

Sedex Members Ethical Trade Audit (SMETA) Report

Version 5.0 Dec 2014, 2/4 Pillar Audit; replaces version 4.0 May 2012

Supplier name:	Bagco Asia Limited	
Site country:	China	
Site name:		
Parent Company name (of the site):	Not applicable	
SMETA Audit Type:	<input checked="" type="checkbox"/> 2-Pillar	<input type="checkbox"/> 4-Pillar
Date of Audit	19 October 2015	

Audit Content:

- (1) A SMETA audit was conducted which included some or all of Labour Standards, Health and Safety, Environment and Business ethics. The SMETA Best Practice Guidance Version 5 December 2015 was applied. The scope of workers included all types at the site e.g. direct employees, agency workers, workers employed by service providers, and workers provided by other contractors. Any deviations from the SMETA Methodology are stated (with reasons for deviation) in the SMETA Declaration.
 - (2) The audit scope was against the following reference documents
 - 2-Pillar SMETA Audit
 - ETI Base Code
 - SMETA Additions
 - Management systems and code implementation,
 - Entitlement to Work & Immigration,
 - Sub-Contracting and Home working,
 - 4-Pillar SMETA
 - 2-Pillar requirements plus
 - Additional Pillar assessment of Environment
 - Additional Pillar assessment of Business Ethics
- The new ETI Working Hours Clause
- Now integrated into this latest SMETA version.

Where appropriate non-compliances were raised against the ETI code / SMETA Additions & local law and recorded as non compliances on both the audit report, CAPR and on Sedex.



Intertek

Audit Company Name: Intertek Testing Services	Report Owner (payee): Bagco Asia Limited
Sedex Company Reference: (only available on Sedex System)	S: Not supplied
Sedex Site Reference: (only available on Sedex System)	P: Not supplied

Audit Conducted By			
Commercial	<input checked="" type="checkbox"/>	Purchaser	<input type="checkbox"/>
NGO	<input type="checkbox"/>	Retailer	<input type="checkbox"/>
Trade Union	<input type="checkbox"/>	Brand Owner	<input type="checkbox"/>
Multi-stakeholder	<input type="checkbox"/>	Combined Audit (select all that apply)	

Auditor Reference Number: (If applicable)	Not applicable
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SMETA Declaration

I declare that the audit underpinning the following report was conducted in accordance with SMETA Best Practice Guidance and SMETA Measurement Criteria.

Any exceptions to this must be recorded here (e.g. different sample size): None

Auditor Name(s) (please list all including all interviewers): Ryan Zheng

Lead auditor: Ryan Zheng

Team auditor: NA, only one auditor

Interviewers: Ryan Zheng

Date: 19 October 2015

Non-Compliance Table

Issue (please click on the issue title to go direct to the appropriate audit results by clause)	Area of Non-Conformity (Only check box when there is a non-conformity, and only in the box/es where the non-conformity can be found)			Record the number of issues by line*:		
	ETI Base Code	Local Law	Additional Elements (i.e. not part of ETI code)	NC	Obs	GE
0 Management systems and code implementation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	0	0	0
1 Employment Freely Chosen	<input type="checkbox"/>	<input type="checkbox"/>		0	0	0
2 Freedom of Association	<input type="checkbox"/>	<input type="checkbox"/>		0	0	0
3 Safety and Hygienic Conditions	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		5	0	0
4 Child Labour	<input type="checkbox"/>	<input type="checkbox"/>		0	0	0
5 Wages and Benefits	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		1	0	0
6 Working Hours	<input type="checkbox"/>	<input type="checkbox"/>		0	0	0
7 Discrimination	<input type="checkbox"/>	<input type="checkbox"/>		0	0	0
8 Regular Employment	<input type="checkbox"/>	<input type="checkbox"/>		0	0	0
8A Sub-Contracting and Homeworking		<input type="checkbox"/>	<input type="checkbox"/>	0	0	0
9 Harsh or Inhumane Treatment	<input type="checkbox"/>	<input type="checkbox"/>		0	0	0
10A Entitlement to Work		<input type="checkbox"/>	<input type="checkbox"/>	0	0	0
10B2 Environment 2-Pillar		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	2	0	0
10B4 Environment 4-Pillar		<input type="checkbox"/>	<input type="checkbox"/>	NA	NA	NA
10C Business Ethics		<input type="checkbox"/>	<input type="checkbox"/>		NA	NA

*Please note the table above records the total number of Non compliances (NC), Observations (Obs) and Good Examples (GE). This gives the reviewer an indication of problem areas but does not detail severities of each issue – Reviewers need to check audit results by clause.

Summary of Findings

Summary of main findings: (positive and negative)
(Please give a short summary of the main findings per clause)

Site Summary

- The products manufactured at this site are bags.
 - Overall responsibility for meeting the standards is taken by Mr. Yang Yaming / Vice General Manager.
 - There are total 104 employees (including 5 managers) on site, 74 employees are local residents and 30 employees are from other provinces such as Anhui Province and He'nan Province.
 - The youngest employee on site was 26 years old
 - Worker committee were present during the audit, Ms. Sun Zhengchun / Worker Committee representative attended opening and closing meeting.
 - There is no union exist at this facility.
 - There is evidence of both male and female in management and among supervisor. The distribution was Male 80%, Female 20%.
 - Site has no obvious peak season generally.
 - Site has complete production processes, and no sub-contractor was used.
 - 8 female and 2 male employees were randomly selected for interview, they were interviewed as 1 group of 4 employees per group and 6 employees were interviewed individually.
 - Payrolls for the period from September 2014 to August 2015 and attendance records for the period from 1 September 2014 to 18 October 2015 were provided for review. Randomly sampled 10 employees' payrolls and attendance records from August 2015 (current month), May 2015 (random month) and March 2015 (random month) for further checking on status of wages and working hours.
 - Based on the provided attendance records, standard working hours in this facility were 8 hours per day, 40 hours per week with at least 1 day off in a week.
 - Based on the provided attendance records and payrolls, overtime working was paid correctly. Employees were paid 150% and 200% of normal wage for overtime on normal working days and rest days respectively, and no overtime occurred on holidays in past one year.
 - Based on the provided attendance records, the status of overtime hours in sample was as below:
24 hours/month in August 2015 (current month)
36 hours/month in May 2015 (random month)
32 hours/month in March 2015 (random month)
- Issues Found

NC's

3.
 - No original fire certificate or registered record. During facility tour, auditor found that there were one flat building used as cutting workshop and warehouse, one 2-storey building used as sewing workshop, inspection workshop and warehouse, one 2-storey building used as warehouse and office and one 2-storey building used as kitchen, canteen. However, the facility did not obtain the original fire certificate or registered record for the above mentioned building to review.
 - No original construction safety certificate. During facility tour, auditor found that there were one flat building used as cutting workshop and warehouse, one 2-storey building used as sewing workshop, inspection workshop and warehouse, one 2-storey building used as warehouse and office and one 2-storey building used as kitchen, canteen and dormitory. However, the facility did not obtain original certificate or report of acceptance checks for completion of these buildings to review.
 - Improper opening direction of evacuation doors. During facility tour, auditor found that both 2 evacuation doors

in the canteen which was about 450 square meters and had 100 seats inside were open inward, which were not in compliance with the legal requirement.

- Fire equipment was blocked. During facility tour, auditor found that the only one fire hydrant in the inspection workshop was blocked by goods.

Remark: The facility management had removed the obstacles before auditor left and stated that they would conduct periodic inspect and relevant trainings accordingly.

- No certificate for special appliance operator. During facility tour, auditors found that there was one elevator in the facility for goods transferring and loading, however the facility did not obtain the elevator safety management certificate for review.

5.

- Insufficient social insurance participated. Through document review, auditor found that there were 47 out of 104 employees had not participated in all five types of social insurance including basic endowment insurance, employment injury insurance, basic medical insurance, unemployment insurance and maternity insurance.

Remark: the facility had bought commercial work-related injury insurance for 40 out of the 47 employees who did not participate in social insurance, and provided relevant records to review. The commercial insurance mentioned above is not mandated by PRC Social Insurance Law.

10B2.

- No Environmental Impact Assessment (EIA) for construction project. During facility tour, auditor found that products in the facility are bags, and the main processes are cutting, sewing, inspection and packing which would cause influence on the environment. EIA document shall be compiled for assessing detailed environmental impacts and relevant protective measures. However, the facility did not obtain EIA document for review.
- No Environmental Impact Assessment (EIA) approval for construction project. During document review, the facility did not obtain the EIA approval for construction project for review.

Please refer to the details of non-compliances in the individual sections.

Best Practices Observed:

None observed

Additional Auditor Remark:

None observed

Audit Details

Audit Details			
A: Report #:	SHCJ00348-06		
B: Time in and time out (SMETA Best Practice Guidance and Measurement Criteria recommends 9.00–17.00 hrs. if any different please state why in the SMETA declaration)	Day 1 Time in: 8:30 Day 1 Time out: 17:00	Day 2 Time in: NA Day 2 Time out: NA	Day 3 Time in: NA Day 3 Time out: NA
C: Number of Auditor Days Used: (number of auditor x number of days)	1 (1 auditor x 1 day)		
D: Audit type:	<input type="checkbox"/> Full Initial <input checked="" type="checkbox"/> Periodic <input type="checkbox"/> Full Follow-up <input type="checkbox"/> Partial Follow-Up <input type="checkbox"/> Partial Other – Define		
E: Was the audit announced? (AAG recommends a window of three weeks for semi-announced, this gives optimum results)	<input checked="" type="checkbox"/> Announced <input type="checkbox"/> Semi – announced: Window detail: week <input type="checkbox"/> Unannounced		
F: Was the Sedex SAQ available for review?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
If No, why not? (Examples would be, site has not completed SAQ, site has not been asked to complete the SAQ.)	The facility had not registered on Sedex.		
G: Any conflicting information SAQ/Pre-Audit Info to Audit findings?	<input type="checkbox"/> Yes <input type="checkbox"/> No If Yes, please capture detail in appropriate audit by clause N/A, no SAQ was available.		
H: Auditor name(s) and role(s):	Ryan Zheng / Leader auditor and interviewer		
I: Report written by:	Ryan Zheng		
J: Report reviewed by:	Wendy Tan		
K: Report issue date:	26 October 2015		
L: Supplier name:	Bagco Asia Limited		
M: Site name:			

N: Site country:	China			
O: Site contact and job title:	Vice General Manager			
P: Site address: (Please include full address)	Province			Jiangsu
Site phone:				
Site fax:				
Site e-mail:				
Q: Applicable business and other legally required licence numbers: for example, business license no, and liability insurance	Valid Date: From 13 May, 1999 to 12 May 2030.			
R: Products/Activities at site, for example, garment manufacture, electricals, toys, grower	Bag			
S: Audit results reviewed with site management?	Yes			
T: Who signed and agreed CAPR (Name and job title)	Mr. Yang Yaming / Vice General Manager			
U: Did the person who signed the CAPR have authority to implement changes?	Yes			
V: Present at closing meeting (Please state name and position, including any workers/union reps/worker reps):	Mr. Yang Yaming / Vice General Manager Ms. Sun Zhengchun / Worker Committee representative Mr. Zhang Huihui / HR Staff Mr. Ryan Zheng / Auditor			
W: What form of worker representation / union is there on site?	<input type="checkbox"/> Union (name): <input checked="" type="checkbox"/> Worker Committee <input type="checkbox"/> Other (specify) <input type="checkbox"/> None			
X: Are any workers covered by Collective Bargaining Agreement (CBA)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No No Collective Bargaining Agreement at the facility.			
Y: Previous audit date:	15 September, 2014			
Z: Previous audit type:		SMETA 2-pillar	SMETA 4-pillar	Other
	Full Initial	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

	Periodic	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Full Follow-Up Audit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Partial Follow-Up	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Partial Other*	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	*If other, please define:			

Audit Scope/Actual Results

Criteria	Local Law (Please state legal requirement)	Actual at the Site (Record site results against the law)	Is this part of a Collective Bargaining Agreement?
A: Standard/Contracted work hours: (Maximum legal and actual required working hours excluding overtime, please state if possible per day, week and month)	Legal maximum: 8 hours per day and 40 hours per week	8 hours per day and 40 hours per week	<input type="checkbox"/> Yes <input type="checkbox"/> No NA. No Collective Bargaining Agreement
B: Legal Overtime hours: (Maximum legal and actual overtime hours, please state if possible per day, week and month)	Legal maximum: 3 hours per day and 36 hours per month	Through document review, auditor found that maximum daily overtime hours was 2 hours, and the monthly overtime hours of all 10 randomly selected employees were 24 hours in August 2015 (current month); the monthly overtime hours of all 10 randomly selected employees were 36 hours in May 2015 (random month); the monthly overtime hours of all 10 randomly selected employees were 32 hours in March 2015 (random month).	<input type="checkbox"/> Yes <input type="checkbox"/> No NA. No Collective Bargaining Agreement
C: Legal age of employment: (Minimum legal and actual minimum age at site)	Legal minimum: 16 years old	26 years old	
D: Legal minimum wage for standard/contracted hours: (Minimum legal and actual minimum wage at site, please state if possible per hr, day, week and month)	The local minimum wage standard set at RMB 1480 per month equivalent to RMB 8.51 (1480/21.75/8) per hour from 1 July 2013 to 31 October 2014	Above RMB 1800 per month (10.34 per hour)	<input type="checkbox"/> Yes <input type="checkbox"/> No NA. No Collective Bargaining Agreement

	and RMB 1630 per month equivalent to RMB 9.37 (1630/21.75/8) per hour since 1 November 2014.		
E: Legal minimum overtime wage: (Minimum legal and actual minimum overtime wage at site, please state if possible per hr, day, week and month)	<p>Legal minimum: The employing unit shall, according to the following standards, pay labourers remuneration higher than those for normal working hours under any of the following circumstances:</p> <ol style="list-style-type: none"> 1) To pay no less than 150% of the normal wages if the extension of working hours is arranged; 2) To pay no less than 200% of the normal wages if the extended hours are arranged on days of rest and no deferred rest can be taken; and 3) To pay no less than 300% of the normal wages if the extended hours are arranged on statutory holidays. 	employees were paid 150% of the normal wages if the extension of working hours is arranged; 200% of the normal wages if the extended hours are arranged on days of rest and no deferred rest can be taken. And no overtime occurred on holidays in past one year.	<input type="checkbox"/> Yes <input type="checkbox"/> No NA. No Collective Bargaining Agreement

Audit Scope

(Please select the code and additional requirements that were audited against during this audit)

2-Pillar Audit	<input checked="" type="checkbox"/>
10B4: Environment 4-Pillar	<input type="checkbox"/>
10C: Business Ethics	<input type="checkbox"/>
All groups of workers are included in the scope of this audit such as; Direct employees, Casual and agency workers, Workers employed by service providers such as security and catering staff as well as workers supplied by other contractors.	<input checked="" type="checkbox"/>

Note: The main focus of this ethical audit is on the ETI Base Code and local law. The additional elements will not be audited in such depth or scope, but the audit process will still highlight any specific issues.

This report provides a summary of the findings and other applicable information found/gathered during the social audit conducted on the above date only and does not officially confirm or certify compliance with any legal regulations or industry standards. The social audit process requires that information be gathered and considered from records review, worker interviews, management interviews and visual observation. More information is gathered during the social audit process than is provided here. The audit process is a sampling exercise only and does not guarantee that the audited site prior, during or post-audit, are in full compliance with the Code being audited against. The provisions of this Code constitute minimum and not maximum standards and this Code should not be used to prevent companies from exceeding these standards. Companies applying this Code are expected to comply with national and other applicable laws and where the provisions of law and this Code address the same subject, to apply that

provision which affords the greater protection. The ownership of this report remains with the party who has paid for the audit. Release permission must be provided by the owner prior to release to any third parties.

Audit Overview

Audit Overview			
	Management	Worker Representatives	
Audit attendance	Senior management	Worker Committee representatives	Union representatives
A: Present at the opening meeting?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
B: Present at the audit?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
C: Present at the closing meeting?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
D: If Worker Representatives were not present please explain reasons why (only complete if no worker reps present)	Not applicable (Worker representative was present in this audit)		
E: If Union Representatives were not present please explain reasons why: (only complete if no union reps present)	There is no union at this facility.		

F: Site description:

(Include size, location and age of site. Also include structure and number of buildings)

China. They have started their operation at the existing location since May 1999. The total land area occupied by the facility is about 38,000 square meters.

In view of the facilities, the facility consists of one flat building used as cutting workshop and warehouse, one 2-storey building used as sewing workshop, packing workshop and warehouse, one 2-storey building used as office and warehouse and one 2-storey building used as kitchen, canteen and dormitory. In addition, there is another 2-storey building rented to

and a 5-storey building rented to

A total of 104 employees are currently working in the facility, which includes 68 production employees and 36 non-production employees (including 5 managers). 74 employees are local residents and 30 employees are from other provinces such as Anhui Province and He'nan Province. Employees worked for 5 days a week in 1 shift. The normal working hours are from 7:30 to 16:30 with 1 hour for lunch break from 11:20 to 12:20. All employees' wages are calculated on monthly basis. The peak season is not obvious in this facility.

Dormitory Building	Description	Remark, if any
Floor 1	Kitchen and canteen	Built in 2004; the area is 900 m2
Floor 2	Dormitory	Built in 2004; the area is 900 m2
Is this a shared building?	No	None

For below, please add any extra rows if appropriate.

Production and Office Building	Description	Remark, if any
Floor 1	Warehouse, sample room	Built in 2004; the area is 1,000 m2
Floor 2	Office	Built in 2004; the area is 1,000 m2
Is this a shared building?	No	None

Production Building	Description	Remark, if any
Floor 1	Rented	Built in 2004; the area is 900 m2
Floor 2	Rented	Built in 2004; the area is 900 m2
Floor 3	Rented	Built in 2004; the area is 900 m2
Floor 4	Rented	Built in 2004; the area is 900 m2
Floor 5	Rented	Built in 2004; the area is 900 m2
Is this a shared building?	No	None

Production Building	Description	Remark, if any
Floor 1	Packing workshop, inspection workshop, warehouse	Built in 2005; the area is 2,533 m2
Floor 2	Sewing workshop, warehouse	Built in 2005; the area is 2,533 m2
Is this a shared building?	No	None

Production Building	Description	Remark, if any
Floor 1	Cutting workshop, warehouse	Built in 2005; the area is 639 m2
Is this a shared building?	No	None

Production Building	Description	Remark, if any
Floor 1	Rented	Built in 2004; the area is 1,000 m2
Floor 2	Rented	Built in 2004; the area is 1,000 m2
Is this a shared building?	No	None

Remark:

There were other two facilities named [REDACTED] and [REDACTED] Ltd. at the same site, which rented the buildings from the audited facility. The management of the audited facility provided tenancy contract and other two facilities' business license for review, so other two facilities' areas did not include in the audit scope. Quick facility tour upon other two facilities was allowed on the audit date, through facility tour, management interview and employees' interview, the three facilities were independence.

G: Site function:	<input type="checkbox"/> Agent <input checked="" type="checkbox"/> Factory Processing/Manufacturer <input checked="" type="checkbox"/> Finished Product Supplier <input type="checkbox"/> Grower <input type="checkbox"/> Homeworker <input type="checkbox"/> Labour Provider <input type="checkbox"/> Pack House <input type="checkbox"/> Primary Producer <input type="checkbox"/> Service Provider <input type="checkbox"/> Sub-Contractor
H: Month(s) of peak season: (if applicable)	The peak season is not obvious as per facility management.
I: Process overview: (Include products being produced, main operations, number of production lines, main equipment used)	
<p>The main products manufactured by the facility are bags.</p> <p>The main production processes are listed as follows: Cutting, sewing, inspection and packing.</p> <p>The main machine list of the facility is as following: Sewing machines 130 sets, nailing machines 14 sets, cutting machines 8 sets.</p>	
J: Attitude of workers: (Include their attitude to management, workplace and the interview process. Both positive and negative information should be included) Note: Do not document any information that could put workers at risk	
6 employees were selected for the individual interview and 4 employees in 1 group were selected for the group interview, all the interviewees were favourable with the management and facility environment and no negative information was raised.	
K: Attitude of workers committee/union reps: (Include their attitude to management, workplace and the interview process. Both positive and negative information should be included) Note: Do not document any information that could put workers at risk	
One worker representative was interviewed and she stated that the employees were satisfied with the salary, working condition and management system of the facility and no negative was raised.	
L: Attitude of managers: (Include attitude to audit, and audit process. Both positive and negative information should be included)	
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.	

Key Information

Key Information

(click on the key information title to go to appropriate section of the report)

A: Do all workers (including migrant workers) have contracts of employment/employment agreements? <i>(Go to clause 8 – Regular Employment)</i>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
B: Are maximum standard/contracted working hours clearly defined in contract/employment agreements? <i>(Go to clause 8 – Regular Employment)</i>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
C: Were appropriate records available to verify hours of work and wages? <i>(Go to clause 5 – Living Wage)</i>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
D: Were any inconsistencies found? (if yes describe nature) <i>(Go to Wages Table)</i>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <div style="display: flex; justify-content: space-between;"> <div> <input type="checkbox"/> Poor record keeping <input type="checkbox"/> Isolated incident <input type="checkbox"/> Repeated occurrence </div> </div>	
E: For the lowest paid production workers, are wages paid for standard/contracted hours (excluding overtime) below or above the legal minimum? <i>(Go to clause 5 – Living Wage)</i>	Wages found:	Please indicate the breakdown of workforce according to earnings:
	<input type="checkbox"/> Below legal min <input type="checkbox"/> Meet <input checked="" type="checkbox"/> Above	_0_ % of workforce earning under min wage _0_ % of workforce earning min wage _100_ % of workforce earning above min wage
F: % of piece rate workers: (if applicable)	0%	
G: Do the standard/contracted hours stated in a contract/employment agreement exceed the law or 48 hours per week? <i>(Go to clause 6 – Working hours)</i>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
H: If yes, what are the standard/contracted hours per week as stated in the contract/employment agreement? <i>(Go to clause 6 – Working hours)</i>	_____ hrs/week NA	Approx. _____ % of ALL workers on these contacted hours NA
I: Combined hours (standard/contracted plus overtime = total hours) over 60 per week found? <i>(Go to Working Hours Analysis)</i>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
J: Are workers provided with 1 day off in every 7-day-period, or 2 in 14-day-period (where the law allows)?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If 'No', please explain:	

K: Are the correct legal overtime premiums paid? (Go to Wages Table)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A – there is no legal requirement to OT premium
L: Please state what actual OT is paid. (As a percentage of the workers standard rate) (Go to Working Hours Analysis)	<p>Please give details of overtime premium as a % of standard wages:</p> <input type="checkbox"/> 0% <input type="checkbox"/> 1% – 115% <input type="checkbox"/> 116% – 124% <input checked="" type="checkbox"/> 125% – 199% <input checked="" type="checkbox"/> 200%+ <p>Please give details: Employees were paid no less than 150% of normal wage for overtime on normal working days and 200% of normal wage for overtime on rest days, and no overtime occurred on normal working days or holidays in past one year.</p>
M: Is there any night production work at the site?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
N: % of workers living in site provided accommodation (if applicable):	5.8% (6 employees lived in the dormitory currently)
O: Age of youngest worker found: (Go to clause 4 – Child labour)	26 years old
P: Workers under 18 subject to hazardous work assignments? (Go to clause 3 – Health and Safety)	<input type="checkbox"/> Yes <input type="checkbox"/> No N/A, no young worker in this facility
% of under 18's at this site (of total workers)	0 %
Q: What form of worker representation/union is there on site? (Go to clause 2 – Freedom of Association)	<input type="checkbox"/> Union (name): <input checked="" type="checkbox"/> Worker Committee <input type="checkbox"/> Other (specify) <input type="checkbox"/> None
R: Is it a legal requirement to have a union? (Go to clause 2 – Freedom of Association)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
S: Is It a legal requirement to have a workers committee? (Go to clause 2 – Freedom of Association)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
T: Is there any other form of effective worker/management communication channel? (Other than union/worker committee) (Go to clause 2 – Freedom of Association)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Describe: Suggestion box and communication with management directly.
U: Are there any External Processes? (Go to clause 8A – Sub-contracting and Home	<input type="checkbox"/> Sub-Contracting <input type="checkbox"/> Homeworking

<u>working)</u>	<input type="checkbox"/> Other External Process <input checked="" type="checkbox"/> No external processes
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Management Systems

Management Systems:	
A: Nationality of Management	Chinese
B: Gender breakdown of Management + Supervisors <i>(Include as one combined group)</i>	Male: <u>80</u> % Female <u>20</u> %
C: Majority nationality of workers	Chinese
D: Number of workers leaving in last 12 months as a % of average total number of workers on site over the year (annual worker turnover)	<u>5</u> %
E: Were accurate records shown at the first request?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
F: If No , why not?	Not applicable
G: In the last 12 months, has the site been subject to any fines/prosecutions for non-compliance to any regulations?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please describe: Not applicable
H: Do policies and/or procedures exist that reduce the risk of forced labour, child labour, discrimination, harassment & abuse?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: The facility had established a system to ensure no recruitment of child labour and forced labour, non-discrimination, harassment and non-abuse policy were also established and communicated with all the employees via trainings.
I: If Yes , is there evidence (an indication) of effective implementation? Please give details.	Employees' ID and photo should be checked when employees were hired. Employment contracts were provided for review and they showed that male and female employees are on the same pay grade. Employees stated no forced labour, no child labour was found (through interview and document checks), there were both female and male among management/supervisors.
J: Have managers and workers received training in the standards for forced labour, child labour, discrimination, harassment & abuse?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: Training about no forced labour, no-child labour, non discrimination and non-harassment & abuse was provided by the facility when new employees come in. Managers were also required to follow the relevant policies.
K: If Yes , is there evidence (an indication) that training has been effective e.g. training records etc.? Please give details	Training records were provided. The last training was held on 12 May 2015. All new employees were provided training within one week since they were recruited, which was confirmed through employee interview and management interview.

L: Are there published, anonymous and/or open channels available for reporting any violations of Labour standards and H&S or any other grievances to a 3 rd party?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: Suggestion box
M: If Yes , are workers aware of these channels? Please give details.	Through employee interview, all randomly selected employees were aware of these channels.
N: Have health and safety risks been identified e.g. through internal audits, formal risk analysis process, worker involvement etc.?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: During document review and management interview, auditor noted that the facility conducted internal audits. However, some non-compliances noted in H&S, see clause 3.
O: If Yes , has effective action been taken to reduce or eliminate these risks?	1) Internal audit was held at least once per year, relevant record was made. 2) The training about H&S risk conducted at least once a year. 3) All randomly selected interviewees knew how to evacuation in the event of fire, how to give first aid, etc.
P: Are accidents recorded?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: Accidents records were provided to review and it showed no accident happened in past 12 months.
Q: Has the auditor made a simple calculation to compare capacity with workers' work load in order to identify possible unrecorded work hours?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: Through checking production records such as daily inspection records, broken needle records and attendance records, no inconsistency were found during this audit. Through management and employee interview, all working hours were recorded.
R: Does the site have all required land rights licenses and permissions (see SMETA Measurement Criteria)?	Yes
S: Does the site have any internationally recognised system certifications e.g. ISO 9000, 14000, OHSAS 18000, SA8000 (or other social audits). Please detail (Number and date).	No such certificate.
T: Is there a Human Resources manager/department? If Yes, please detail.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: Mr. Zhou Wenliang / HR Manager was responsible for HR issue.

Worker Analysis

Worker Analysis								
	Local			Migrant				Total
	Permanent	Temporary	Agency	Permanent	Temporary	Agency	Home workers	
Worker numbers – male	14	0	0	14	0	0	0	28
Worker numbers – female	55	0	0	16	0	0	0	71
Total	69	0	0	30	0	0	0	99
Number of Workers interviewed	7	0	0	3	0	0	0	10

Contractors:

(Individuals supplying workers to site with the workers paid by contractors, not by site)

A: Any contractors on site?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
B: If Yes , how many workers supplied by contractors	Not applicable
C: Are all contractor workers paid according to law?	<input type="checkbox"/> Yes <input type="checkbox"/> No Not applicable
If Yes , Please give evidence for contractor workers being paid according to law:	Not applicable

Migrant Workers:

(Please see SMETA Best Practice Guidance and Measurement Criteria for definitions of migrant workers)

D: Originating Locations/Countries:	Anhui Province, He'nan Province, etc.
E: Type of work undertaken by migrant workers :	Operators in all production process.
F: Were migrant workers recruited through an agency?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

If yes, please give details.	Please describe: Not applicable
If Yes , is there a contract with the agency? Provide details of agencies and contractual arrangements including any fees lodged during the recruitment process.	Not applicable
G: Does the site have a system for checking labour standards of agencies? If yes, please give details.	<input type="checkbox"/> Yes <input type="checkbox"/> No Please describe: Not applicable
H: Percentage of migrant workers in company provided accommodation:	20%

Audit Results by Clause

0: Managements system and Code Implementation

[\(click here to return to NC Table\)](#)

- 0.1 Suppliers are expected to implement and maintain systems for delivering compliance to this Code.
- 0.2 Suppliers shall appoint a senior member of management who shall be responsible for compliance with the Code.
- 0.3 Suppliers are expected to communicate this Code to all employees.
- 0.4 Suppliers should communicate this code to their own suppliers and, where reasonably practicable, extend the principles of this Ethical Code through their supply chain.

Current Systems and Evidence Examined

To complete 'current systems' Auditors examine policies and written procedures in conjunction with relevant managers, to understand, and record what controls and processes are currently in place e.g. record what policies are in place, what relevant procedures are carried out, who is/are responsible for the management of this item of the code. Evidence checked should detail any documentary or verbal evidence shown to support the systems.

Current systems:

1. The facility implements and maintains systems for delivering compliance to this Code.
2. One senior manager is responsible for compliance with the Code. Mr. Yang Yaming / Vice General Manager.
3. Social compliance program file was reviewed which stipulates complying with ETI Code. Written policies and procedures were also established. The relevant trainings were also provided to all employees.
4. Internal social compliance audit was conducted each year.
5. The facility had not obtained certificates such as ISO 9001 or ISO 14001.

Evidence examined – to support system description (Documents examined & relevant comments. Include renewal/expiry date where appropriate):

1. Employee Handbook was reviewed. It stipulates complying with ETI Code, written policies and procedure that being provided individually to employees.
2. Company Manual contains details of Code and Business Ethics with the commitment of being compliant in all aspects of business and integrity aligned with the client's requirement and local law.
3. ETI code training was provided to all employees, relevant training records were provided.
4. Internal social compliance audit records.
5. Management interview and employee interview

Non-compliance:

1. Description of non-compliance: <input type="checkbox"/> NC against ETI/Additional Elements None observed Local law and/or ETI requirement: Not applicable Recommended corrective action: Not applicable	<input type="checkbox"/> NC against Local Law	Objective evidence observed: <i>(where relevant please add photo numbers)</i> Not applicable
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Observation:	
Description of observation: None observed Local law or ETI requirement: Not applicable Comments: Not applicable	Objective evidence observed: Not applicable

Good Examples observed:	
Description of Good Example (GE): None observed	Objective evidence observed: Not applicable

1: Employment is Freely Chosen

[\(Click here to return to NC-table\)](#)

ETI

- 1.1 There is no forced, bonded or involuntary prison labour.
 1.2 Workers are not required to lodge "deposits" or their identity papers with their employer and are free to leave their employer after reasonable notice.

Current Systems and Evidence Examined

To complete 'current systems' Auditors examine policies and written procedures in conjunction with relevant managers, to understand, and record what controls and processes are currently in place e.g. record what policies are in place, what relevant procedures are carried out, who is/are responsible for the management of this item of the code. Evidence checked should detail any documentary or verbal evidence shown to support the systems.

Current systems:

1. The facility does not require deposit or withhold employees' ID cards.
2. The facility does not limit the employees' freedom.
3. There is no forced, bonded or involuntary prison labour.
4. Employees are free to leave their employer after reasonable notice.

Evidence examined – to support system description (Documents examined & relevant comments. Include renewal/expiry date where appropriate):

1. The facility established a policy to ensure employment is freely chosen, and all the relevant documents were provided for review
2. Personnel files
3. Resignation records
4. Contracts to establish notice periods.
5. Management interview and employee interview
6. Facility tour showed no sign of employees being under pressure.

Non-compliance:

1. Description of non-compliance:

☐ NC against ETI ☐ NC against Local Law:
 None observed

Local law and/or ETI requirement

Not applicable

Recommended corrective action:

Not applicable

Objective evidence observed:

(where relevant please add photo numbers)
 Not applicable

Observation:

Description of observation:

None observed

Objective evidence observed:

Not applicable

Local law or ETI requirement: Not applicable	
Comments: Not applicable	

Good Examples observed:	
Description of Good Example (GE): None observed	Objective evidence observed: Not applicable

2: Freedom of Association and Right to Collective Bargaining are Respected

[\(Click here to return to NC-table\)](#)
[\(Click here to return to Key Information\)](#)

ETI

- 2.1 Workers, without distinction, have the right to join or form trade unions of their own choosing and to bargain collectively.
- 2.2 The employer adopts an open attitude towards the activities of trade unions and their organisational activities.
- 2.3 Workers' representatives are not discriminated against and have access to carry out their representative functions in the workplace.
- 2.4 Where the right to freedom of association and collective bargaining is restricted under law, the employer facilitates, and does not hinder, the development of parallel means for independent and free association and bargaining.

Current Systems and Evidence Examined

To complete 'current systems' Auditors examine policies and written procedures in conjunction with relevant managers, to understand, and record what controls and processes are currently in place e.g. record what policies are in place, what relevant procedures are carried out, who is/are responsible for the management of this item of the code. Evidence checked should detail any documentary or verbal evidence shown to support the systems.

Current systems:

Through the facility management interview and employees' interview, it was noted that no union at the facility; 2 workers representatives were elected by all employees, employees could raise their issue by workers representative. Also the facility had other mechanisms such as communication with management directly to state their opinions and suggestions. Then the management will post corresponding feedback on the bulletin board. The facility also set some suggestion boxes that employees could communicate with management through anonymous letter.

Evidence examined – to support system description (Documents examined & relevant comments. Include renewal/expiry date where appropriate):

1. Social compliance system program and procedure
2. Suggestion box complain feedback
3. Workers representative meeting minutes and election records
4. Employee interview, worker committee representative interview and management interview

Non-compliance:

1. Description of non-compliance:

☐ NC against ETI ☐ NC against Local Law

None observed

Local law and/or ETI requirement:

Not applicable

Recommended corrective action:

Not applicable

Objective evidence observed:

(where relevant please add photo numbers)

Not applicable

Observation:	
Description of observation: None observed Local law or ETI requirement: Not applicable Comments: Not applicable	Objective evidence observed: Not applicable

A: Name of union and union representative, if applicable:	Not applicable. No union exist in the facility.	Is there evidence of free elections? <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A
B: If no union what is parallel means of consultation with workers e.g. worker committees?	Other channels such as workers representatives, suggestion box were available in the facility.	Is there evidence of free elections? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
C: Were worker representatives/union representatives interviewed	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If Yes , please state how many: One worker representative was interviewed.	
D: State any evidence that union/workers committee is effective? Specify date of last meeting; topics covered; how minutes were communicated etc.	Yes. The meeting between facility management and worker representative and facility management were conducted at least twice per year; latest meeting was on 25 September 2015. The meeting minutes were reviewed and it covered the topic of how to improve the benefits. The minutes were communicated to all employees by the bulletin board.	
E: Are any workers covered by Collective Bargaining Agreement (CBA)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
F: If Yes what percentage by trade Union/worker representation	_____% workers covered by Union CBA N/A	_____% workers covered by worker rep CBA N/A
G: If Yes , does the Collective Bargaining Agreement (CBA) include rates of pay	<input type="checkbox"/> Yes <input type="checkbox"/> No N/A	

Good Examples observed:	
Description of Good Example (GE): None observed	Objective evidence observed: Not applicable

3: Working Conditions are Safe and Hygienic

[\(Click here to return to NC-table\)](#)
[\(Click here to return to Key Information\)](#)

ETI

- 3.1 A safe and hygienic working environment shall be provided, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Adequate steps shall be taken to prevent accidents and injury to health arising out of, associated with, or occurring in the course of work, by minimising, so far as is reasonably practicable, the causes of hazards inherent in the working environment.
- 3.2 Workers shall receive regular and recorded Health & Safety training, and such training shall be repeated for new or reassigned workers.
- 3.3 Access to clean toilet facilities and to potable water, and, if appropriate, sanitary facilities for food storage shall be provided.
- 3.4 Accommodation, where provided, shall be clean, safe, and meet the basic needs of the workers.
- 3.5 The company observing the code shall assign responsibility for Health & Safety to a senior management representative.

Current Systems and Evidence Examined

To complete 'current systems' Auditors examine policies and written procedures in conjunction with relevant managers, to understand, and record what controls and processes are currently in place e.g. record what policies are in place, what relevant procedures are carried out, who is/are responsible for the management of this item of the code. Evidence checked should detail any documentary or verbal evidence shown to support the systems.

Current systems:

1. Through facility tour, it was noted that the facility maintained a comfortable temperature throughout work floors. Most areas were well ventilated.
2. Health and Safety committee were established in the facility. And one management representative Mr. Zhang Huihui / HR Staff was assigned to in charge of Health and Safety committee.
3. The electrical system was in a good condition. All switches in the electrical control panels have been labelled.
4. The facility posted the evacuation plans on work floors, which indicated escape routes.
5. Sufficient first aid kits stocked with necessary supplies are provided in workshops.
6. Clean drinkable water was available in workshops.
7. Hygienic and sufficient toilets are provided to employees freely. Employees are free to go to toilets during the working time without limitations.
8. Employees receive regular and recorded health & safety training such as fire drill.
9. Fire extinguishers, fire hydrants, fire alarms, exit signs and emergency lights were installed in the facility. However, one fire hydrant was blocked. (See the NC. 4 under this section)
10. All exits were clearly enough and unblocked. However, there was one emergency exit in canteen was not compliant with legal requirement. (See the NC. 3 under this section)

Evidence examined – to support system description (Documents examined & relevant comments. Include renewal/expiry date where appropriate):

1. Document of health and safety policy and machine management procedure had been provided for review.
2. Other health and safety documents: fire drills records, accident reports, new employee's job training record, PPE training records, safety operation training records, first aid training records, fire equipments (including fire extinguishers, fire alarms, fire hydrants, exit signs and emergency lights) inspection records, and electrician license were also reviewed.
2. Facility tour
3. Management interview and employee interview

Non-compliance:

1. Description of non-compliance:

☒ NC against ETI ☒ NC against Local Law

No original fire certificate or registered record. During facility tour, auditor found that there were one flat building used as cutting workshop and warehouse, one 2-storey building used as sewing workshop, inspection workshop and warehouse, one 2-storey building used as warehouse and office and one 2-storey building used as kitchen, canteen and dormitory. However, the facility did not obtain the original fire certificate or registered record for the above mentioned building to review.

Local law and/or ETI requirement:

Local law: In accordance with PRC Fire Prevention Law article 11, the Ministry of Public Security of the State Council prescribes, for those densely populated places and special construction works, design documents shall be submitted to public security organs for safety review. Public security fire control institutions shall be responsible for the result. Article 13 the project completed with fire control design in accordance with the requirements of the State Technical Standards on Fire Control for Engineering Construction shall go through acceptance check and filing as stated below: 1. as is stated in Article 11, construction units shall apply to the public security fire control institutions for fire control acceptance check. 2. Other construction works and construction units shall file with public security fire control institutions and public fire control institutions shall conduct random inspection. Construction projects which are supposed to go through fire control acceptance check but do not or considered unqualified shall not be put into use. Other projects considered unqualified after acceptance check in accordance with law shall not be put into use.

ETI 3.1: A safe and hygienic working environment shall be provided, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Adequate steps shall be taken to prevent accidents and injury to health arising out of, associated with, or occurring in the course of work, by minimising, so far as is reasonably practicable, the causes of hazards inherent in the working environment.

Recommended corrective action:

It is recommended that the facility should obtain relevant fire certificate or registered record as per legal requirement.

Action By: Mr. Yang Yaming / Vice General Manager

Recommended completion timescale: 90 days

Verification method: Desktop

2. Description of non-compliance:

☒ NC against ETI ☒ NC against Local Law

No original construction safety certificate. During facility tour, auditor found that there were one flat building used as cutting workshop and warehouse, one 2-storey building used as sewing workshop, inspection workshop and warehouse, one 2-storey building used as warehouse and office and one 2-storey building used as kitchen, canteen and dormitory. However, the facility did not obtain original certificate or report of acceptance checks for completion of these buildings to review.

Local law and/or ETI requirement:

Local law: In accordance with the PRC Construction Law Article 61, a construction project handed over for acceptance checks for completion must conform to the

1. Objective evidence observed:

(where relevant please add photo numbers)

Document review and facility tour

2. Objective evidence observed:

(where relevant please add photo numbers)

Document review and facility tour

prescribed construction project quality standards, be provided with complete project technical and economic data and signed project warranty, and be provided with other qualified conditions for completion as prescribed by the state. A construction project may only be handed over for use upon passing the acceptance checks for completion; no construction project shall be handed over for use without going through the acceptance checks for completion or passing the acceptance checks for completion.

ETI 3.1: A safe and hygienic working environment shall be provided, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Adequate steps shall be taken to prevent accidents and injury to health arising out of, associated with, or occurring in the course of work, by minimising, so far as is reasonably practicable, the causes of hazards inherent in the working environment.

Recommended corrective action:

It is recommended that the facility should obtain acceptance checks for completion of all building as per legal requirement.

Action By: Mr. Yang Yaming / Vice General Manager

Recommended completion timescale: 90 days

Verification method: Desktop

3. Description of non-compliance:

☒ NC against ETI ☒ NC against Local Law

Improper opening direction of evacuation doors. During facility tour, auditor found that both 2 evacuation doors in the canteen which was about 450 square meters and had 100 seats inside were open inward, which were not in compliance with the legal requirement.

Local law and/or ETI requirement:

Local law: In accordance with the Code of Design on Building Fire Protection and Prevention (GB50016-2014) article 6.4.11, Evacuation doors at a building shall conform to the following requirements: 1. Flush doors which opened to the direction of evacuation shall be adopted for evacuation doors of civil buildings and factory buildings. Sliding doors, roller doors, hanging doors, revolving doors and folding door shall not be adopted. For rooms with no more than 60 persons and the average number of person of evacuation for each door in the room is no more than 30, except for factory buildings of Category A and B, the opening direction of the doors is not limited. 2. Doors of warehouse shall be flush doors open to the direction of evacuation. Sliding doors or roller doors may be set up on the exterior side of the walls on the first floor of warehouse of Category C, D or E. 3. Doors open direct to evacuation staircase or evacuation staircase well, while fully open, shall not reduce the effective width of staircase terrace. 4. Evacuation doors in assembly occupancies where personnel control is needed in case of random access at ordinary times, and the outside doors of residential buildings, dormitory and apartment installed with access control systems shall be ensured easy to open from inside without any tools like a key in case of a fire, and signs and tips for use shall be set up at the conspicuous position.

ETI 3.1: A safe and hygienic working environment shall be provided, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Adequate steps shall be taken to prevent accidents and injury to health arising out of, associated with, or occurring in the course of work, by minimising, so far as is reasonably practicable, the causes of hazards inherent in the working environment.

3. Objective evidence observed:

(where relevant please add photo numbers)

Facility tour (Refer to Photo 1)

Recommended corrective action:

It is recommended that the facility should ensure evacuation doors are opened in the direction of evacuation according to legal requirement.

Action By: Mr. Yang Yaming / Vice General Manager

Recommended completion timescale: 60 days

Verification method: Desktop

4. Description of non-compliance:

☒ NC against ETI ☒ NC against Local Law

Fire equipment was blocked. During facility tour, auditor found that the only one fire hydrant in the inspection workshop was blocked by goods.

Remark: The facility management had removed the obstacles before auditor left and stated that they would conduct periodic inspect and relevant trainings accordingly.

Local law and/or ETI requirement:

Local law: In accordance with the PRC Fire Prevention Law article 28, No entity or individual is allowed to damage, misappropriate or illegally dismantle or stop the use of fire-fighting facility or equipment, to bury, enclose and occupy or cover fire hydrants, or occupy any fire separation, to occupy, block or close any evacuation passage, safety exit or passageway for fire engine. It is not allowed to set barrier on the doors or windows in the assembly occupancies which may hinder people from escaping to safety areas, or fire-fighting and rescue.

ETI 3.1: A safe and hygienic working environment shall be provided, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Adequate steps shall be taken to prevent accidents and injury to health arising out of, associated with, or occurring in the course of work, by minimising, so far as is reasonably practicable, the causes of hazards inherent in the working environment.

Recommended corrective action:

It is recommended that the facility should ensure all the fire fighting equipments are accessible.

Action By: Mr. Yang Yaming / Vice General Manager

Recommended completion timescale: 30 days

Verification method: Desktop

5. Description of non-compliance:

☒ NC against ETI ☒ NC against Local Law

No certificate for special appliance operator. During facility tour, auditors found that there was one elevator in the facility for goods transferring and loading, however the facility did not obtain the elevator safety management certificate for review.

Local law and/or ETI requirement:

Local law: In accordance with Regulations on Safety Supervision of Special Appliance article 38, the operator of special appliances (mentioned in Article 2, such as boiler, compressing equipment, lift, lifting appliance, Operators and managers of special vehicles in the factory (onsite) shall undergo relevant examination and qualifications to obtain special appliances certificate from the Special Appliance Quality Safety Monitoring department before operating those appliances.

ETI 3.1: A safe and hygienic working environment shall be provided, bearing in mind

4. Objective evidence observed:

(where relevant please add photo numbers)

Facility tour (Refer to Photo 2)

5. Objective evidence observed:

(where relevant please add photo numbers)

Document review and facility tour.

the prevailing knowledge of the industry and of any specific hazards. Adequate steps shall be taken to prevent accidents and injury to health arising out of, associated with, or occurring in the course of work, by minimising, so far as is reasonably practicable, the causes of hazards inherent in the working environment.

Recommended corrective action:

It is recommended that the facility should ensure all special appliance operators obtain relevant certificates according to legal requirement before operating those appliances.

Action By: Mr. Yang Yaming / Vice General Manager

Recommended completion timescale: 90 days

Verification method: Desktop

Observation:

Description of observation:

None observed

Local law or ETI requirement:

Not applicable

Recommended corrective action:

Not applicable

Objective evidence observed:

Not applicable

Good Examples observed:

Description of Good Example (GE):

None observed

Objective Evidence Observed:

Not applicable

4: Child Labour Shall Not Be Used

[\(Click here to return to NC-table\)](#)

[\(Click here to return to Key Information\)](#)

ETI

4.1 There shall be no new recruitment of child labour.

4.2 Companies shall develop or participate in and contribute to policies and programmes which provide for the transition of any child found to be performing child labour to enable her or him to attend and remain in quality education until no longer a child.

4.3 Children and young persons under 18 shall not be employed at night or in hazardous conditions.

4.4 These policies and procedures shall conform to the provisions of the relevant ILO Standards.

Current Systems and Evidence Examined

To complete 'current systems' Auditors examine policies and written procedures in conjunction with relevant managers, to understand, and record what controls and processes are currently in place e.g. record what policies are in place, what relevant procedures are carried out, who is/are responsible for the management of this item of the code. Evidence checked should detail any documentary or verbal evidence shown to support the systems.

Current systems:

1. No child labour was noted in this audit. Also the facility had established the following system to ensure no recruitment of child labour
 - 1). The facility will never employ and use any child labour under the age of 16 years old.
 - 2). Employees' ID and photo should be checked when employees were hired. The employees without valid ID certificates should not be hired.
2. From the facility tour, it was noted that there were no children on site.
3. Checks of all employee files showed that the youngest employee present was age 26 years.
4. The facility provides trainings on prohibition of use child labour at least once a year.

Evidence examined – to support system description (Documents examined & relevant comments. Include renewal/expiry date where appropriate):

1. The employee's personnel files were provided for review. Each file includes a bio-data sheet, a recent photo and the age documentation, which is in the form of photocopied national identification card. The card lists the employee's name, household address and the date of birth.
2. The facility's policy on child labour was reviewed. It states that the facility will never employ and use any child labor under the age of 16 years old.
3. Relevant training records.
4. Facility tour
5. Management interview and employees' interview.

Non-compliance:

1. Description of non-compliance:

☐ NC against ETI ☐ NC against Local Law
None observed

Local law and/or ETI requirement:

Not applicable

Recommended corrective action:

Not applicable

Objective evidence observed:

(where relevant please add photo numbers)
Not applicable

Observation:

Description of observation:

None observed

Local law or ETI requirement:

Not applicable

Comments:

Not applicable

Objective evidence observed:

Not applicable

Good Examples observed:	
Description of Good Example (GE): None observed	Objective Evidence Observed: Not applicable

5: Living Wages are Paid

[\(Click here to return to NC-table\)](#)
[\(Click here to return to Key information\)](#)

ETI

5.1 Wages and benefits paid for a standard working week meet, at a minimum, national legal standards or industry benchmark standards, whichever is higher. In any event wages should always be enough to meet basic needs and to provide some discretionary income.

5.2 All workers shall be provided with written and understandable information about their employment conditions in respect to wages before they enter employment and about the particulars of their wages for the pay period concerned each time that they are paid.

5.3 Deductions from wages as a disciplinary measure shall not be permitted nor shall any deductions from wages not provided for by national law be permitted without the expressed permission of the worker concerned. All disciplinary measures should be recorded.

Current Systems and Evidence Examined

To complete 'current systems' Auditors examine policies and written procedures in conjunction with relevant managers, to understand, and record what controls and processes are currently in place e.g. record what policies are in place, what relevant procedures are carried out, who is/are responsible for the management of this item of the code. Evidence checked should detail any documentary or verbal evidence shown to support the systems.

Current systems:

- 1) Based on the provided payroll records, attendance records and information from employee interview:
The numbers of employees on attendance and payroll records are consistent with the number of employees in the employee register. Based on the provided records and employee interview, all production employees' wages are calculated on monthly basis, the wages were paid to employees monthly at 25th of each month after the working period. The payment calculation period was from 1st to the end of month. The facility paid the employees by cash and the pay slips also given to employees when the wages issued.
- 2) Based on the provided records, all employees were paid at least RMB 10.34 per hour, 150% of normal rate were paid by facility for employees' overtime working on normal working days and 200% of normal rate were paid by facility for employees' overtime working in rest days. No overtime work was arranged on public holidays. In addition, according to the facility's policy on wage and hour, 300% of normal rate would be paid if overtime working was arranged on working days and on public holidays respectively.
- 3) Based on the provided social insurance receipts, the facility had provided social insurance for partial employees. (See the NC. 1 under this section)
- 4) Through document review and facility tour, no inconsistent was found between production records and provided attendance records.
- 5) The local minimum wage standard for full-time work was set at RMB 1480 per month equivalent to RMB 8.51 per hour from 1st July 2013 to 30th October 2014 and RMB 1630 per month, equivalent to RMB 9.37 per hour since 1st November 2014.

Evidence examined – to support system description (Documents examined & relevant comments. Include renewal/expiry date where appropriate):

1. Payroll records from September 2014 to August 2015 and attendance records from 1 September 2014 to 18 October 2015 were reviewed.
2. Production records: daily inspection records and broken needle records.
3. Employee interviews
4. 12 months' social insurance receipts
5. Working hour policy
6. Wages policy
7. Leave management policy

8. Resignation records
9. Employee interview and management interview

Non-compliance:

1. Description of non-compliance:

☒ NC against ETI ☒ NC against Local Law

Insufficient social insurance participated. Through document review, auditor found that there were 47 out of 104 employees had not participated in all five types of social insurance including basic endowment insurance, employment injury insurance, basic medical insurance, unemployment insurance and maternity insurance.

Remark: the facility had bought commercial work-related injury insurance for 40 out of the 47 employees who did not participate in social insurance, and provided relevant records to review. The commercial insurance mentioned above is not mandated by PRC Social Insurance Law.

Local law and/or ETI requirement:

Local law: In accordance with the Social Insurance Law of the People's Republic of China, Article 10 Employees shall participate in the basic endowment insurance, and the basic endowment insurance premiums shall be jointly paid by employers and employees. Article 23 Employees shall participate in the basic medical insurance for employees, and the basic medical insurance premiums shall be jointly paid by employers and employees in accordance with the relevant provisions of the state. Article 33 Employees shall participate in the employment injury insurance, and the employment injury insurance premiums shall be paid by their employers rather than the employees. Article 44 Employees shall participate in unemployment insurance, and the unemployment insurance premiums shall be jointly paid by employers and employees in accordance with the relevant provisions of the state. Article 53 Employees shall participate in maternity insurance, and the maternity insurance premiums shall be paid by employers rather than employees in accordance with the relevant provisions of the state.

ETI 5.1: In accordance with the ETI Base Code, No. 5: Wages and benefits paid for a standard working week meet, at a minimum, national legal standards or industry benchmark standards, whichever is higher. In any event wages should always be enough to meet basic needs and to provide some discretionary income.

Recommended corrective action:

It is recommended that the facility should ensure all employees participate in social insurance according to the Law.

Action By: Mr. Yang Yaming / Vice General Manager

Recommended completion timescale: 60 days

Verification method: Follow-up

1. Objective evidence observed:

(where relevant please add photo numbers)

Payroll records review, management interview and employee interview

Observation:

Description of observation:

None observed

Objective evidence observed:

Local law or ETI requirement: Not applicable Comments: Not applicable	Not applicable
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Good Examples observed:	
Description of Good Example (GE): None observed	Objective Evidence Observed: Not applicable

Wages analysis: <i>(Click here to return to Key Information)</i>		
A: Sample Size Checked <i>(State number of worker records checked and from which weeks/months – should be current, peak and random/low. Please see SMETA Best Practice Guidance and Measurement Criteria)</i>	10 samples for August 2015 (Current month) 10 samples for May 2015 (Random month) 10 samples for March 2015 (Random month)	
B: Are there different legal minimum wage grades? If Yes, please specify all.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If Yes , please give details: N/A
C: If there are different legal minimum grades, are all workers graded correctly?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A	If No , please give details: N/A
D: What deductions are required by law e.g. social insurance? Please state all types:	Personal income tax, social insurance fee	
E: Have all of these deductions been made? Please list all deductions that have/have not been made.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If Yes , Please list all deductions that have been made: N/A. If No , please give details on any deductions which have not been made: The deductions including personal income tax, social insurance fee were borne by facility.
F: Industry norm for this region: <i>(please include time period e.g. hour/week/month)</i>	Not Applicable (There are no industry norms for this region at present.)	

Wages table <i>(Click here to return to Key information)</i>			
Worker Type	Process Operator	Process Operator	Process Operator

	(Lowest paid)	(Average paid)	(Highest paid)
Select from individual worker records one worker from, lowest, average and highest wages and populate the boxes. Ensure comparison is made for same pay period and only uses full-time workers. See SMETA Best Practice Guidance and Measurement Criteria for completing this:			
A: Pay period: (State month selected)	August 2015	August 2015	August 2015
B: Anonymous Employee Reference/Dept.	Employee A / Packing workshop	Employee B / Sewing workshop	Employee C / Cutting Workshop
C: Employee Gender	Female	Female	Male
D: Contracted/Standard working hours: (excluding OT – please include time period e.g. hour/week/month)	168 hours per month	168 hours per month	168 hours per month
E: Contracted /Standard work pay rate: (excluding OT – please include time period e.g. hour/week/month)	RMB 10.34 per hour	RMB 10.34 per hour	RMB 10.92 per hour
F: Standard day overtime – hours: (please include time period e.g. hour/week/month)	16 hour per month	16 hours per month	16 hours per month
G: Standard day overtime – wage: (please include time period e.g. hour/week/month)	RMB 248.16 per month	RMB 248.16 per month	RMB 262.08 per month
H: Rest day overtime – hours: (please include time period e.g. hour/week/month)	8 hours per month	8 hours per month	8 hours per month
I: Rest day overtime – wage: (please include time period e.g. hour/week/month)	RMB 165.44 per month	RMB 165.44 per month	RMB 174.72 per month
J: Statutory Holiday overtime – hours: (please include time period e.g. hour/week/month)	0 hour per month	0 hour per month	0 hour per month
K: Statutory holiday OT – wages: (please include time period e.g. hour/week/month)	RMB 0 per month	RMB 0 per month	RMB 0 per month

L: Total overtime hours: (please include time period e.g. hour/week/month)	24 hours per month	24 hours per month	24 hours per month
M: Incentives/Bonus/ Allowances etc.: (please include time period e.g. hour/week/month)	RMB 0 per month	RMB 0 per month	RMB 0 per month
N: Gross wages: (please include time period e.g. hour/week/month)	RMB 2213.6 per month	RMB 2213.6 per month	RMB 2336.8 per month
O: Social insurance and other deductions; please list which and amount.	RMB 0 per month	RMB 0 per month	RMB 0 per month
P: Actual wage paid after deduction: (please include time period e.g. hour/week/month)	RMB 2213.6 per month	RMB 2213.6 per month	RMB 2336.8 per month
Comments: (Please state here any specific reasons/circumstances that explain the lowest and highest gross wages)			
Remark: The above analysis was based on the provided payroll records of August 2015 (current month).			
Q: Is there a defined living wage: <i>This is <u>not normally</u> minimum legal wage. If answered Yes please state amount and source of info: Please see SMETA Best Practice Guidance and Measurement Criteria.</i>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please specify amount/time period: N/A		
R: Are workers paid in a timely manner in line with local law?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
S: Is there evidence that equal rates are being paid for equal work:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: Through facility rules review, payroll records review and employees' interview, it was confirmed that equal rates are being paid for equal work.		
T: How are workers paid:	<input checked="" type="checkbox"/> Cash <input type="checkbox"/> Cheque <input type="checkbox"/> Bank Transfer <input type="checkbox"/> Other If other explain:		

6: Working Hours are not Excessive

[\(Click here to return to NC-table\)](#)
[\(Click here to return to Key Information\)](#)

ETI

6.1 Working hours must comply with national laws, collective agreements, and the provisions of 6.2 to 6.6 below, whichever affords the greater protection for workers. Sub-clauses 6.2 to 6.6 are based on international labour standards.

6.2 Working hours, excluding overtime, shall be defined by contract, and shall not exceed 48 hours per week.

6.3 All overtime shall be voluntary. Overtime shall be used responsibly, taking into account all the following: the extent, frequency and hours worked by individual workers and the workforce as a whole. It shall not be used to replace regular employment. Overtime shall always be compensated at a premium rate, which is recommended to be not less than 125% of the regular rate of pay.

6.4 The total hours worked in any 7 day period shall not exceed 60 hours, except where covered by clause 6.5 below.

6.5 Working hours may exceed 60 hours in any 7 day period only in exceptional circumstances where **all** of the following are met:

- this is allowed by national law;
- this is allowed by a collective agreement freely negotiated with a workers' organisation representing a significant portion of the workforce;
- appropriate safeguards are taken to protect the workers' health and safety; and
- The employer can demonstrate that exceptional circumstances apply such as unexpected production peaks, accidents or emergencies.

6.6 Workers shall be provided with at least one day off in every 7 day period or, where allowed by national law, 2 days off in every 14 day period.

Current Systems and Evidence Examined

To complete 'current systems' Auditors examine policies and written procedures in conjunction with relevant managers, to understand, and record what controls and processes are currently in place e.g. record what policies are in place, what relevant procedures are carried out, who is/are responsible for the management of this item of the code. Evidence checked should detail any documentary or verbal evidence shown to support the systems.

Current systems:

1. All the employees in employee interview stated that they worked overtime on voluntary basis
2. Electronic attendance records were used to record employees' working hours.
3. In this audit, auditor had randomly selected production records: daily inspection records and broken needle records. And crosschecked these records with payroll records and attendance records, no inconsistency was noted. In addition, through employee interview, no inconsistency was noted. All payroll records and attendance records required were provided by the facility timely.
4. According to provided attendance records and employee interview basic working hours were 8 hours per day and 40 hours per week with no more than 2 hours overtime per day on weekdays and maximum overtime hours per month were 36 hours, no overtime work on public holidays was arranged for employees.
5. According to the documents provided by the facility:
 - a) For August 2015 (Current month), the average number of hours worked in a week for the 10 randomly selected samples were 46 hours per week. Max. Working hours per week were 48 hours (10 out of 10)

- randomly selected samples).
- b) For May 2015 (Random month), the average number of hours worked in a week for the 10 randomly selected samples were 49 hours per week. Max. Working hours per week were 54 hours (10 out of 10 randomly selected samples).
- c) For March 2015 (Random month), the average number of hours worked in a week for the 10 randomly selected samples were 48 hours per week. Max. Working hours per week were 54 hours (10 out of 10 randomly selected samples).

Evidence examined – to support system description (Documents examined & relevant comments. Include renewal/expiry date where appropriate):

1. Electronic attendance system: 13 months and 18 days' (from 1 September 2014 to 18 October 2015) attendance records were provided for review during this audit.
2. Working hour policy
3. Employee contracts
4. Production records: daily inspection records and broken needle records.
5. Management interview and employee interview

Non-compliance:

1. Description of non-compliance:

☐ NC against ETI ☐ NC against Local Law

None observed

Local law and/or ETI requirement:

Not applicable

Recommended corrective action:

Not applicable

1. Objective evidence observed:

(where relevant please add photo numbers)

Not applicable

Observation:

Description of observation:

None observed

Local law or ETI requirement:

Not applicable

Comments:

Not applicable

Objective evidence observed:

Not applicable

Good Examples observed:	
Description of Good Example (GE): None observed	Objective Evidence Observed: Not applicable

Working hours analysis			
Please include time period e.g. hour/week/month (Go back to Key information)			
Systems & Processes			
A. What timekeeping systems are used: time card etc.	Describe: Electronic attendance system		
B: Sample Size Checked (State number of worker records checked and from which weeks/months and type – should be current, peak and random/low: See SMETA Best Practice Guidance and Measurement Criteria)	10 samples for August 2015 (Current month) 10 samples for May 2015 (Random month) 10 samples for March 2015 (Random month)		
C: Do ALL workers have contracts/employment agreements?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	If NO, state which type of workers do NOT have contracts/employment agreements: N/A	
D: Are standard/contracted working hours defined in all contracts/employment agreements?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	If NO, please state which type of workers do NOT have standard hours defined in contracts/employment agreements: N/A	
E: Are there any other types of contracts/employment agreements used?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If YES, Please complete as appropriate: N/A <div> <input type="checkbox"/> 0 hrs <input type="checkbox"/> Part time <input type="checkbox"/> Variable hrs <input type="checkbox"/> Other </div> If "Other", Please define: N/A	
Standard/Contracted Hours worked			
F: Do standard/contracted standard hours ever exceed the law or 48 hours per week?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If YES give details and comparison (local law/48 hrs week) N/A	

G: What are the actual standard/contracted hours worked in sample (State per week/month)	Highest hours:	8 hours per day and 40 hours per week					
	Lowest hours:	8 hours per day and 40 hours per week					
H: Any local waivers/local law or permissions which allow averaging/annualised hours for this site?	<input type="checkbox"/> Yes	If YES, Please give details N/A					
	<input checked="" type="checkbox"/> No						
Overtime Hours							
I: Actual overtime hours worked in sample (State per day/week/month)	Highest OT hours:	24 hours/month in August 2015 (current month) 36 hours/month in May 2015 (random month) 32 hours/month in March 2015 (random month)					
	Lowest OT hours:	24 hours/month in August 2015 (current month) 36 hours/month in May 2015 (random month) 32 hours/month in March 2015 (random month)					
J: Range of overtime hours over all workers/or as large a sample as possible. (State per week/month and details)	<u>24</u> to <u>24</u> in <u>August 2015</u> (month) <u>36</u> to <u>36</u> in <u>May 2015</u> (month) <u>32</u> to <u>32</u> in <u>March 2015</u> (month)						
K: Approximate percentage of workers on highest overtime hours	<u>33.3</u> %						
L: Is overtime voluntary?	<input checked="" type="checkbox"/> Yes	Please detail evidence e.g. Wording of contract/employment agreement/handbook/worker interviews/refusal arrangements: Policy from handbook and employee interview, all the overtime work was arranged on voluntary basis.					
	<input type="checkbox"/> No <input type="checkbox"/> Conflicting Information						
Overtime Premiums							
M: Is overtime paid at a premium?	<input checked="" type="checkbox"/> Yes	Please give details of normal day overtime premium as a % of standard wages:					
	<input type="checkbox"/> No	<input type="checkbox"/> 0%	<input type="checkbox"/> 1 – 115%	<input type="checkbox"/> 116 – 124%	<input type="checkbox"/> 125 – 149%	<input checked="" type="checkbox"/> 150 – 199%	<input checked="" type="checkbox"/> 200%+
	Any other comments: 150% of normal rate was paid to employees for their overtime on normal working days and 200% of normal rate was paid to employees for their overtime on rest days, and no overtime occurred on holidays in past one year.						

<p>N: ETI Code requires a prevailing standard to give greatest worker protection. If a site pays less than 125% OT premium and this is allowed under local law, are there other considerations? Please complete the boxes where relevant. Multi select is possible.</p>	<input type="checkbox"/> No <input type="checkbox"/> Consolidated pay (May be standard wages above minimum legal wage, with no/low overtime premium) <input type="checkbox"/> Collective Bargaining agreements <input type="checkbox"/> Other N/A				
	Please explain any checked boxes in N above e.g. detail of consolidated pay CBA or Other.				
	N/A				
Rest Days					
<p>O: Are workers provided with 1 day off in every 7-day-period, or 2 in 14-day-period (where the law allows)?</p>	<table border="1"> <tr> <td data-bbox="584 730 778 824"> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No </td> <td data-bbox="785 730 1497 824"> Maximum number of days worked without a day off (in sample): </td> </tr> <tr> <td data-bbox="584 833 778 913"></td> <td data-bbox="785 833 1497 913"> 6 days </td> </tr> </table>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Maximum number of days worked without a day off (in sample):		6 days
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Maximum number of days worked without a day off (in sample):				
	6 days				
Total Hours					
<p>P: Range of total hours: (Quote highest and lowest please include time period e.g. hour/week/month)</p>	<table border="1"> <tr> <td data-bbox="584 981 778 1191"> Highest total hours </td> <td data-bbox="785 981 1497 1191"> 192 (168+24OT) hours per month in August 2015 (Current month) 196 (160+36OT) hours per month in May 2015 (Random month) 208 (176+32OT) hours per month in March 2015 (Random month) </td> </tr> <tr> <td data-bbox="584 1200 778 1406"> Lowest total hours </td> <td data-bbox="785 1200 1497 1406"> 192 (168+24OT) hours per month in August 2015 (Current month) 196 (160+36OT) hours per month in May 2015 (Random month) 208 (176+32OT) hours per month in March 2015 (Random month) </td> </tr> </table>	Highest total hours	192 (168+24OT) hours per month in August 2015 (Current month) 196 (160+36OT) hours per month in May 2015 (Random month) 208 (176+32OT) hours per month in March 2015 (Random month)	Lowest total hours	192 (168+24OT) hours per month in August 2015 (Current month) 196 (160+36OT) hours per month in May 2015 (Random month) 208 (176+32OT) hours per month in March 2015 (Random month)
Highest total hours	192 (168+24OT) hours per month in August 2015 (Current month) 196 (160+36OT) hours per month in May 2015 (Random month) 208 (176+32OT) hours per month in March 2015 (Random month)				
Lowest total hours	192 (168+24OT) hours per month in August 2015 (Current month) 196 (160+36OT) hours per month in May 2015 (Random month) 208 (176+32OT) hours per month in March 2015 (Random month)				
<p>R: If more than 60 total hours per week and this is legally allowed, are there other considerations? Please complete the boxes where relevant. Multi select is possible.</p>	<input type="checkbox"/> Overtime is voluntary <input type="checkbox"/> Onsite Collective bargaining allows 60+ hours/week <input type="checkbox"/> Safeguards are in place to protect worker's health and safety <input type="checkbox"/> Site can demonstrate exceptional circumstances <input type="checkbox"/> Other reasons N/A The maximum weekly working hours were 48 hours.				
Comments: (please state here any specific reasons/circumstances that explain the highest working hours)	Please explain any checked boxes in R above				
	N/A				
Please add details of examples where the site has demonstrated "exceptional circumstances".					

N/A

Please give details of any appropriate safeguards in place at the time of the 60+ hours working.

N/A

Any other comments:

N/A

7: No Discrimination is Practiced

[\(Click here to return to NC-table\)](#)

ETI

7.1 There is no discrimination in hiring, compensation, access to training, promotion, termination or retirement based on race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation.

Current Systems and Evidence Examined

To complete 'current systems' Auditors examine policies and written procedures in conjunction with relevant managers, to understand, and record what controls and processes are currently in place e.g. record what policies are in place, what relevant procedures are carried out, who is/are responsible for the management of this item of the code. Evidence checked should detail any documentary or verbal evidence shown to support the systems.

Current systems:

Through employee interview, management interview and documents review :

1. There is no discrimination in hiring, compensation, access to training, promotion, termination or retirement.
2. The facility provides the same pay to male/female employees.

Evidence examined – to support system description (Documents examined & relevant comments. Include renewal/expiry date where appropriate):

1. Employment contracts were provided for review and they showed that male and female employees are on the same pay grade.
2. The hiring and termination procedure, leave application records and facility policy on discrimination.
3. Facility tour
4. Training records
5. Resignation records
6. Management interview and employee interview

Non-compliance:

1. Description of non-compliance:

☐ NC against ETI ☐ NC against Local Law
None observed

Local law and/or ETI requirement:

Not applicable

Recommended corrective action:

Not applicable

Objective evidence observed:

(where relevant please add photo numbers)
Not applicable

Observation:

Description of observation: None observed Local law or ETI requirement: Not applicable Comments: Not applicable	Objective evidence observed: Not applicable
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Good Examples observed:	
Description of Good Example (GE): None observed	Objective Evidence Observed: Not applicable

8: Regular Employment Is Provided

[\(Click here to return to NC-table\)](#)
[\(Click here to return to Key Information\)](#)

ETI

8.1 To every extent possible work performed must be on the basis of recognised employment relationship established through national law and practice.

8.2 Obligations to employees under labour or social security laws and regulations arising from the regular employment relationship shall not be avoided through the use of labour-only contracting, sub-contracting, or home-working arrangements, or through apprenticeship schemes where there is no real intent to impart skills or provide regular employment, nor shall any such obligations be avoided through the excessive use of fixed-term contracts of employment.

Current Systems and Evidence Examined

To complete 'current systems' Auditors examine policies and written procedures in conjunction with relevant managers, to understand, and record what controls and processes are currently in place e.g. record what policies are in place, what relevant procedures are carried out, who is/are responsible for the management of this item of the code. Evidence checked should detail any documentary or verbal evidence shown to support the systems.

Current systems:

1. Through management interview and employee interview, it was noted that the facility signs labour contracts with employees within 30 days after employment and gives one copy to each employee.
2. No temporary employee, apprenticeship schemes or home employee was identified by the auditors.

Evidence examined – to support system description (Documents examined & relevant comments. Include renewal/expiry date where appropriate):

1. Personnel files were checked and they all include a copy of employee's contract
2. Payroll record
3. Management interview and employee interview

Non-compliance:

1. Description of non-compliance:

☐ NC against ETI ☐ NC against Local Law
None observed

Local law and/or ETI requirement:

Not applicable

Recommended corrective action:

Not applicable

Objective evidence observed:

(where relevant please add photo numbers)
Not applicable

Observation:

Description of observation:

None observed

Objective evidence observed:

Not applicable

Local law or ETI requirement: Not applicable	
Comments: Not applicable	

Good Examples observed:	
Description of Good Example (GE): None observed	Objective Evidence Observed: Not applicable

8A: Sub-Contracting and Homeworking

[\(Click here to return to NC-table\)](#)
[\(Click here to return to Key Information\)](#)

8A.1. There should be no sub-contracting unless previously agreed with the main client.

8A.2. Systems and processes should be in place to manage sub-contracting, homeworking and external processing.

Note to auditor on homeworking:

Report on whether it is direct or via agents. How many workers, relationship with site and what control systems are in place.

Current Systems and Evidence Examined

To complete 'current systems' Auditors examine policies and written procedures in conjunction with relevant managers, to understand, and record what controls and processes are currently in place e.g. record what policies are in place, what relevant procedures are carried out, who is/are responsible for the management of this item of the code. Evidence checked should detail any documentary or verbal evidence shown to support the systems.

Current systems:

It was verified through document review, facility tour, management interview and employee interview that no sub-contracting & Home-working was used by this facility.

Evidence examined – to support system description (Documents examined & relevant comments. Include renewal/expiry date where appropriate):

1. Production record was provided for review and there was no sign of sub-contracting or homeworking.
2. Facility tour
3. Management interview and employee interview

Non-compliance:

1. Description of non-compliance:

☐ NC against ETI ☐ NC against Local Law
None observed

Local law and/or ETI requirement:

Not applicable

Recommended corrective action:

Not applicable

Objective evidence observed:

(where relevant please add photo numbers)
Not applicable

Observation:

Description of observation:

None observed

Local law or ETI/Additional elements requirement:

Objective evidence observed:

Not applicable

Not applicable		
Comments: Not applicable		
Good Examples observed:		
Description of Good Example (GE): None observed		Objective Evidence Observed: Not applicable

Summary of sub-contracting – if applicable	
A: If sub-contractors are used, is there evidence this has been agreed with the main client?	<input type="checkbox"/> Yes <input type="checkbox"/> No If Yes , summarise details: Not applicable
B: Number of sub-contractors/agents used	0
C: Is there a site policy on sub-contracting?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes , summarise details: Not applicable
D: What checks are in place to ensure no child labour is being used and work is safe?	Not applicable. No sub-contracting was used in the facility
E: What processes are sub-contracted?	Not applicable. No sub-contracting was used in the facility

Summary of homeworking – if applicable			
F: If homeworking is being used, is there evidence this has been agreed with the main client?	<input type="checkbox"/> Yes <input type="checkbox"/> No If Yes , summarise details: Not applicable		
G: Number of homeworkers	Male: 0	Female: 0	Total: 0
H: Are homeworkers employed direct or through agents?	<input type="checkbox"/> Directly <input type="checkbox"/> Through Agents Not applicable		
I: If through agents, number of agents	Not applicable		
J: Is there a site policy on homeworking?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
K: How does site ensure worker hours and pay meet local laws for homeworkers?	Not applicable		
L: What processes are carried out by homeworkers?	Not applicable		
M: Are written agreements in place for homeworkers that include regular employment?	<input type="checkbox"/> Yes <input type="checkbox"/> No Not applicable		

N: Are full records available at the site?

☐ Yes
☐ No
Not applicable

9: No Harsh or Inhumane Treatment is Allowed

[\(Click here to return to NC-table\)](#)

ETI

9.1 Physical abuse or discipline, the threat of physical abuse, sexual or other harassment and verbal abuse or other forms of intimidation shall be prohibited.

Current Systems and Evidence Examined

To complete 'current systems' Auditors examine policies and written procedures in conjunction with relevant managers, to understand, and record what controls and processes are currently in place e.g. record what policies are in place, what relevant procedures are carried out, who is /are responsible for the management of this item of the code. Evidence checked should detail any documentary or verbal evidence shown to support the systems.

Current systems:

Through the facility management and employee interview, it was noted that no physical abuse or discipline happened in the facility and their disciplinary procedure is verbal warning and education.

Evidence examined – to support system description (Documents examined & relevant comments. Include renewal/expiry date where appropriate):

1. Facility's inhumane treatment policy was reviewed. The policy states that physical abuse or discipline, the threat of physical abuse, sexual or other harassment and verbal abuse or other forms of intimidation shall be prohibited.
2. Management interview and employee interview

Non-compliance:

1. Description of non-compliance:

☐ NC against ETI ☐ NC against Local Law
None observed

Local law and/or ETI requirement:

Not applicable

Recommended corrective action:

Not applicable

Objective evidence observed:

(where relevant please add photo numbers)
Not applicable

Observation:

Description of observation:

None observed

Local law or ETI requirement:

Not applicable

Comments:

Objective evidence observed:

Not applicable

Not applicable	
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Good Examples observed:	
Description of Good Example (GE): None observed	Objective Evidence Observed: Not applicable

10. Other Issue areas: 10 A: Entitlement to Work and Immigration

[\(Click here to return to NC-table\)](#)

Additional Elements

- 10A1 Only workers with a legal right to work shall be employed or used by the supplier.
 10A2 All workers, including employment agency staff, must be validated by the supplier for their legal right to work by reviewing original documentation.
 10A3 Employment agencies must only supply workers registered with them.
 10A4 The supplier shall implement processes to enable adequate control over agencies with regards the above points and related legislation.

Current Systems and Evidence Examined

To complete 'current systems' Auditors examine policies and written procedures in conjunction with relevant managers, to understand, and record what controls and processes are currently in place e.g. record what policies are in place, what relevant procedures are carried out, who is/are responsible for the management of this item of the code. Evidence checked should detail any documentary or verbal evidence shown to support the systems.

Current systems:

- Per document review, facility management representation and employee interview, all 104 employees in the facility were Chinese, 74 employees are local residents and 30 employees are from other provinces such as Anhui Province, He'nan Province, etc. The youngest age was 26 years old.
- The facility did not use agency employees and all employees signed labour contracts with the facility directly.

Evidence examined – to support system description (Documents examined & relevant comments. Include renewal/expiry date where appropriate):

Employment procedure
 Personal files
 Labor contracts
 Management and employee interview

Non-compliance:

1. Description of non-compliance:

☐ NC against ETI/Additional Elements
 None observed

☐ NC against Local Law

Local law and/or ETI/Additional Elements requirement:

Not applicable

Recommended corrective action:

Not applicable

Objective evidence observed:

(where relevant please add photo numbers)
 Not applicable

Observation:

Description of observation: None observed Local law or ETI/Additional Elements requirement: Not applicable Comments: Not applicable	Objective evidence observed: Not applicable
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Good examples observed:	
Description of Good Example (GE): None observed	Objective Evidence Observed: Not applicable

10. Other issue areas 10 B 2: Environment 2-pillar

[\(Click here to return to NC-table\)](#)

To be completed for a 2-Pillar SMETA Audit, and remove the following page which is 10B4 environment 4 pillar

10B2. 1 Suppliers must comply with the requirements of local and international laws and regulations including having necessary permits.

10B2. 2 The supplier should be aware of and comply with their end clients' environmental requirements.

Note for auditors and readers, This is not a full environmental assessment but a check on basic systems and management approach.

Current Systems and Evidence Examined

To complete 'current systems' Auditors examine policies and written procedures in conjunction with relevant managers, to understand, and record what controls and processes are currently in place e.g. record what policies are in place, what relevant procedures are carried out, who is /are responsible for the management of this item of the code. Evidence checked should detail any documentary or verbal evidence shown to support the systems.

Current systems:

1. One management representative Mr. Zhang Huihui / HR Staff was responsible for continuous improvements in their EHS performance.
2. The facility conducted some training for all employees on the avoidance of environmental impact.
3. The facility had not compiled Environmental Impact Assessment (EIA) document and had not obtained the approval of Environmental Impact Assessment (EIA) for construction project. (See the NC. 1 & 2 under this section)

Evidence examined – to support system description (Documents examined & relevant comments. Include renewal/expiry date where appropriate):

1. Environmental protection policy was provided for review.
2. Management interview and employee interview
3. Facility tour

Non-compliance:

1. Description of non-compliance:

☒ NC against ETI ☒ NC against Local Law

No Environmental Impact Assessment (EIA) for construction project. During facility tour, auditor found that products in the facility are bags, and the main processes are cutting, sewing, inspection and packing which would cause influence on the environment. EIA document shall be compiled for assessing detailed environmental impacts and relevant protective measures. However, the facility did not obtain EIA document for review.

Local law and/or ETI requirement:

Local law: In accordance with The PRC Environmental Impact Assessment Law article 24, after the approval of the construction projects' Environmental Impact Assessment Documents, in case of any changes in the nature, scale, site, production process or measures of preventing pollution and ecological damage, construction units concerned shall re-submit the construction projects' Environmental Impact Assessment Documents for the application.

ETI 10B2.1: In accordance with the ETI Base Code, 10B2.1 Suppliers must comply with

1. Objective evidence observed:

(where relevant please add photo numbers)
Document review, facility tour and management interview

the requirements of local and international laws and regulations including having necessary permits.

Recommended corrective action:

It is recommended that the facility should compile EIA document as per legal requirement.

Action By: Mr. Yang Yaming / Vice General Manager
Recommended completion timescale: 60 days
Verification method: Desktop

2. Description of non-compliance:

☒ NC against ETI ☒ NC against Local Law

No Environmental Impact Assessment (EIA) approval for construction project. During document review, the facility did not obtain the EIA approval for construction project for review.

Local law and/or ETI requirement:

Local law: In accordance with the PRC Environmental Impact Assessment Law Article 16, the state conducts systematic management over the Environmental Impact Assessment of construction projects in accordance with the degree of impact on the environment. Construction units shall compile Environmental Impact Report, Environmental Impact Report Form or fill out Environmental Impact Registration Form (hereinafter referred to as Environmental Impact Assessment Documents) under the following rules: (1) For those that may cause heavy environmental impact, Environmental Impact Report shall be compiled, and the environmental impact produced shall be fully assessed. (2) For those that may cause slight environmental impact, Environmental Impact Report Form shall be compiled, and the environmental impact produced shall be analyzed or specially assessed. (3) For those that have very little environmental impact and do not need any Environmental Impact Assessment, Environmental Impact Registration Form shall be filled out. The construction projects' systematic management directory of Environmental Impact Assessment is made and published by the environmental protection administration agency under the State Council.

ETI 10B2.1: In accordance with the ETI Base Code, 10B2.1 Suppliers must comply with the requirements of local and international laws and regulations including having necessary permits.

Recommended corrective action:

It is recommended that the facility should obtain EIA approval as per legal requirement.

Action By: Mr. Yang Yaming / Vice General Manager
Recommended completion timescale: 60 days
Verification method: Desktop

2. Objective evidence observed:

(where relevant please add photo numbers)

Facility tour, document review and management interview

Observation:

Description of observation:

None observed

Objective evidence observed:

Not applicable

Local law or ETI/additional elements requirement: Not applicable	
Comments: Not applicable	

Good examples observed:	
Description of Good Example (GE): None observed	Objective Evidence Observed: Not applicable

Worker Interview Summary

Worker Interview Summary		
A: Were workers aware of the audit?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
B: Were workers aware of the code?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
C: Number of group interviews: (Please specify number and size of groups. Please see SMETA Best Practice Guidance and Measurement Criteria)	1 group of total 4 employees	
D: Number of individual interviews (Please see SMETA Best Practice Guidance and Measurement Criteria)	Male: 1	Female: 5
E: Total number of interviewed workers (Please see SMETA Best Practice Guidance and Measurement Criteria)	Male: 2	Female: 8
F: Interviews were done in private and the confidentiality of the interview process was communicated to the workers?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
G: In general, what was the attitude of the workers towards their workplace?	<input checked="" type="checkbox"/> Favourable <input type="checkbox"/> Non-favourable <input type="checkbox"/> Indifferent	
H: What was the most common worker complaint?	None observed	
I: What did the workers like the most about working at this site?	The facility management was kind to them. The wage was paid on time monthly.	
J: Any additional comment(s) regarding interviews:	None observed	
K: Attitude of workers to hours worked:	They stated that the overtime work was voluntarily and the satisfactory with the working hours.	

Agency Workers (if applicable) (workers sourced from a local agent who are not directly paid by the site)	
A: Number of agencies used (average):	0 And names if available: NA

B: Were agency workers' age/pay/hours included within scope of this audit	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
C: Were sufficient documents for agency workers available for review?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA

Other findings

Other Findings Outside the Scope of the Code

None observed

Community Benefits

(Please list below any specific community benefits that the site management stated that they were involved in, for example, HIV programme, education, sports facilities)

None observed

Photo Form

		
Facility name	Facility gate and facility overview	Fire extinguisher
		
Fire hydrant	Exit sign and emergency light	Exit door with locking device
		
Fire alarm	Evacuation plan	Aisle in the production workshop
		
Evacuation indication sign	Evacuation assembly point	Electric box



		
Attendance machine	Suggestion box	Notice board

Best Practice Photos:

<i>None observed</i>		

Non-compliance:

		
1. Evacuation door in canteen open inward.	2. Fire hydrant was blocked by goods.	

Your feedback on your experience of the SMETA audit you have observed is extremely valuable. It will help to make improvements to future versions.

You can leave feedback by following the appropriate link to our questionnaire:

Click here for A & AB members:

http://www.surveymonkey.com/s.aspx?sm=riPsbE0PQ52ehCo3lnq5lw_3d_3d

Click here for B members:

http://www.surveymonkey.com/s.aspx?sm=d3vYsCe48fre69DRqIY_2brq_3d_3d

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End of report.



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