

Social Compliance Audit Report

Audit ID #:

Audit Report Date: January 26, 2010

Factory Information

Factory ID No.

Factory Name: Visstun/ H&H Enterprises

Street Address Line 1: 6355 Sunset Corporate Drive

Street Address Line 2:

City: Las Vegas State/Province: Nevada

Zip Code: 89120 Country: USA

Contact Person Name: Monique Favreau Telephone: 702-876-6292

Contact Person Title: Print Operations Manager Fax: 702-876-6847

Compliance Audit Report

Document Completed By:	Audit Entered By (Name): B. Palacios	Title: N.A. Operations Manager	Date Audit Entered: (MM/DD/YYYY) 02/01/2010
------------------------	--	--	---

Factory Audited By:	Audit Conducted By (Name): B. Palacios	Audit Organization: N.A. Operations Manager	Date Audit Conducted: (MM/DD/YYYY) 01/26/2010
---------------------	--	---	---

Audit Type: (Initial or 1st/2nd/3rd Follow Up) Initial	Tentative Audit Date: (MM/DD/YYYY) 01/26/2010
---	---

Compliance Audit Report (Continued)

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

Audit Report Date: 01/26/2010

Overall Rating: Needs Improvement
 Acceptable

Agreed to and signed Corrective Action Plan Acknowledgement Report (CAPAR): Yes No
Mrs. Monique Favreau, Print Operations Manager, was not present during the closing meeting to sign the CAPAR. However, Mrs. Bobby Fetty, Director of Human Resources, was there to review the CAPAR and signed the document as well.

Access to Facility: Accepted
If denied, explain: Denied

Partial Access Denied?: Yes No

Percentage of the Factory's capacity devoted to production of Disney Products:	<input checked="" type="checkbox"/> 0%	<input type="checkbox"/> 31-40%	<input type="checkbox"/> 71-80%
	<input type="checkbox"/> 1-10%	<input type="checkbox"/> 41-50%	<input type="checkbox"/> 81-90%
	<input type="checkbox"/> 11-20%	<input type="checkbox"/> 51-60%	<input type="checkbox"/> 91-100%
	<input type="checkbox"/> 21-30%	<input type="checkbox"/> 61-70%	

Overall Assessment: Special Findings:
Overtime wage, Health and safety, other laws, publication.
Assessment Process
The present initial onsite assessment was conducted on 01/26/10 by appointment. The licensee that directed this assessment was Logogram, Inc. The monitoring firm, STR-RS, conducted this assessment with one auditor present.
Mrs. Monique Favreau, Print Operations Manager, Mrs. Bobby Fetty, Director of Human Resources, and Mr. Allen Dunford, Controller/CFO assisted the auditor during the assessment. The Disney's Ethics Policy was presented and explained to management and Mrs. Favreau acknowledged it and signed it with no questions.
A total of three payroll records were reviewed. The records represented a pay period from the facility's peak season, non-peak season, and the most recent pay period. The pay periods were as follows: the most current- 1/22/10; peak period- 10/16/09; and non-peak period- 6/26/09. The facility compensates employees on a bi-weekly basis and provides employees with a company check or direct deposit on Fridays.

There were a total of 45 employees present in the production floor and 15 employees in the office. Ten employees were chosen to participate in private interviews. No group interviews could be conducted as the nature of the business did not allow to pull many employees out of the workforce at once.

An STR-RS confidentiality agreement form and Disney's Ethics Policy were both signed by management and the auditor. All original forms were kept by the auditor and are maintained on file. The facility ordered lunch for management and the auditor as well; however, the auditor had explained to management that as an STR internal policy, the auditor had to pay for their own lunch. Management acknowledged it and agreed.

Facility Overview Information

The facility is located on 6355 Sunset Corporate Drive, Las Vegas, NV. 89120

Contact Person: Monique Favreau

Year of Establishment: 23 years

Numbers and Purpose (Administrative / Production / Dormitory) of Buildings: There is only one building for this location with an additional warehouse location (located within 2 minutes). The building is a two-story building, which the second floor is designated for offices. The production floor is divided into sections depending on the product it's being manufactured: mouse pads, cups, printing, storage, shipping and receiving.

Current / Normal Employee Size by Employee Type: There were 45 employees present, with 15 employees in the office, and 28 employees holding managerial/sales positions.

Current / Past Percentage of Disney Production: According to Mrs. Favreau, the facility does not have any production for Disney and did not report having any past production either.

Other Brands Present: The majority of the production on the work floor did not have any labels and the facility did not provide with any names of the clients they currently work for.

Peak / Low Production Months: The facility stated it's peak season is normally Setember and October as many clients start ordering for the Christmas season. The facility reported that business normally slows down in May/June.

Facility Regular Hours / Shift :The facility's regular hours are from 8am-430pm. However, the facility does have a second shift from time to time that cover the hours of 4:30pm-1:00am. There are times when the facility may work additional hours due to production demands. The facility would start one or two hours earlier than the normal morning schedule.

Pay Date: Bi-weekly on Fridays.

Name of the Licensee / Vendor: Logogram, Inc.

Violations Categories:

The facility had concerns in the following categories: Overtime wage; Health and Safety; Publication; Other Laws

Communicated Findings with:

Discussions regarding the Corrective Action Plan occurred with Bobby Fetty,

Director of Human Resources (Name & Title).

Child Labor: Acceptable Needs Improvement N/A Unable to Verify

Current Child Labor:

Acceptable Needs Improvement N/A Unable to Verify

Young Worker:

Acceptable Needs Improvement N/A Unable to Verify

Other:

Acceptable Needs Improvement N/A Unable to Verify

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

Prison, Bonded, Indentured, Forced Labor:

Acceptable Needs Improvement N/A Unable to Verify

Mandatory Overtime:

Acceptable Needs Improvement N/A Unable to Verify

Other:

Acceptable Needs Improvement N/A Unable to Verify

Coercion and Harassment: Acceptable Needs Improvement N/A Unable to Verify

Physical Abuse or Sexual Harassment:

Acceptable Needs Improvement N/A Unable to Verify

Other:

Acceptable Needs Improvement N/A Unable to Verify

Non-Discrimination: Acceptable Needs Improvement N/A Unable to Verify

Association: Acceptable Needs Improvement N/A Unable to Verify

Minimum Wage: Acceptable Needs Improvement N/A Unable to Verify

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

According to 29 CFR (1968) § 778.209(a), Where a bonus payment is considered a part of the regular rate at which an employee is employed, it must be included in computing his regular hourly rate of pay and overtime compensation.

It was noted during the payroll review that approximately 22 sales employees for the payroll records ending on 1/22/10 received a "sale supplement" amount to guarantee them \$104 per day if the employee works a minimum of 7 hours per day. The employees are fully aware they receive this additional compensation. However, this amount is not added to the employees' total wages to calculate a new hourly rate for overtime compensation. On average, those sales employees worked from 3-12 hours of overtime per pay period. The employees earn minimum wage. This company's policy started a year ago and has been implemented since then. Management was explained that no change occurs if the employee does not work any overtime hours, but if the employee does work overtime, then he/she must be compensated according to the requirements of this law. Please compensate sales employees properly when they work overtime hours and re-assess the employees' wages to pay-back any owed wages to those employees.

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

Social Benefits: Acceptable Needs Improvement N/A Unable to Verify

Other Compensation: Acceptable Needs Improvement N/A Unable to Verify

Monitoring and Compliance: Acceptable Needs Improvement N/A Unable to Verify

Transparency:
 Acceptable Needs Improvement N/A Unable to Verify

Ethics:
 Acceptable Needs Improvement N/A Unable to Verify

Insufficient or Inadequate Records:
 Acceptable Needs Improvement N/A Unable to Verify

Other:
 Acceptable Needs Improvement N/A Unable to Verify

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

Medical & First Aid:

Acceptable Needs Improvement N/A Unable to Verify

Personal Protective Equipment (PPE):

Acceptable Needs Improvement N/A Unable to Verify

Fire & Emergency Safety:

Acceptable Needs Improvement N/A Unable to Verify

Machine & Electrical Safety:

Acceptable Needs Improvement N/A Unable to Verify

Hazardous Material:

Acceptable Needs Improvement N/A Unable to Verify

Sanitation:

Acceptable Needs Improvement N/A Unable to Verify

Other:

Acceptable Needs Improvement N/A Unable to Verify

1. According to 29 CFR (1996) 1910.1200(e). A written hazard communication program has to be implemented as well as training employees on the proper handling and first aid measures when dealing with chemicals.

The auditor observed that there is no written communication program on how to handle chemicals and how to read the MSDS in terms of first aid measures, storage, and personal protective equipment. Please ensure that a written hazard communication program is developed and that all employees that handle chemicals are properly trained.

2. According to 29 CFR (2005) § 1910.151(c), Where the eyes or body of any person may be exposed to injurious corrosive materials, suitable facilities for quick drenching or flushing of the eyes and body shall be provided within the work area for immediate emergency use.

The auditor observed several locations where chemicals are stored and are being handled by employees. The facility has provided different locations with eye wash bottles. However, those chemicals that are used in the facility require a first aid measure of 15 minutes of continuous flow of water (per the Material Safety Data Sheets). Any water faucet is not located near these areas to provide them with that length of continuous flow of water and the small water bottles do not provide this either. Please ensure that employees are provided with the minimum requirements to flush their eyes in case they get in contact with the chemicals.

3. Disney's Code of Conduct states that manufacturers will provide employees with a safe and healthy workplace in compliance with all applicable laws and regulations, ensuring at a minimum reasonable access to potable water and sanitary facilities: fire safety: and adequate lighting and ventilation.

The auditor noted the facility conducts fire drills at least on a quarterly basis and also conducts safety meetings daily and monthly. However, the facility does not maintain any records. Please ensure that all safety meetings and fire drills are properly documented and all documents are maintained on file for future reference.

4. Disney's Code of Conduct states Manufacturers will provide employees with a safe and healthy workplace in compliance with all applicable laws and regulations, ensuring at a minimum reasonable access to potable water and sanitary facilities: fire safety: and adequate lighting and ventilation.

Approximately, 40% of the interviewed employees reported discomfort in the work floor due to the fumes and odor from the sublimation area, especially when all the machines are running at the same time (During the present assessment, only one machine was running and the ventilation did not appear to be a concern). Please ensure that the production area is assessed against any potential ventilation concerns when all the machines are running at the same time and if needed, provide more ventilation solutions (exhaust fans, etc.)

Dormitories: Acceptable Needs Improvement N/A Unable to Verify

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

Subcontracting: Acceptable Needs Improvement N/A Unable to Verify

Other Laws (if applicable): Acceptable Needs Improvement N/A Unable to Verify

Labor Contract:
 Acceptable Needs Improvement N/A Unable to Verify

Other:
 Acceptable Needs Improvement N/A Unable to Verify
 8 CFR (1996) 274a.2 (b)(ii), states to complete section 2-"Employer Review and Verification"-on the Form I-9 within three days of the hire and sign the attestation with a handwritten signature or electronic signature in accordance with paragraph (i) of this section.

The auditor noted that approximately, 2% of the total employees' I-9 forms are incomplete on section 2. Please ensure that all active I-9 forms are fully completed in all sections.

Publication: Acceptable Needs Improvement N/A Unable to Verify
 The Disney Code of Conduct requires manufacturers 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 time.

The auditor noted that management was not aware that a Disney's code of conduct existed and thus it was not posted in any location nor was it informed to the employees. Please ensure the code of conduct is posted in a public area where employees can easily see it and also provide a meeting/training to all employees about the Code of Conduct.
