

Hangzhou Changda Can Tool Co., Ltd. (LA-203)

AECOM

Report Date: January 23, 2016
Audit Date: January 13, 2016
Factory ID number: LA-203

To: Ms. Louise Liu / <louise@zjmaketin.com; Lydia@zjmaketin.com>

From: Michael Hu / AECOM <michael.hu@aecom.com>

Cc: Parul Chandra / NBCUniversal <Parul.Chandra@nbcuni.com>
Karen Tionson / NBCUniversal <Karen.Tionson@nbcuni.com>
Jo Trostle / NBCUniversal <Jo.Trostle@nbcuni.com>
Margaret Erquiaga / NBCUniversal <Margaret.Erquiaga@nbcuni.com>
Sophie Zhao / NBCUniversal <Sophie.Zhao@nbcuni.com>
Tori Carroll / NBCUniversal <Tori.Carroll@nbcuni.com>
Jonathan Castillo / NBCUniversal <Jonathan.Castillo@nbcuni.com>
David Garcia Capdevila / Air-Val International, S.A. <sferrer@air-val.com;
Marketing@air-val.com; IMPORT@air-val.com; shirleywudan@gmail.com;
lionelzw@gmail.com; sferrer@air-val.com; audit@cplg.com; cd001@zjmaketin.com>

Subject: **Summary of Findings - Supplier CSSR Audit**
Hangzhou Changda Can Tool Co., Ltd. (LA-203)
Xuanshanxia Industrial Park, Heshang Town, Xiaoshan District, Hangzhou City,
Zhejiang Province, People's Republic of China.

Audit type: 2nd Audit
The initial audit was conducted by Mr. Jary Zhou from AECOM on January 20, 2015.

This report summarizes the findings of the Corporate Supplier Social Responsibility (CSSR) Audit conducted at the facility of **Hangzhou Changda Can Tool Co., Ltd.** located in **Xuanshanxia Industrial Park, Heshang Town, Xiaoshan District, Hangzhou City, Zhejiang Province, China.**

The findings of the CSSR Audit were based upon a review of the documents furnished by **Hangzhou Changda Can Tool Co., Ltd.** and the observations obtained by **AECOM** on behalf of NBCUniversal during the site visit on **January 13, 2016.** For the purpose of this audit, the facility of **Hangzhou Changda Can Tool Co., Ltd.** is referred to as the 'Site' in this report.

Guidance:

The CSSR Audit Report summarizes the Site audit findings and includes a corrective, and preventative action plan that both the auditor and the Site representative believe is reasonable to ensure conformity with the country specific and local laws.

NBCUniversal (NBCU) upholds a worldwide reputation for integrity and high standards of business conduct. NBCU Supplier Relationship Policy requires that we source only from suppliers who comply with local laws and any applicable NBCU standards in such areas as labour, environment, health and safety. In order to ensure compliance with applicable laws and company policies please provide evidence of closure on all open red findings within 90 days from receipt of report.

If you have any questions about the memorandum please contact the following persons:
Ms. Karen Tionson / NBCUniversal <Karen.Tionson@nbcuni.com>, and
Michael Hu / AECOM <Michael.Hu@aecom.com>, on behalf of NBCU.

Hangzhou Changda Can Tool Co., Ltd. (LA-203)

Supplier General Information

Name of Factory	Hangzhou Changda Can Tool Co., Ltd. (杭州昌达制罐工具有限公司)
Physical Location Address	Xuanshanxia Industrial Park, Heshang Town, Xiaoshan District, Hangzhou City, Zhejiang Province, China (中国浙江省杭州市萧山区河上镇璇山下工业区)
Factory Contact Name(s)	Ms. Louise Liu, Sales Officer (刘芳, 业务专员)
Factory Contact Number/Email	Tel: (86)-571-82300985; (86)-18858157909 Email: <louise@zjmaketin.com; Lydia@zjmaketin.com>
Licensee/Vendor Company Name	Air-Val International, S.A.
License/Vendor Company Contact Name/Email	David Garcia Capdevila Email: sferrer@air-val.com; Marketing@air-val.com; IMPORT@air-val.com; shirleywudan@gmail.com; lionelzw@gmail.com; sferrer@air-val.com; audit@cplg.com; cd001@zjmaketin.com
Waivers from Government	None
Certifications received from Government or other Companies.	None
Principal Products Manufactured	Tin Boxes
Output of Products	About 40 million RMB per year
Major Customers	Disney
Production Process	Cutting, Pressing, Riveting and Packing
Factory Normal Working Days and Normal Work Hours	Five days a week (Monday - Friday) Daily working hours: 8:00 - 11:30; 12:00 - 16:30, 8 hours per day
Departments that run more than one shift	None
Peak Production Months	None
Number of Production Buildings	Two three-storey production buildings
Canteen/Cafeteria Services	One single-story canteen

Dormitories	The 3 rd to 5 th floors of one five-story comprehensive building
Security	The Site has 1 security guard who works 12 hours in the daytime. The site gate was closed at night.
Overall findings	In view of findings raised, non-compliances were observed at workshops, and during document review. Details of the findings are listed below. For all other areas, no violations or non-compliances were noted.
Findings	<p>Total Findings – 9</p> <p>Black Flags - 0</p> <p>Red Flags - 4</p> <p>Yellow Flags –5</p>
Permits - the following government documents and permits were provided for review.	<ol style="list-style-type: none"> 1. Safety Management Certificate for Mr. Rongbing Zhu, issued by Work Safety Bureau (WSB) of Xiaoshan District, valid until January 2018 2. Environment Impact Assessment (EIA) Statement Form and corresponding Approval for the Expanding Project issued by Environment Protection Bureau (EPB) of Xiaoshan District, August 2012 3. Environment Protection Check and Acceptance (EPCA) Approval for the Expanding Project issued by EPB of Xiaoshan District, November 2014 4. Pollution Discharge Permit and its duplication issued by EPB of Xiaoshan District, valid until January 2017 5. Environment Monitoring Report of Domestic Wastewater and Canteen Fume prepared by Hangzhou Process Technology Co., Ltd., April 2015 6. Hazardous Wastes Disposal License of Hangzhou Lijia Environment Service Co., Ltd. (Lijia), valid until July 2017 7. Hazardous Wastes Transfer Contract with Lijia, valid until June 2016 8. Hazardous Waste Transfer Manifests, December 2015 9. Canteen Service License issued by Food and Drug Supervision Administration of Xiaoshan District, valid until May 2018 10. Health Certificates of Two Food Handlers, May 2015 11. Occupational Hazards Registration Return Receipt issued by WSB of Xiaoshan District, November 2015 12. Industrial Hygiene Monitoring Report of Indoor Noise prepared by Hangzhou Process Technology Co., Ltd., April 2015 13. Pre-job, on-the-job and Post-job Occupational Health Exam Reports, 2015 14. Two Registration Form Approvals of Fire Protection Check and Acceptance (FPCA) for Two Three-story Production Buildings and One five-story Comprehensive Building, issued by Fire Brigade (FB) of Xiaoshan District, 2010 and 2014 15. Inspection Reports for Three Elevators and One Forklift, within validity period 16. Work Permits of One Elevator Operator, One Forklift Operator and One Electrician, within validity period 17. Certificates of Four First Aid Responders, issued by Red Cross of Xiaoshan District, June 2015.

Hangzhou Changda Can Tool Co., Ltd. (LA-203)

Audit Score Percentage and Audit Re-extension Status	91.6%
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Background

Hangzhou Changda Can Tool Co., Ltd. ('Changda') was established at Wenyan Town in Hangzhou City in 2000. In 2010, the Site acquired the current Site area, built two three-story production buildings, one temporary single-story office building and one temporary single-story canteen, moved to the current location and continued its operation. In 2012, the Site expanded their annual production output of tin cans. In 2014, the Site built one five-story comprehensive building used as office and dormitory. During the audit, the 1st and 2nd floors of this building were still not used. Per the Site representative, prior to 2010, the Site area was vacant land.

The Site is located in one industrial park and surrounded by one unnamed road to the north, one hill to the south, vacant lands to the east and Hongtai Hardware factory to the west.

The Site covers a gross area of 12,000 square meters (m²) and a construction area of 8,000 m². The Site is comprised of two three-story production buildings, one five-story comprehensive building, one temporary single-story office building, one temporary single-story canteen, one single-story powder distribution room and one guard room. The Site mainly consumes tinplate as raw material. Chemicals consumed at the Site mainly include gasoline, alcohol and machine oil.

Based on the Environment Impact Assessment (EIA) statement form and approval for the expanding project in 2012, the Site had meant to introduce the packaging material printing process and business. However, during the site visit, no printing equipment or activities were observed. Per the Site representative, in consideration of the current economic situation and invested cost, the Site was not willing to introduce the packaging material printing process and business for the time being.

EHS Management

Mr. Rongbing Zhu is appointed as the Environment Health and Safety (EHS) officer at the Site and takes charge of the general EHS affairs. He holds a safety management certificate issued by the local Work Safety Bureau.

Employee Interview

Number of Selected Employees: There were approximately 129 employees working at the Site. During the audit, 25 employees (about 19.4 % of the total staff) were selected for the interview, and a total of 25 employees were interviewed.

Age Groups/Gender: Of the interviewed employees, 6 were 18-20 years old, 4 were 21-30 years old, 8 were 31-40 years old, and 7 were 41-50 years old, including 13 males and 12 females.

Employment Period: Of the interviewed employees, 10 have worked for less than one year, 10 have worked for more than two years but less than five years, and 5 have worked for more than five years.

Operational Activities: The interviewed employees were selected from the cutting, pressing, riveting and packaging processes, which covered all of the processes and jobs at the Site.

Finding Numbers: 4.2a

Best Practices

The Site established policies regarding human and labor rights. Firefighting facilities were inspected and maintained on a monthly basis.

Opening and Closing Meetings

An opening meeting attended by Mr. Rongbing Zhu (Production Manager), Ms. Chunya Hu (Officer) and Mr. Michael Hu (auditor from AECOM) was held at the beginning of the audit at 9:30. The auditors introduced the audit purpose, content and procedure, factory awareness guide, as well as the NBCU's Code of Conduct (CoC). The CoC was signed by the Site representative Mr. Rongbing Zhu.

A closing meeting attended by Mr. Rongbing Zhu, Ms. Chunya Hu and Mr. Michael Hu from AECOM was conducted at 16:00. The auditors raised all issues identified during the audit and introduced the follow-up procedure. All the findings were confirmed by the Site representatives. The Site representatives expressed that they were willing to follow the relevant requirements of NBCU and close the findings as soon as possible.

Results Summary

Section	Is there a finding?	If there is a finding, then list finding ID/Flag Type	Auditor Notes
Underage Labor	No	/	/
Forced Labor	No	/	/
Prison Labor	No	/	/
Working Hours	No	/	/
Wages & Compensation	Yes	4.2a – Yellow Flag 4.4 – Red Flag	/
Discrimination/Human Rights	No	/	/
Freedom of Association	No	/	/
Facilities/Building Conditions	No	/	/
Fire Prevention/Emergency Response	Yes	1.4 – Yellow Flag	/
Occupational Health & Safety (Include all permits)	Yes	2.17 – Red Flag 2.23 – Red Flag	/
Environmental Conditions (Include Waste, Air, Water)	Yes	1.2.1 – Yellow Flag 1.2.2 – Yellow Flag 1.2.3 – Yellow Flag 2.13 – Red Flag	/
Dormitories	No	/	/
Canteen & Cafeteria Services	No	/	/
Medical	No	/	/
Security	No	/	/

1. Number of Fulltime Employees/Employees

Department	First Shift	Second Shift	Third Shift as applicable	Peak Season
Administration and Finance	16	/	/	/
Production Management	2	/	/	/
EHS	2	/	/	/
Quality Assurance/Control	2	/	/	/
Maintenance	1	/	/	/
Warehouse	2	/	/	/
Cutting	7	/	/	/
Pressing	63	/	/	/
Riveting	13	/	/	/
Packing	20	/	/	/
Security	1	/	/	/
Total Number of Employees/Workers	129	/	/	/



2. Production Process – include chemicals used in the production process

Production process	Check if applicable to Site	Chemicals used	Approximate volume of chemicals used/stored monthly as observed by Auditor
Maintenance	Yes	Lubricating Oil	About 10kg per month
		Gasoline	About 4kg per month
Packing	Yes	Alcohol	About 400kg per month

Issues to be addressed

No.	Finding Category	Repeat Finding	Flag Type	Audit Findings	Recommendations	Photos
1.2	Environmental Permits	Yes	Yellow	1.2.1 Pollution discharged from the Site mainly includes domestic wastewater, cooking fume, noise, hazardous wastes and general solid wastes. The Site did not register the pollution discharge with the local Environment Protection Bureau (EPB). There was no industrial wastewater observed during the site visit. (工厂排放的污染物、包括生活污水、厨房油烟、噪声、危险废物以及一般固废。工厂没有向当地环保局进行排放污染物的申报登记。审核期间没有发现工厂有工业废水产生。)	1.2.2 The Site should submit the Pollution Discharge Registration (PDR) form to the local EPB on an annual basis and keep the PDR records. (工厂应每年填写污染物排放登记表上交给当地环境保护局, 并保留申报记录。)	N/A
	Environmental Permits	Yes	Yellow	1.2.2 Based on the Environment Impact Assessment (EIA) statement form in 2012, domestic wastewater generated from the Site was discharged to the municipal sewer system. However, no wastewater discharge permit (WDP) was obtained. (根据 2012 年的环评报告表, 工厂产生的生活污水排入市政管网, 但是工厂没有获得排水许可证。)	1.2.2 The Site should obtain the WDP from the Water Discharge Administration of Xiaoshan District. (工厂应该取得萧山区排水管理处颁发的排水许可证。)	N/A

No.	Finding Category	Repeat Finding	Flag Type	Audit Findings	Recommendations	Photos
	Environmental Permits	Yes	Yellow	1.2.3 No inventory form with all wastewater and air emission sources identified was available for review during the audit. (工厂没有提供一个识别和记录所有废水和废气排放源的文件。)	1.2.3 The Site should prepare an inventory form with all the wastewater and air emission sources identified, and assign a unique identification number that is consistent with any numbers assigned in PDP or PDR to each source. (工厂应该制定一个识别和记录所有废水和废气排放源的汇总表, 并且给所有排放源编号, 该号码必须是唯一的并且和排污许可证或排污申报登记表上的一致。)	N/A
1.4	Fire Protection permits	Yes	Yellow	1.4 The Site provided the Fire Protection Check and Acceptance (FPCA) registration forms of the two three-story production building and one five-story production building with local Fire Brigade's approval. However, the Site did not conduct the FPCA for the one temporary single-story office building, one temporary single-story canteen and one single-story powder distribution room. (工厂提供了两栋三层生产大楼以及一栋五层综合楼的消防竣工验收备案登记表。但是工厂没有对一层的临时办公楼、一层的临时食堂以及一层的配电房进行消防竣工验收。)	1.4 The Site should contact the local Fire Brigade and apply for the FPCA for these buildings. (工厂应该联系当地的消防大队对于这几栋建筑进行消防竣工验收。)	N/A

No.	Finding Category	Repeat Finding	Flag Type	Audit Findings	Recommendations	Photos
2.13	Chemical Storage	Yes	Red	2.13 The secondary containments of the machine oil in the pressing workshop were broken and the machine oil was leaked on the ground. The secondary containments of alcohol in the packing workshop were broken, either. (工厂走访中发现冲压车间机油桶的二次容器已经损坏, 机油漏到了地面上。同时包装车间酒精桶的二次容器也已经损坏。)	2.13 The Site should repair or replace the broken secondary containments of these chemical containers and clean the machine oil on the ground of the pressing workshop. (工厂应该修复或者替换这些损坏的化学品桶二次容器, 并清除冲压车间地面上的机油。)	 
2.17	Medical	Yes	Red	2.17 The Site did not provide the first aid kits for the dormitory area on the 3 rd to 5 th floors of the five-story comprehensive building. (工厂没有为五层综合大楼三楼到五楼的宿舍区域提供急救箱。)	2.17 The Site should provide the first aid kits for the dormitory area, inspect the medicines regularly and keep the record. (工厂应该为宿舍区域提供急救箱, 定期检查其中的药品, 并保留检查记录。)	N/A
2.23	Machine Guarding	Yes	Red	2.23 The Site did not install the two-hand buttons for half of all the machines (about 30 pressing machines and 2 cutting machines). (工厂没有为约一半的机器安装双手按钮(数量约为 30 台冲压机以及 2 台剪板机)。)	2.23 The Site should install the two-hand buttons for these machines. (工厂应该为这些机器安装双手按钮。)	N/A
4.2a	Wages	Yes	Yellow	4.2a There were 129 employees at the Site. However, based on the insurance payment record of December 2015, only 35 employees were covered with 5 social insurances. The Site did not pay the 5	4.2a The Site should provide all employees with five social insurances in according to China Social Insurance Law. (工厂应该按照中国社会保险法的要求为所有员工提供 5	N/A

No.	Finding Category	Repeat Finding	Flag Type	Audit Findings	Recommendations	Photos
				social insurances to the rest 94 employees. Per the Site representative, the main reason was that the employees were not willing to buy these social insurance. It was confirmed in the employee interview. (工厂目前有 129 名员工。根据 2015 年 12 月的社保购买收据, 工厂为 36 名员工购买了全部 5 种社会保险。工厂没有为其余的 94 名员工购买社会保险。根据工厂代表介绍, 主要的原因是工人不愿意购买这些社会保险。这个情况在员工访谈中得到了确认。)	种社会保险。)	
4.4	Wage	Yes	Red	4.4 Based on the timesheets and payment records of September and October 2015, the employees worked on October 5th, 6th and 7th, which were statutory holidays according to national regulation. However, the Site only paid two days' double wages to the employees and paid normal working wage for the rest one day. (根据工厂 2015 年 9 月和 10 月份的工资表和考勤记录, 工厂在 10 月 5 号、6 号和 7 号都有上班。这三天按照国家规定属于法定假日。但是工厂只向工人支付了 2 天的双倍工资, 而余下一天按照普通上班工资支付。)	4.4 The Site should ensure statutory holiday wages are paid to workers according to regulatory requirements. (工厂应确保向工人支付符合要求的法定节假日工资。)	N/A

Notes

1. **Black Flag** - if there is a finding of possible child or prison labor, factory will be disqualified for use if confirmed.
2. **Red Flag** - all red flags findings must be closed or downgraded within 90 days of the audit.
3. **Yellow Flag** - all yellow flag findings must be closed before scheduled re-audit.
4. NBCUniversal has implemented a scoring system to provide an index by which our approved suppliers are rated to predict the sustainability of their compliance programs. If your factory scores 85% or above on the initial audit and then works to also close all mandatory findings, this will qualify the factory for an extension of the annual audit requirement. As an incentive for demonstrating commitment to an ongoing improvement plan, the annual audit requirement may be extended to 18 month or 24 month re-audit cycle. Note: If the factory scores below 85% then will only re-qualify for the re-audit extension based on new score from the second audit after 12 months.