safety guard was installed for rolling part of one out of two smashing machine in the injection workshop.

Please refer to the detail of non-compliance in the individual sections.

**Comments/ Observations:**

**Best Practices Observed**

None observed

**Additional Auditor Remark**

None observed

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## I. Forced Labor

<b>RATING</b>	✓	Acceptable		Needs Improvement
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### Exceptions Noted

Non-Compliance (include Law/Regulation/Code):  
None observed

Supporting Evidence/Comments:  
Not applicable

Other Observations  
None observed

## II. Child Labor

<b>RATING</b>	✓	Acceptable		Needs Improvement
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### Exceptions Noted

Non-Compliance (include Law/Regulation/Code):  
None observed

Supporting Evidence/Comments:  
Not applicable

Other Observations  
None observed

## III. Working Hours

<b>RATING</b>	✓	Acceptable		Needs Improvement
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### Exceptions Noted

None observed

Supporting Evidence/Comments:  
Not applicable

Other Observations  
None observed

### Remark:

1. 13 months and 1 day' (from February 1, 2015 to March 1, 2016) attendance records were provided for review in this audit.
2. Based on the documents provided by the facility:
  - 1) For January 2016 (current month), the average number of hours worked in a week were 52 hours per week. Max. Working hours per week were 52 hours (all 10 selected samples).
  - 2) For May 2015 (random month), the average number of hours worked in a week for the 5 selected samples were 52 hours per week. Max. Working hours per week were 52 hours (all 5 selected samples)

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samples).

- For October 2015 (random month), the average number of hours worked in a week for the 5 selected samples were 52 hours per week. Max. Working hours per week were 52 hours (all 5 selected samples).

#### IV. Compensation and Benefits

<b>RATING</b>	✓	<b>Acceptable</b>		<b>Needs Improvement</b>
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##### Exceptions Noted

- Non-Compliance (include Law/Regulation/Code):  
None observed

Supporting Evidence/Comments:  
Not applicable

Other Observations  
None observed

Remark:

- 12 months' (from February 2015 to January 2016) payroll records were provided for review in this audit.
- The local minimum wage standard was RMB 1660 per month equivalent to RMB 9.54 (1660/21.75/8) per hour since November 1, 2015 and RMB 1470 per month equivalent to RMB 8.45(1470/21.75/8) per hour before November 1, 2015

#### V. Health and Safety

<b>RATING</b>		<b>Acceptable</b>	✓	<b>Needs Improvement</b>
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##### Exceptions Noted

- Non-Compliance (include Law/Regulation/Code):

In accordance with Safety of machinery - Permanent means of access to machines and industrial plants - Part 3: Stairways, stepladders and guard - rails GB17888.3 -2008: 7.1 Horizontal rails: Article 7.1.1, when there are dangerous areas with the risk of falling off or with anyone passing through, railings shall be installed. (eg. a passage for entering the ventilator on the roof); Article 7.1.2, when the height exceeds 500 mm which might lead to fall, guardrail shall be installed; Article 7.1.4, stairways, stepladders and guard - rails: The minimum height of handrail should be 1,100 mm; Article 7.1.5, the handrail should have at least one rail in the middle or other equivalent protection. Article 7.2, railings on stairs and ladders: Article 7.2.1, the stairway should have at least one handrail. It all ladder and stairway with a width equal to and larger than 1200 mm shall have two handrails. Ladders should have two handrails; Article 7.2.2, in case the climbing height of the stairs exceed 500m, railings shall be installed. When the horizontal gap outside the string (towards the wall, etc.) is more than 200mm, to offer protection, railings for the stairs shall be installed on the side with this gap; Article 7.2.3, the vertical height from the front edge of the step to the handrails of the stairs shall be between 1000mm and 1100mm. The vertical height of the handrails from a stairway platform shall be no less than 1000mm. The handrails shall be in a round cross profile with a diameter of 25mm to 50mm, or in other equivalent cross profile that is easy to be grabbed by hands; Article 7.2.5, the guardrail of stairs should have at least one kneerail or other equivalent protection. The spacing between the handrail and the kneerail, as well as the kneerail and the oblique beam, should be no more than 500mm.

No handrail was installed for ladder of machinery. During facility tour, auditor found that there were

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three injection molding machines with ladders in Injection Molding Workshop. The height of ladders was more than 1.5m, but no handrail was installed for these ladders.

It is recommended that the facility should install handrails to the staircases as per national standard.

Supporting Evidence/Comments:  
Facility tour

**2. Non-Compliance (include Law/Regulation/Code):**

In accordance with the Regulations on the Safe Use of Chemicals in Workplace, Article 12 The unit, which uses chemical, shall set up identification label for all chemicals in using. For dangerous chemical, a safety label shall be applied and MSDS be provided for worker.

MSDS were not available for hazardous chemicals. During facility tour, auditor found that the facility used mold-release agent at the injection workshop. However, no MSDS (Material Safety Data Sheet) was provided in these areas.

It is recommended that the facility should ensure MSDS is available for hazardous chemical in the workplace.

Supporting Evidence/Comments:  
Facility tour

**3. Non-Compliance (include Law/Regulation/Code):**

In accordance with ICTI COBP, EHS coordinators should identify new potentially hazardous materials and/or processes prior to the use of the materials concerned and put in place adequate safety controls.

No risk assessment for all material and process. During document review, auditor found that no risk assessment for all material and process in this facility.

It is recommended that the facility should ensure identify new potentially hazardous materials and/or processes prior to the use of the materials.

Supporting Evidence/Comments:  
Document review

**4. Non-Compliance (include Law/Regulation/Code):**

In accordance with the Law of the PRC on Work Safety Article 24, The principal in charge and persons for the management of work safety in production and business entities have to have the knowledge about work safety and the competence for the management, which are commensurate with the production and business activities of these entities. The principal in charge and persons for the management of work safety in production and business entities that produce, trade or store hazardous articles, and mines, metal smelting, building construction, and road transport shall only be appointed to the posts after they pass the examinations in their knowledge about work safety and their competence in the management conducted by the competent departments for work safety supervision and administration. No fees shall be charged for taking such examinations. Entities that produce or store hazardous articles, and mines, metal smelting shall have certified safety engineer to work on the management of work safety.

No qualification certificate for the principal in charge and persons for the management of work safety in the facility. During document review, auditor found that the facility could not provide the qualification certificate of the principal in charge and persons for the management of work safety for review. During interview with Mr. Zhang in charge of the EHS department, he stated that they didn't know the legal requirement, but they would arrange someone to attend the training and obtain the certificate later.

It is recommended that the facility should ensure the principal in charge and persons for the management of work safety obtain relevant qualification certificates according to legal requirements.

Supporting Evidence/Comments:  
Document review

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**5. Non-Compliance (include Law/Regulation/Code):**

In accordance with Article 18 of Plan for Warehouse Fire Prevention Safety Management: The area taken up by one stack in warehouse should preferably below 100m<sup>2</sup>. There should be a distance of at least 1m between stacks, at least 0.5m between stacks and the wall and at least 0.3m between stacks and beams or posts. The width of main passages should be at least 2m.

No gaps between the materials and the walls. During facility tour, auditor found that there were no gaps between the materials and the walls in the finished products warehouse and accessory warehouse.

It is recommended that the facility should ensure at least 0.5m between stacks and the wall and at least 0.3m between stacks and beams or posts.

Supporting Evidence/Comments:  
Facility tour

**6. Non-Compliance (include Law/Regulation/Code):**

In accordance with ICTI COBP, A lightning-protection system can provide protection for circuits and electrical equipment and prevent fires.

No lightning protection system testing report. During document review, auditor found that the facility could not provide the lightning protection system testing report for review.

It is recommended that the facility should have all the lightning protection system tested by local lightning protection center.

Supporting Evidence/Comments:  
Document review

**7. Non-Compliance (include Law/Regulation/Code):**

In accordance with Law of the PRC on Work Safety article 33, The design, manufacture, installation, application, inspection, maintenance, repair of and safety facilities shall comply with the national or industrial standards. Manufacturing units shall maintain and inspect the safety facilities regularly to ensure they are in good working conditions. Maintenance and inspection records should be properly maintained and assigned to relevant staff.

Machines without protective devices. During facility tour, auditor found that no safety guard was installed for rolling part of one out of two smashing machine in the injection workshop.

It is recommended that safety devices should be equipped to machines to comply with the law.

Supporting Evidence/Comments:  
Facility tour

Other Observations  
None observed

## VI. Abuse and Discrimination

<b>RATING</b>	✓	Acceptable		Needs Improvement
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Exceptions Noted

Non-Compliance (include Law/Regulation/Code):  
None observed



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Supporting Evidence/Comments:  
Not applicable

Other Observations  
None observed

## VII. Acceptance of Advantages

<b>RATING</b>	✓	<b>Acceptable</b>		<b>Needs Improvement</b>
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### Exceptions Noted

Non-Compliance (include Law/Regulation/Code):  
None observed

Supporting Evidence/Comments:  
Not applicable

Other Observations  
None observed

## VIII. Environmental Impact

<b>RATING</b>	✓	<b>Acceptable</b>		<b>Needs Improvement</b>
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### Exceptions Noted

Non-Compliance (include Law/Regulation/Code):  
None observed

Supporting Evidence/Comments:  
Not applicable

Other Observations  
None observed

## IX. Freedom of Association

<b>RATING</b>	✓	<b>Acceptable</b>		<b>Needs Improvement</b>
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### Exceptions Noted

Non-Compliance (include Law/Regulation/Code):  
None observed

Supporting Evidence/Comments:  
Not applicable

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Other Observations  
None observed

## X. Compliance with Other Laws

<b>RATING</b>	✓	Acceptable		Needs Improvement
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### Exceptions Noted

Non-Compliance (include Law/Regulation/Code):  
None observed

Supporting Evidence/Comments:  
Not applicable

Other Observations  
None observed

<b>RATING</b>		Acceptable	✓	Needs Improvement
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