



# Sedex Members Ethical Trade Audit Report

Version 6.0



### Audit Details

Sedex Company Reference: <i>(only available on Sedex System)</i>		Sedex Site Reference: <i>(only available on Sedex System)</i>	
Business name (Company name):			
Site name:			
Site address: <i>(Please include full address)</i>		Country:	China
	Zhejiang		
Site contact and job title:	/ Accountant & HR		
Site phone:		Site e-mail:	
SMETA Audit Pillars:	<input checked="" type="checkbox"/> Labour Standards	<input checked="" type="checkbox"/> Health & Safety	<input checked="" type="checkbox"/> Environment <input checked="" type="checkbox"/> Business Ethics
Date of Audit:	March 12~13, 2019		

### Audit Company Name & Logo:



Leverage Limited

### Report Owner (payee):

*(If paid for by the customer of the site please remove for Sedex upload)*

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



## Audit Content:

(1) A SMETA audit was conducted which included some or all of Labour Standards, Health & Safety, Environment and Business Ethics. The SMETA Best Practice Version 6.0 April 2017 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
  - Universal rights covering UNGP
  - Management systems and code implementation,
  - Responsible Recruitment
  - 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 Customer's Supplier Code (Appendix 1)

(3) 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.

(4) Any Non-Compliance against customer code shall not be uploaded to Sedex. However, in the CAPR these 'Variances in compliance between ETI code / SMETA Additions/ local law and customer code' shall be noted in the observations section of the CAPR.

## SMETA Declaration

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

- (1) 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.
- (2) Any Non-Compliance against customer code alone shall not be uploaded to Sedex. However, in the CAPR these 'Variances in compliance between ETI code / SMETA Additions/ local law and customer code' shall be noted in the observations section of the CAPR.

Any exceptions to this must be recorded here (e.g. different sample size):

Auditor Team (s) (please list all including all interviewers):

Lead auditor:

Team auditor:

Interviewers:

Report writer:

Report reviewer:

Audit Company Report Reference:

Date of declaration:

There are only six workers in the factory. So only six samples were selected.

Damon Hao

Damon Hao (RA 21702992)

NA

Damon Hao

Damon Hao

Ryan Liu

13 March, 2019

*Note: The 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.*



## Non-Compliance Table

Issue (please click on the issue title to go direct to the appropriate audit results by clause) Note to auditor, please ensure that when issuing the audit report, hyperlinks are retained.		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*:			Findings (note to auditor, summarise in as few words as possible NCs, Obs and GE)
		ETI Base Code	Local Law	Additional Elements	Customer Code	NC	Obs	GE	
0A	<a href="#">Universal Rights covering UNGP</a>			<input type="checkbox"/>	<input type="checkbox"/>				•
0B	<a href="#">Management systems and code implementation</a>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	1	0	0	• Summary of Non-Compliance finding no1. Part of workers interviewed was not aware of the ETI code. •
1.	<a href="#">Freely chosen Employment</a>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>				•
2	<a href="#">Freedom of Association</a>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>				•
3	<a href="#">Safety and Hygienic Conditions</a>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>	2	0	0	• Summary of Non-Compliance finding No1. The gap between some stacks and walls was 0. • No2. no warning sign was marked on 1 out of 3 electricity area switch box •
4	<a href="#">Child Labour</a>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>				•
5	<a href="#">Living Wages and Benefits</a>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>				•

6	<u>Working Hours</u>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>	1	0	0	<ul style="list-style-type: none"> <li>Summary of Non-Compliance finding no1. 12 out of 18 sample population employees worked in excess of the statutory overtime hour limits.</li> </ul>
7	<u>Discrimination</u>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>				<ul style="list-style-type: none"> <li></li> </ul>
8	<u>Regular Employment</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				<ul style="list-style-type: none"> <li></li> </ul>
8A	<u>Sub-Contracting and Homeworking</u>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				<ul style="list-style-type: none"> <li></li> </ul>
9	<u>Harsh or Inhumane Treatment</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				<ul style="list-style-type: none"> <li></li> </ul>
10A	<u>Entitlement to Work</u>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				<ul style="list-style-type: none"> <li></li> </ul>
10B2	<u>Environment 2-Pillar</u>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				<ul style="list-style-type: none"> <li>NA</li> </ul>
10B4	<u>Environment 4-Pillar</u>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				<ul style="list-style-type: none"> <li></li> </ul>
10C	<u>Business Ethics</u>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				<ul style="list-style-type: none"> <li></li> </ul>

General observations and summary of the site:

#### General Audit Progress:

This initial audit was conducted by Leverage Limited. One Auditor assessed/verified the factory's operations against the ETI Base Code, and local legislation basis in 1.5 man-days.

The products manufactured at this site were pens and notebooks.

Overall responsibility for meeting the standards was taken by the / Accountant & HR.

There were a total of 6 workers on site (local workers (Male: 1, Female: 5), all were permanent). There was also four management staff in the factory.

The youngest worker on site was 28-year-old (1990.10.22).

There is no union at this factory. Worker's representatives were freely selected in the factory.

Worker committee joined opening and closing meeting.

There was evidence of both male and female in management and among supervisor.



The peak season was not obvious in the factory.

6 workers were selected for interview including 1 male employee and 5 female employees; they were interviewed as 1 group of 4 workers and 2 individuals. All workers said they were satisfied with their employment at the factory. They also said they were able to make suggestions to their supervisors and team leaders and sometimes they had seen these suggestions used.

6 Records to show wages and hours were taken for 3 months from in March 2018(Random), June 2018(Random) and January 2019 (Current).

Legal minimum wage was paid to all workers. Workers were paid 150% of normal wage rate for weekday overtime, 200% of normal wage rate for weekend overtime and 300% of normal wage rate for statutory holiday overtime.

Overtime hours in sample was

46 hours/month in March 2018 (Random)

48 hours/month in June 2018 (Random)

34 hours/month in January 2019 (Current)

*\*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.*

## Site Details

Site Details																	
A: Company Name:	[REDACTED]																
B: Site name:	[REDACTED]																
C: GPS location: (if available)	GPS Address:	Latitude: [REDACTED] Longitude: [REDACTED]															
D: Applicable business and other legally required licence numbers and documents, for example, business license number, liability insurance, any other required government inspections	Business license: [REDACTED] Valid From 3 December, 2004 to 2 December, 2026																
E: Products/Activities at site, for example, garment manufacture, electricals, toys, grower, cutting, sewing, packing etc.	pens and notebooks																
F: Site description: (Include size, location, and age of site. Also, include structure and number of buildings)	<p>[REDACTED] was located at [REDACTED] China. There were 11 employees in the factory. Their operation was started from 3 December, 2004. And the main manufacturing product was pen and notebook. Two Floors were rented from [REDACTED]. used as production and office. The factory did not provide dormitory or canteen to employees.</p> <table border="1"> <thead> <tr> <th>Production Building no1</th> <th>Description</th> <th>Remark, if any</th> </tr> </thead> <tbody> <tr> <td>Floor 1</td> <td>Injecting mold</td> <td>N/A</td> </tr> <tr> <td>Floor 2</td> <td>Assembling, packing, silk screen, warehouse and office</td> <td>N/A</td> </tr> <tr> <td>Floor 3</td> <td>[REDACTED]</td> <td>N/A</td> </tr> <tr> <td>Is this a shared building?</td> <td>Yes</td> <td>Only shared building</td> </tr> </tbody> </table> <p>For below, please add any extra rows if appropriate.</p> <p>Visible structural integrity issues (large cracks) observed?</p> <p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p> <p>Please give details: The building was found in the good</p>		Production Building no1	Description	Remark, if any	Floor 1	Injecting mold	N/A	Floor 2	Assembling, packing, silk screen, warehouse and office	N/A	Floor 3	[REDACTED]	N/A	Is this a shared building?	Yes	Only shared building
Production Building no1	Description	Remark, if any															
Floor 1	Injecting mold	N/A															
Floor 2	Assembling, packing, silk screen, warehouse and office	N/A															
Floor 3	[REDACTED]	N/A															
Is this a shared building?	Yes	Only shared building															



	<p>condition and the factory provided the acceptance inspection report for review.</p> <p>Does the site have a structural engineer evaluation?</p> <p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>Please give details: The factory provided the acceptance inspection report and fire safety inspection report for review.</p>
G: Site function:	<p><input type="checkbox"/> Agent</p> <p><input checked="" type="checkbox"/> Factory Processing/Manufacturer</p> <p><input type="checkbox"/> Finished Product Supplier</p> <p><input type="checkbox"/> Grower</p> <p><input type="checkbox"/> Homeworker</p> <p><input type="checkbox"/> Labour Provider</p> <p><input type="checkbox"/> Pack House</p> <p><input type="checkbox"/> Primary Producer</p> <p><input type="checkbox"/> Service Provider</p> <p><input type="checkbox"/> Sub-Contractor</p>
H: Month(s) of peak season: (if applicable)	No obvious peak season
I: Process overview: (Include products being produced, main operations, number of production lines, main equipment used)	<p>Main working process: injecting mold, silk screen, assembling, packing</p> <p>Main equipment: cutting machines and sewing machines</p>
J: What form of worker representation / union is there on site?	<p><input type="checkbox"/> Union (name)</p> <p><input checked="" type="checkbox"/> Worker Committee</p> <p><input type="checkbox"/> Other (specify)</p> <p><input type="checkbox"/> None</p>
K: Is there any night production work at the site?	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p>
L: Are there any on site provided worker accommodation buildings e.g. dormitories	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p> <p>If yes approx. 0% of workers in on site accommodation</p>
M: Are there any off site provided worker accommodation buildings	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p> <p>If Yes approx.</p>
N: Were all site provided accommodation buildings included in this audit	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p> <p>If No, please give details The factory did not provide accommodation to employees.</p>

### Audit Parameters

A: Time in and time out	Day 1 Time in: 9:00 Day 1 Time out: 17:15	Day 2 Time in: 9:00 Day 2 Time out: 12:00	Day 3 Time in: Day 3 Time out:
B: Number of auditor days used:	1 auditor x 1.5 days		
C: Audit type:	<input checked="" type="checkbox"/> Full Initial <input type="checkbox"/> Periodic <input type="checkbox"/> Full Follow-up <input type="checkbox"/> Partial Follow-Up <input type="checkbox"/> Partial Other If other, please define:		
D: Was the audit announced?	<input checked="" type="checkbox"/> Announced <input type="checkbox"/> Semi – announced: Window detail:    weeks <input type="checkbox"/> Unannounced		
E: Was the Sedex SAQ available for review?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If No, why not		
F: Any conflicting information SAQ/Pre-Audit Info to Audit findings?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, please capture detail in appropriate audit by clause		
G: Who signed and agreed CAPR (Name and job title)	/ Accountant & HR		
H: Is further information available (If yes please contact audit company for details)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
I: Previous audit date:	13-14/3/2018		
J: Previous audit type:	SMETA- Full Initial		
K: Were any previous audits reviewed for this audit	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A		

Audit attendance	Management	Worker Representatives	
	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)	NA		
E: If Union Representatives were not present please explain reasons why: (only complete if no union reps present)	No union in factory		

## Worker Analysis

“ The term “migrant worker” refers to a person who is engaged or has been engaged in a remunerated activity in a country of which they are not a national and where they do not intend to remain permanently or has purposely migrated on a temporary basis to another in-country region to seek and engage in a remunerated activity

Worker Analysis								
	Local			Migrant*				Total
	Permanent	Temporary	Agency	Permanent	Temporary	Agency	Home workers	
Worker numbers – Male	1	0	0	0	0	0	0	1
Worker numbers – female	5	0	0	0	0	0	0	5
Total	6	0	0	0	0	0	0	6
Number of Workers interviewed – male	1	0	0	0	0	0	0	1
Number of Workers interviewed – female	5	0	0	0	0	0	0	5
Total – interviewed sample size	6	0	0	0	0	0	0	6

A: Nationality of Management	China
B: Nationality of workers <i>Please add more rows as applicable</i>	Countries: Country 1: China Country 2: Country 3:
C: For the majority nationality of workers:	Nationality 1 approx % total workforce 100 Nationality 2 approx % total workforce Nationality 3 approx % total workforce
D: Worker remuneration (management information)	% workers on piece rate 100% hourly paid workers % salaried workers  Payment cycle: % daily paid % weekly paid



	___100___% monthly paid ___% other If other, please give details
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Worker Interview Summary		
A: Were workers aware of the audit?	<input type="checkbox"/> Yes <input checked="" 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. If the auditor was not able to follow the BPG, please state within the declaration)	4 workers in one group	
D: Number of individual interviews (Please see SMETA Best Practice Guidance and Measurement Criteria)	Male: 1	Female: 1
E: 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. <i>Note to auditor: please record details of migrant /agency/contractor workers in section 8 – Regular Employment, under Responsible Recruitment</i>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No  If no, please give details	
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?	No complaint was raised	
I: What did the workers like the most about working at this site?	Wage always paid on time	
J: Any additional comment(s) regarding interviews:	NA	
K: Attitude of workers to hours worked:	Satisfied with the arrangement	
L. Is there any worker survey information available?		
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If yes, please give details: The factory held meeting with worker rep every 3 months		
M: 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 randomly selected from various workshops for private and confidential interview. The interviewed employees provided positive information on the factory to the auditor. They stated the working		



hours arrangement is appropriate. The wage is paid every month correctly to them. If they had complaints on the factory, they could raise it to the management directly or via suggestion box. Their complaints would be investigated and resolved.

N: Attitude of worker's 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*

The worker representatives showed that the management was kind and the workplace was comfortable. No any negative information.

O: Attitude of managers:

*(Include attitude to audit, and audit process. Both positive and negative information should be included)*

The HR [REDACTED] was interviewed during management interview process during audit. And she cooperated the audit very well and provided the positive attitude on the audit.

## Audit Results by Clause

### 0A: Universal Rights covering UNGP

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

#### 0.A. Guidance for Observations

0.A.1 Businesses should have a policy, endorsed at the highest level, covering human rights impacts and issues, and ensure it is communicated to all appropriate parties, including its own suppliers.

0.A.2 Businesses should have a designated person responsible for implementing standards concerning Human rights

0.A.3 Businesses shall identify their stakeholders and salient issues.

0.A.4 Businesses shall measure their direct, indirect, and potential impacts on stakeholders (rights holders) human rights.

0.A.5 Where businesses have an adverse impact on human rights within any of their stakeholders, they shall address these issues and enable effective remediation.

0.A.6 Businesses shall have a transparent system in place for confidentially reporting, and dealing with human rights impacts without fear of reprisals towards the reporter.

Note for auditors and readers. This is not a full Human Rights Assessment, but instead a check on the business's implementation of processes to meet their Universal rights covering UNGP responsibilities.

### 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:

- The factory established the policy at the highest level regarding employees' universal rights, including the procedure on identifying the issues on employees' universal rights from the factory and its suppliers. And the policy was communicated to all employees and the suppliers
- There was an internal audit team for controlling quality who was also taking the role for implementing and conducting internal audit against the code. The main responsible personnel for standards was [REDACTED] / HR.
- Employees could report any grievances (harassment, bullying, discrimination etc.) to the factory. And any received complaint will be handled by management, without any reprisal.
- The factory encouraged the employees to report any issues related to employee universal rights by name or anonymous.

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

##### Details:

- The relevant policy and procedures about employees' universal rights.
- Internal grievance procedure and relevant handling documentation.
- Training records

##### Any other comments:

Nil



A: Policy statement that expresses commitment to respect human rights?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details (mainly applicable for the parent company): The factory showed one commitment on the employee universal rights issued by general manager as well as owner with the factory chop.
B: Does the business have a designated person responsible for implementing standards concerning Human Rights?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The factory set up a committee led by general manager to implement the standards. Name: Job title: Accountant & HR
C: Does the businesses have a transparent system in place for confidentially reporting, and dealing with human rights impacts without fear of reprisals towards the reporter?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The procedure required and encouraged the workers or stakeholders to report the any issue related to employee universal rights with full protection.
D: Does grievance mechanism meet with UNGP requirement of e.g. (Legitimate, Accessible, Predictable, Equitable, Transparent, Rights-compatible, a source of continuous learning and based on stakeholder engagement)?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If no, please give details: NA
E: Does the business demonstrate effective data privacy procedures for workers' information, which is implemented?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The policy and procedures concerning to the privacy protection was provided for review. The HR department did not have any improper practices according to this requirement.

Findings		
Finding: Observation <input type="checkbox"/> Company NC <input type="checkbox"/> Description of observation:  Local law or ETI/Additional elements / customer specific requirement:  Comments:		Objective evidence observed:

Good examples observed:	
Description of Good Example (GE):	Objective Evidence Observed:



## Measuring Workplace Impact

Workplace Impact		
A: Annual worker turnover: Number of workers leaving in last 12 months as a % of average total number of workers on site over the year (annual worker turnover)	Last year: __9__ %	This year __0__ %
B: Current % quarterly (90 days) turnover: Number of workers leaving from the first of the 90 day period through to the last day of the 90 day period / [(number of employees on the 1 <sup>st</sup> day of 90 day period + number of employees on the last day of the 90 day period) / 2]	0%	
C: Annual % absenteeism: Number of days lost through job absence in the year / [(number of employees on 1 <sup>st</sup> day of the year + number employees on the last day of the year) / 2] * number available workdays in the year	Last year: __0.26__ %	This year __0.3__ %
D: Quarterly (90 days) % absenteeism: Number of days lost through job absence in the period / [(Number of employees on 1 <sup>st</sup> of the period + Number of employees on the last day of the period) / 2] * Number of available workdays in the month	0.3%	
E: Are accidents recorded?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: The factory established the policy and stated that all the accidents happened should be recorded.	
F: Annual Number of work related accidents and injuries per 100 workers: [(Number of work related accidents and injuries * 100) / Number of total workers]	Last year: 2018 Number: 0	This year: 2019 Number: 0
G: Quarterly (90 days) number of work related accidents and injuries per 100 workers: [(Number of work related accidents and injuries * 100) / Number of total workers]	0	0
H: Lost day work cases per 100 workers: [(Number of lost days due to work accidents and work related injuries * 100) / Number of total workers]	Last year: 0	This year: 0
I: % of workers that work on average more than 48 standard hours / week in the last 6 / 12 months:	6 months __0__ % workers	12 months __0__ % workers
J: % of workers that work on average more than 60 total hours / week in the last 6 / 12 months:	6 months __0__ % workers	12 months __0__ % workers



## 0B: Management system and Code Implementation

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

- 0.B.1 Suppliers are expected to implement and maintain systems for delivering compliance to this Code.
- 0.B.2 Suppliers are expected to be operating legally in premises with the correct business licenses and permissions and to have systems to ensure that all relevant land rights have been complied with
- 0.B.3 Suppliers shall appoint a senior member of management who shall be responsible for compliance with the Code.
- 0.B.4 Suppliers are expected to communicate this Code to all employees.
- 0.B.5 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:

- The factory established a system and policy to deliver compliance to the code.
- The factory posted ETI Code on-site.
- The factory appointed a management representative for management of ETI compliance.
- The facility provided the ETI code to its supplier and requested them to post in their workshops.

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

##### Details:

- ETI Code posted in the factory.
- A set of policy created by the factory management, which containing all required appropriate procedures and instructions for complying with the ETI Code and the legal requirements.
- Training records
- Photo provided from the factory's suppliers for posting ETI code.
- Employees' attendance records provided by management, production records collected from workshops and employee interview for crosschecking if the factory implemented and maintained system for delivering compliance to the ETI code.

##### Any other comments:

Nil

### Management Systems:

A: In the last 12 months, has the site been subject to any fines/prosecutions for non-compliance to any regulations?

☐ Yes

☒ No

Please give details: No such record was noted in any public information channel as long as auditor fully acknowledge. And this was confirmed through employees and management interview.

<p>B: Do policies and/or procedures exist that reduce the risk of forced labour, child labour, discrimination, harassment &amp; abuse?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Please describe: The factory established policies and procedures on identifying and reducing the risks of forced labour, child labour, discrimination, harassment &amp; abuse. During the audit, no negative evidence was noted.</p>
<p>C: If Yes, is there evidence (an indication) of effective implementation? Please give details.</p>	<p>The factory had established the related policy and provided the training for identifying and reducing the risks to all related employees, in order to ensure the effective implement of policy. The training records were kept. And this was also confirmed by interview with employees and management staffs.</p>
<p>D: Have managers and workers received training in the standards for forced labour, child labour, discrimination, harassment &amp; abuse?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Please describe: The managers and workers received training in the standards for forced labour, child labour, discrimination, harassment &amp; abuse.</p>
<p>E: If Yes, is there evidence (an indication) that training has been effective e.g. training records etc.? Please give details</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Please describe: The training records were provided to auditor for review.</p>
<p>F: 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).</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>Please describe: N/A</p>
<p>G: Is there a Human Resources manager/department? If Yes, please detail.</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Please describe: [redacted] was handling HR in the factory.</p>
<p>H: Is there a senior person /manager responsible for implementation of the code</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Please give details: [redacted] responsible for implement of the code.</p>
<p>I: Is there a policy to ensure all worker information is confidential</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Please give details: The information and privacy protection policy was available for review.</p>
<p>J: Is there an effective procedure to ensure confidential information is kept confidential</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Please give details: The information and privacy protection procedure was available for review.</p>
<p>K: Are risk assessments conducted to evaluate policy and procedure effectiveness?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>



	Please give details: The factory had the risk assessment including procedure and assessment records.
L: Does the facility have a process to address issues found when conducting risk assessments, including implementation of controls to reduce identified risks?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: 1. The factory assessed the risks related all aspects of the ETI code, e.g. Working hours, wages & benefits, harassment, discrimination, ethics, H&S, environment issue. 2. The control methods were advised and implemented if the middle or high risks were identified.
M: Does the facility have a policy/code which require labour standards of its own suppliers?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The factory had supplier management procedure with requirements of ETI code.
<b>Land rights</b>	
N: Does the site have all required land rights licenses and permissions (see SMETA Measurement Criteria)?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The factory provided the building property title certificate and relevant reports (fire safety, construction safety and environment).
O: Does the site have systems in place to conduct legal due diligence to recognize and apply national laws and practices relating to land title?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The factory set up the procedure and appointed executive department to conduct legal due diligence to recognize and apply national laws and practices relating to land title.
P: Does the site have a written policy and procedures specific to land rights. If yes, does it include any due diligence the company will undertake to obtain free, prior and informed consent, (FPIC) even if national/local law does not require it	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes, how does the company obtain FPIC: The land in China mainland was belonged to State owned. Anybody, no matter the character was, could only rent for a periods.
Q: Is there evidence that facility / site compensated the owner/lessor for the land prior to the facility being built or expanded.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The management stated they paid for usage for 50 years.
R: Does the Facility demonstrate that alternatives to a specific land acquisition were considered to avoid or minimize adverse impacts?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: This area was provided by local government as industry area.

<p>S: Is There any evidence of illegal appropriation of land for facility building or expansion of footprint.</p>	<p> <input type="checkbox"/> Yes  <input checked="" type="checkbox"/> No  Please give details: All the process of building was legal according to the interview and document. </p>
---	--

### Non-compliance:

<p><b>1. Description of non-compliance:</b></p> <p> <input checked="" type="checkbox"/> NC against ETI/Additional Elements  <input type="checkbox"/> NC against customer code: </p> <p>It was noted that 2 out of 6 workers interviewed were not aware of the ETI code.</p> <p><b>Additional Elements:</b> O.B.4 Suppliers are expected to communicate this Code to all employees.</p> <p><b>Recommended corrective action:</b> Suppliers are expected to communicate this Code to all employees.</p>	<p><b>Objective evidence observed:</b> (where relevant please add photo numbers)</p> <p>Worker interviews</p>
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### Observation:

<p><b>Description of observation:</b></p> <p><b>Local law or ETI requirement:</b></p> <p><b>Comments:</b></p>	<p><b>Objective evidence observed:</b></p>
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### Good Examples observed:

<p><b>Description of Good Example (GE):</b></p>	<p><b>Objective evidence observed:</b></p>
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## 1: Freely Chosen Employment

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

### 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:

- Based on interview with the management & workers and document review, it was identified that the factory had established the employment policies & program.
- Factory established human resources policies – given to all workers on joining, states that workers within their probation period are free to leave with 3 days written notice and once a worker is permanent (this is out of probation) they can resign from the factory with one month's prior written notice, given to their supervisor or the personnel office. The handbook also states that they will be given their full wages on their last day of work.
- The employees obtained their job by HR market or by friend's recommendation.
- Based on the workers and management interviews, the workers were free to leave after work shift, and there was no bonded or involuntary prison labor identified.
- The terms and conditions of employment in the handbook state that the workers are free to leave the workplace outside of their working hours.

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

##### Details:

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

#### Any other comments:

Nil

A: Is there any evidence of retention of original documents, e.g. passports/ID's

☐ Yes

☒ No

If yes, please give details and category of workers affected:

B: Is there any evidence of a loan scheme in operation

☐ Yes

☒ No

If yes, please give details and category of workers affected:

C: Is there any evidence of retention of wages /deposits	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes, please give details and category of workers affected:
D: Are there any restrictions on workers' freedom to terminate employment?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please describe finding: NA
E: If any part of the business is UK based or registered there & has a turnover over £36m, is there is a published 'modern day slavery statement.	<input type="checkbox"/> Yes <input type="checkbox"/> No  Please describe finding: NA  <input checked="" type="checkbox"/> Not applicable
G: Is there evidence of any restrictions on workers' freedoms to leave the site at the end of the work day?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please describe finding: NA
H: Does the site understand the risks of forced / trafficked / bonded labour in its supply chain	<input type="checkbox"/> Yes <input type="checkbox"/> No  If yes, please give details and category of workers affected: NA  <input checked="" type="checkbox"/> Not applicable
I: Is the site taking any steps taking to reduce the risk of forced / trafficked labour?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No  Please describe finding: NA



### Non-compliance:

#### 1. Description of non-compliance:

☐ NC against ETI
 ☐ NC against Local Law:
 ☐ NC against customer code:

Local law and/or ETI requirement

Recommended corrective action:

#### 2. Description of non-compliance:

☐ NC against ETI
 ☐ NC against Local Law:
 ☐ NC against customer code:

Local law and/or ETI requirement:

Recommended corrective action:

#### Objective evidence observed:

(where relevant please add photo numbers)

### Observation:

Description of observation:

Local law or ETI requirement:

Comments:

#### Objective evidence observed:

### Good Examples observed:

Description of Good Example (GE):

#### Objective evidence observed:

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

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

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### 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:

- The Chinese constitution guarantees the employees' right of freedom of association. But the trade union established independently in the company should under and managed by All China Federation of Trade Unions (ACFTU). And most of the trade union representatives are appointed directly by factory management. Additionally, the trade union activity is limited on the right to organize and bargain collectively in China.
- No union was established in the factory.
- Employees could raise their complaint to the supervisor directly or through worker representatives.
- Employees elected 2 employees as their representatives on 22 May, 2018.

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

##### Details:

- Complaint & handling records.
- Freedom of association policies.
- Election records for worker representative
- Meeting minutes between factory management and worker representatives
- Employee interview

##### Any other comments:

Nil

A: What form of worker representation/union is there on site?

- ☐ Union (name)
- ☒ Worker Committee
- ☐ Other (specify)
- ☐ None

B: Is it a legal requirement to have a

- ☐ Yes



union?	<input checked="" type="checkbox"/> No	
C: Is it a legal requirement to have a worker's committee?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
D: Is there any other form of effective worker/management communication channel? (Other than union/worker committee e.g. H&S, sexual harassment)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Describe: Suggestion box or talk to management directly.  Is there evidence of free elections? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
E: Does the supplier provide adequate facilities to allow the Union or committee to conduct related business?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: There was a room in the office section was specific for that purpose.	
F: Name of union and union representative, if applicable:	NA	Is there evidence of free elections? <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A
G: If there is no union, is there a parallel means of consultation with workers e.g. worker committees?	2 worker representatives were elected in factory.	Is there evidence of free elections? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
H: Are all workers aware of who their representatives are?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
I: Were worker representatives freely elected?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Date of last election: 22 May, 2018
J: Do workers know what topics can be raised with their representatives?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
K: Were worker representatives/union representatives interviewed?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If <b>Yes</b> , please state how many: One workers representative was interviewed.	
L: Please describe any evidence that union/worker's committee is effective? Specify date of last meeting; topics covered; how minutes were communicated etc.	Confirmed with worker representative interview and worker interview, workers could complain to the representative directly or asked her for help when needed.	
M: Are any workers covered by Collective Bargaining Agreement (CBA)?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
If <b>Yes</b> , what percentage by trade Union/worker representation	___% workers covered by Union CBA	___% workers covered by worker rep CBA
If <b>Yes</b> , does the Collective	<input type="checkbox"/> Yes	

Bargaining Agreement (CBA) include rates of pay?	<input checked="" type="checkbox"/> No
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### Non-compliance:

<p><b>1. Description of non-compliance:</b>  <input type="checkbox"/> NC against ETI    <input type="checkbox"/> NC against Local Law    <input type="checkbox"/> NC against customer code:</p> <p>Local law and/or ETI requirement:</p> <p>Recommended corrective action:</p> <p><b>2. Description of non-compliance:</b>  <input type="checkbox"/> NC against ETI    <input type="checkbox"/> NC against Local Law    <input type="checkbox"/> NC against customer code:</p> <p>Local law and/or ETI requirement:</p> <p>Recommended corrective action:</p>	<p><b>Objective evidence observed:</b>  <i>(where relevant please add photo numbers)</i></p>
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### Observation:

<p>Description of observation:</p> <p>Local law or ETI requirement:</p> <p>Comments:</p>	<p>Objective evidence observed:</p>
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### Good Examples observed:

<p>Description of Good Example (GE):</p>	<p>Objective evidence observed:</p>
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### 3: Working Conditions are Safe and Hygienic

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

#### 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. General Health and Safety Management

- [REDACTED] was appointed as Health & Safety Manager for the site.
- Potable water was available and free to approach in all areas of the factory.
- Toilets were sufficient, clean and segregated by gender, which were available for use by employees all the time.
- Ventilation, temperature and lighting were adequate for the production areas.
- H&S committee was established. And workers joined the committee.
- Monthly meetings were held between the H&S committee (workers) and the H&S manager.

##### 2. Fire Safety

- There were at least 2 exits from each work area and were clearly marked.
- Firefighting equipment was adequate. And checking records were kept and up-to-date.
- Evacuation plans were posted in all areas and understood by all workers interviewed.
- Fire drills were organized and recorded twice per year. Last one was conducted on 9 October, 2017.

##### 3. Electrical and Machine Safety

- All electrical equipment was maintained in good condition.
- Factory provided the special operator certificate for freight elevator in the factory for auditors' review in audit day.

##### 4. Medical Services

- There were adequate first aid kits in each production area and they were well stocked.
- There were 2 first aiders in the factory. And they were trained at [REDACTED] hospital.

##### 5. Chemical Safety

- All chemicals were correctly labeled.
- No safety data sheet for products (MSDS) was available for the chemicals (e.g. hydraulic oil) being used in the sewing workshop.
- Employees handling chemicals were trained on appropriate procedures as well as what to do in an

emergency.

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

Details:

- Facility tour
- Management and Employee Interview
- Health and safety policy
- Health and safety committee meeting minutes
- Training records and employees' relevant certificates
- Fire fighting equipment maintenance records
- Fire drill records
- Building structure safety certificates
- Fire safety certificates
- Certificate of trained first aider
- Accident reports
- Chemical list and MSDS for chemicals
- Potable water testing report
- Special equipment inspection report and operators' certificate

Any other comments:

Nil

A: Does the facility have general and occupational Health & Safety policies and procedures that are fit for purpose and are these communicated to workers?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <p>Please give details: The factory set up the policy and procedures and provided training including for those new workers.</p>
B: Are the policies included in workers' manuals?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <p>Please give details: The employee manual, which was delivered to every workers covered general requirements of the H&amp;S requirements.</p>
C: Are there any structural additions without required permits/inspections (e.g. floors added)?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <p>Please give details: NA</p>
D: Are visitors to the site informed on H&S and provided with personal protective equipment	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <p>Please give details: NA</p>



<p>E: Is a medical room or medical facility provided for workers?</p> <p>If yes, do the room(s) meet legal requirements and is the size/number of rooms suitable for the number of workers.</p>	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p> <p>Please give details: The first aid kit was provided in all workshops for worker.</p>
<p>F: Is there a doctor or nurse on site or there is easy access to first aider/ trained medical aid?</p>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>Please give details: The factory had one qualified first aid personnel.</p>
<p>G: Where the facility provides worker transport - is it fit for purpose, safe, maintained and operated by competent persons e.g. buses and other vehicles?</p>	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p> <p>Please give details: The factory did not provide transport for workers.</p>
<p>H: Is secure personal storage space provided for workers in their living space and is it fit for purpose?</p>	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p> <p>Please give details: The factory did not provide dormitory for workers.</p>
<p>I: Are H&amp;S Risk assessments conducted (including evaluating the arrangements for workers doing overtime e.g. driving after a long shift) and are there controls to reduce identified risk?</p>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>Please give details: The factory performed risk assessment for the workplace and based on different people.</p>
<p>J: Is the site meeting its legal obligations on environmental requirements including required permits for use and disposal of natural resources?</p>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>Please give details: The factory provided all inspection report or legal certificate for review.</p>
<p>K: Is the site meeting its customer requirements on environmental standards, including the use of banned chemicals?</p>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>Please give details: The factory meeting the local law and customer requirements.</p>

## Non-compliance:

### 1. Description of non-compliance:

☒ NC against ETI ☒ NC against Local Law ☐ NC against customer code:

It was noted that the goods stack against wall in warehouse, which was less than the legal requirement of 0.5 meter.

#### Local law and/or ETI requirement:

In accordance with Article 4.5.4 of Dormitory Building Design Standard, the width of the rundle shall not be less than 0.27m and the height of the rundle shall not be more than 0.165m. The height of handrail shall not be less than 0.90m. When the length of a horizontal section of the staircase is more than 0.50m, the height of the corresponding handrail shall not be less than 1.05m. (Effective from Feb 1, 2006)

#### ETI requirement

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 factory management adopt practices and controls to ensure that width of gap between stacks and walls are in accordance with the legal requirement.

### 2. Description of non-compliance:

☒ NC against ETI ☒ NC against Local Law ☐ NC against customer code:

It was noted that no warning sign was marked on 1 out of 3 electricity area switch box in injection moulding workshop.

#### Local law and/or ETI requirement:

**Local law:** In accordance with Article 2-7 of Warning Sign in the Guidelines for Safety Signs and Usage GB 2894-2008, the electric shock warning sign should be marked on electricity devices and circuit where electric shock may happen.

6.2 The material of signs: Safety signs should be made of durable material. The materials which will be deformed or deteriorated when wet and flammable material are generally shall preferably not be used. The insulation material should be used at workplace where there is risk of electric shock.

#### ETI requirement:

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:

### 1.Objective evidence observed:

(where relevant please add photo numbers)

Per factory tour, please refer to NC photo 1

### 2.Objective evidence observed:

(where relevant please add photo numbers)

Per factory tour, please refer to NC photo 2



It is recommended that management adopt practices and controls to ensure that factory switch box installation warning marks of the whole factory.

**Observation:**

Description of observation:

Local law or ETI requirement:

Recommended corrective action:

Objective evidence observed:

**Good Examples observed:**

Description of Good Example (GE):

Objective Evidence Observed:

#### 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:

- The factory had policy that the no worker under the age of 16 years old would be employed.
- The factory had policy that the juvenile workers (if employed) could not work in hazardous position or work at night.
- The factory kept valid and sufficient age information in employees' personnel files, such as copies of ID card. Employee's personnel file also included employee contract, employee's basic information, living address, working experience and recent photo etc.
- No child labor or young worker was identified in the factory.
- The youngest employee worked in the factory was 28 years, old who was born on 22 October, 1990 and joined the factory on 30 November, 2012.
- During the recruitment process, HR staff interviewed the employees and checked their ID cards. The job application forms were to be finished.

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

##### Details:

- Facility tour
- Employee interview
- The facility's policy on recruitment, child labour and juvenile worker
- Employee personnel files

##### Any other comments:

Nil

A: Legal age of employment:	Legal minimum: 16 years old
B: Age of youngest worker found:	28 years old
C: Are there children present on the work floor but not working at the time of audit?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No



D: % of under 18's at this site (of total workers)	0 %
E: Are workers under 18 subject to hazardous work assignments? <a href="#">(Go to clause 3 – Health and Safety)</a>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Y give details: N/A

### Non-compliance:

#### 1. Description of non-compliance:

☐ NC against ETI    ☐ NC against Local Law    ☐ NC against customer code:

Local law and/or ETI requirement:

Recommended corrective action:

#### 2. Description of non-compliance:

☐ NC against ETI    ☐ NC against Local Law    ☐ NC against customer code:

Local law and/or ETI requirement:

Recommended corrective action:

**Objective evidence observed:**  
 (where relevant please add photo numbers)

### Observation:

Description of observation:

Local law or ETI requirement:

Comments:

**Objective evidence observed:**

### Good Examples observed:

Description of Good Example (GE):

**Objective Evidence Observed:**

## 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:

- The local legal minimum wage was RMB2, 010 per month (11.56 per hour) since 1 December, 2017.
- All employees' wages were calculated by hourly rate in the factory. At least the minimum wage was paid to employees.
- All employees are provided with written and understandable information about their employment conditions in respect to wages before they entered employment. And the particulars of their wages were provided to employees every month by payment slip.
- The factory management compensated all employees at a legal mandated rate for their overtime hours, respectively 150%, 200% and 300% of regular wages for overtime works on weekday, rest day and statutory holidays.
- All employees were paid on 30th of each month by cash and each employee was given a payment slip. When employee got the payment slip, they signed on the record kept by HR.
- The maternity leave, paternity leave and annual leave were appropriately paid as normal working wage to employees.
- The factory bought social insurance for all its employees.

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

##### Details:

- Production records: inspection records, material delivery records etc.
- Social insurance receipts
- Factory policy on wages and benefit
- Factory policy on leave management

##### Any other comments:

Nil



### Non-compliance:

#### 1. Description of non-compliance:

☐ NC against ETI
 ☐ NC against Local Law
 ☐ NC against customer code:

Local law and/or ETI requirement:

Recommended corrective action:

#### 2. Description of non-compliance:

☐ NC against ETI
 ☐ NC against Local Law
 ☐ NC against customer code:

Local law and/or ETI requirement:

Recommended corrective action:

**Objective evidence observed:**  
 (where relevant please add photo numbers)

### Observation:

Description of observation:

Local law or ETI requirement:

Comments:

**Objective evidence observed:**

### Good Examples observed:

Description of Good Example (GE):

**Objective Evidence Observed:**

## Summary Information

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; 40 hours per week	8 hours per day; 40 hours per week	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
B: Overtime hours: (Maximum legal and actual overtime hours, please state if possible per day, week, and month)	Legal maximum: 3 hours per day; 36 hours per month	Overtime weekday: Occasional overtime: arranged from 18:00 to 20:00 (2 hours). Normally overtime on Saturday was arranged.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
C: wage for standard/contracted hours: (Minimum legal and actual minimum wage at site, please state if possible per hr, day, week, and month)	Legal minimum wage: RMB 2,010 per month (11.56 per hour) since 1 December, 2017.	At least RMB 11.56 per hour	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
D: overtime wage: (Minimum legal and actual minimum overtime wage at site, please state if possible per hr, day, week, and month)	Legal minimum requirement: 150% of regular wage for overtime on weekday; 200% of regular wage for overtime on rest day; 300% of regular wage for overtime on statutory holiday	150% of regular wage for overtime on weekday; 200% of regular wage for overtime on rest day; 300% of regular wage for overtime on statutory holiday	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

### Wages analysis:

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

A: Were accurate records shown at the first request?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
If <b>No</b> , why not?	NA



<p>B: Sample Size Checked (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)</p>	<p>6 samples from March 2018 (Random month) 6 samples from June 2018 (Random month) 6 samples from January 2019 (Current month)</p>		
<p>C: Are there different legal minimum wage grades? If <b>Yes</b>, please specify all.</p>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<p>If <b>Yes</b>, please give details: NA</p>	
<p>D: If there are different legal minimum grades, are all workers graded and paid correctly?</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A	<p>If <b>No</b>, please give details: NA</p>	
<p>E: For the lowest paid production workers, are wages paid for standard/contracted hours (excluding overtime) below or above the legal minimum?</p>	<input type="checkbox"/> Below legal min <input type="checkbox"/> Meet <input checked="" type="checkbox"/> Above	<p>Lowest actual wages found: <i>Note: full time employees and please state hour / week / month etc.</i>  The lowest wages was RMB 11.56 per hour</p>	
<p>F: Please indicate the breakdown of workforce per earnings:</p>	<p>Salary + overtime pay + post allowance</p>	<p>___% of workforce earning under min wage ___% of workforce earning min wage __100__% of workforce earning above min wage</p>	
<p>F: Bonus scheme found: Please specify details:</p>	<p>Bonus Scheme found: <i>Note: full time employees and please state hour / week / month etc.</i> Nil</p>		
<p>H: What deductions are required by law e.g. social insurance? Please state all types:</p>	<p>Social insurance and income tax.</p>		
<p>I: Have these deductions been made? Please list all deductions that have/have not been made.</p>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<p>Please list all deductions that <b>have</b> been made.</p>	<p>1. 2.  Please describe:</p>
		<p>Please list all deductions that <b>have</b> not been made.</p>	<p>1. social insurance 2. personal income tax  Please describe: The social insurance and personal income tax were paid by factory.</p>
<p>J: Were appropriate records available to verify hours of work and wages?</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
<p>K: Were any inconsistencies found? (if yes describe nature)</p>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No  <input type="checkbox"/> Poor record keeping <input type="checkbox"/> Isolated incident <input type="checkbox"/> Repeated occurrence:		

<p>L: Do records reflect all time worked? (For instance, are workers asked to attend meetings before or after work but not paid for their time)</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The workers stated the time in factory would be paid according to law.</p>
<p>M: 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></p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please specify amount/time: The factory did not calculate the living wage and no such requirement were implemented in China.</p>
<p>If yes, what was the calculation method used.</p>	<p><input type="checkbox"/> ISEAL/Anker Benchmarks <input type="checkbox"/> Asia Floor Wage <input type="checkbox"/> Figures provided by Unions <input type="checkbox"/> Living Wage Foundation UK <input type="checkbox"/> Fair Wear Wage Ladder <input type="checkbox"/> Fairtrade Foundation Other – please give details:</p>
<p>N: Are there periodic reviews of wages? If Yes give details (include whether there is consideration to basic needs of workers plus discretionary income).</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: The factory paid workers according to legal requirement.</p>
<p>O: Are workers paid in a timely manner in line with local law?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>P: Is there evidence that equal rates are being paid for equal work:</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The workers were paid based on their working years and working hours.</p>
<p>Q: How are workers paid:</p>	<p><input checked="" type="checkbox"/> Cash <input type="checkbox"/> Cheque <input type="checkbox"/> Bank Transfer <input type="checkbox"/> Other If other, please explain:</p>



## 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:

- Factory established the policy and procedures regarding working hours. The normal working hours were 8 hours per day and 40 hours per week.
- Factory's working time was arranged from 8:00 to 11:00, 12:00 to 17:00. If there was overtime, the overtime was arranged from 18:00 to 20:00 of weekday.
- Working hours were recorded by electronic attendance system. The factory provided attendance records from February 2018 to audit day to auditor for review.
- The sampled employees had at least one day off in every 7 days.
- The maximum working hours per week of sampled employees were 52 hours.

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

Details:

- Factory policy and procedures on working hours;
- Time records provided by the factory;
- Sampled employees' wage records and payment slips with recorded working hours;
- Employee interview;
- Quality and other records for crosschecking

Any other comments:  
Nil.

### Non-compliance:

#### 1. Description of non-compliance:

☒ NC against ETI ☒ NC against Local Law ☐ NC against customer code:

It was noted that 12 out of 18 sample population employees worked in excess of the statutory overtime hour limits. A review of 6 sample population employees' time records March 2018, June 2018 and January 2019 yielded the following:

- 6 out of 6 employees worked in excess of 36 overtime hours per month was (i.e. 46 hours) in March 2018, which was not in compliance with the legal requirement;
- 6 out of 6 employees worked in excess of 36 overtime hours per month was (i.e. 48 hours) in June 2018, which was not in compliance with the legal requirement;
- 6 out of 6 employees worked comply with of 36 overtime hours per month was (i.e. 34 hours) in January 2019, which was in compliance with the legal requirement.

#### Local law and/or ETI requirement:

In accordance with Article 41 of the Labor Law of the PRC, after consultation with the trade union and employees, the employer may extend working hours due to its production or business needs, but the extended working hours shall not generally exceed one hour a day; in special circumstances that require an extension of working hours, the extended working hours shall not exceed 3 hours a day and 36 hours a month on condition that the health of employees is guaranteed. (Effective from Aug 27, 2009)

#### ETI requirement:

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.

#### Recommended corrective action:

It is recommended that factory management adopt practices and controls to ensure that employee overtime hours do not exceed the statutory limits.

#### Objective evidence observed:

(where relevant please add photo numbers)

Document review and worker interview

### Observation:

#### Description of observation:

#### Objective evidence observed:



<p>Local law or ETI requirement:</p> <p>Comments:</p>	
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Good Examples observed:	
Description of Good Example (GE):	Objective Evidence Observed:

<b>Working hours' analysis</b> Please include time e.g. hour/week/month <a href="#">(Go back to Key information)</a>					
Systems & Processes					
A. What timekeeping systems are used: time card etc.	Describe: Electronic attendance recording system (finger printing)				
B: Is sample size same as in wages section?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If no, please give details				
C: Are standard/contracted working hours defined in <b>all</b> contracts/employment agreements?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	If NO, please give details including % and which type of workers do NOT have standard hours defined in contracts/employment agreements. Please give details:			
D: 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:			
		<input type="checkbox"/> 0 hrs	<input type="checkbox"/> Part time	<input type="checkbox"/> Variable hrs	<input type="checkbox"/> Other
		If "Other", Please define:			

E. Do any standard/contracted working hours defined in contracts/employment agreements exceed 48 hours per week?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<p><i>If yes, please detail hours, %, types of workers affected and frequency</i></p> <p>Please give details: The labor contracts presented by factory stated the working hours complied with local legal requirements. 100% of all employees' labor contracts had this clause.</p>
F: Are workers provided with at least 1 day off in every 7-day-period, or 2 in 14-day-period?	Please select all applicable: <input checked="" type="checkbox"/> 1 in 7 days <input type="checkbox"/> 2 in 14 days <input type="checkbox"/> No If 'No', please explain:	Is this allowed by local law? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
	Maximum number of days worked without a day off (in sample):	
	6 days	
<b>Standard/Contracted Hours worked</b>		
G: Were standard working hours over 48 hours per week found?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If yes, % of workers & frequency:
		NA
H: Any local waivers/local law or permissions which allow averaging/annualised hours for this site?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If yes, please give details:
<b>Overtime Hours worked</b>		
I: Actual overtime hours worked in sample (State per day/week/month)	Highest OT hours:	6 samples from March 2018(random month): 2 hours per day, 12 hours per week, 46 hours per month 6 samples from June 2018(random month): 2 hours per day, 12 hours per week, 48 hours per month 6 samples from January 2019 (Current month): 2 hours per day, 12 hours per week, 34 hours per month
J: Combined hours (standard or contracted + overtime hours = total) over 60 found? Please give details:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	



K: Approximate percentage of total workers on highest overtime hours:	___ 100 ___%	
L: Is overtime voluntary?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Conflicting Information	<p>Please detail evidence e.g. Wording of contract / employment agreement / handbook / worker interviews / refusal arrangements:</p> <p>The procedure and policy stated the workers had right to work voluntary. No restrict clause was found in any document read onsite, eg. Labour contracts, procedures, regulations, and manual.</p>
<b>Overtime Premiums</b>		
M: Are the correct legal overtime premiums paid?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A – there is no legal requirement to OT premium	<p>Please give details of normal day overtime premium as a % of <b>standard</b> wages:</p> <p>150% of regular wage for weekday overtime;</p>
N: Is overtime paid at a premium?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<p>If yes, please describe % of workers &amp; frequency:</p> <p>When the workers to work overtime, 100% of workers were paid by:</p> <p>150% of normal wage for overtime on workdays;          200% of normal wage for overtime on rest days;          300% of normal wage for overtime on statutory holidays.</p>
O: If the site pays less than 125% OT premium and this is allowed under local law, are there other considerations? Please complete the boxes where relevant.	<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 NA	
	Please explain any checked boxes above e.g. detail of consolidated pay / CBA or Other	
	The local law required the OT wages should be complying with legal requirements.	
P: If more than 60 total hours per week and this is legally allowed, are there other considerations? Please complete the boxes where relevant.	<input type="checkbox"/> <b>Overtime is voluntary</b> <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 (please specify) NA	
	Please explain any checked boxes above e.g. detail of consolidated pay / CBA or	

	other:
	<p>N/A</p> <p>The legal requirement stated that the maximum overtime hours per month should be less than 36 hours. The maximum working hours per week in the factory were 52 hours.</p>
<p>Q: Is there evidence that overtime hours are being used for extended periods to make up for labour shortages or increased order volumes?</p>	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p> <p>If yes, please give details:</p>
<p>R: If sufficient workers cannot be hired, are new working time arrangements explored to ensure that overtime is the exception rather than the rule.</p>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p>



## 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:

- According to management interview and worker interview, the factory did not discriminate workers due to their birth, gender, age, religion, race, marital status, ethnical beliefs and political background etc.; female workers and male workers had the same pay and working conditions as male workers; promotion was based on workers' ability and skill; training was based on working requirement.
- No discrimination was found during the audit.

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

##### Details:

- The hiring and termination procedure, leave application records and worker handbook.
- Payrolls records
- Attendance records
- Termination records
- Training records

##### Any other comments:

Nil

A: Gender breakdown of Management + Supervisors (Include as one combined group)	Male: __50__ % Female __50__ %
B: Number of women who are in skilled or technical roles e.g. where specific qualifications are needed i.e. machine engineer / laboratory analyst:	#: Nil
C: Is there any evidence of discrimination based on race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation?:	<input type="checkbox"/> Hiring <input type="checkbox"/> Compensation <input type="checkbox"/> access to training <input type="checkbox"/> promotion <input type="checkbox"/> termination or retirement

## Professional Development

A: What type of training and development are available for workers?

Skills training was provided to workers and if skilled workers were assigned to sampling workshop, which could bring them more income.

B: Are HR decisions e.g. promotion, training, compensation based on objective, transparent criteria?

☒ Yes

☐ No

If no, please give details: NA

## Non-compliance:

### 1. Description of non-compliance:

☐ NC against ETI ☐ NC against Local Law ☐ NC against customer code:

Local law and/or ETI requirement:

Recommended corrective action:

**Objective evidence observed:**  
(where relevant please add photo numbers)

## Observation:

Description of observation:

Local law or ETI requirement:

Comments:

**Objective evidence observed:**

## Good Examples observed:

Description of Good Example (GE):

**Objective Evidence Observed:**



## 8: Regular Employment Is Provided

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### 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.

### Additional Elements: Responsible Recruitment

8.3 Suppliers have full understanding of the entire recruitment process and assess all labour recruiters and intermediaries against legal and/or ethical requirements.

8.4 There are effective management systems in place to identify and monitor the hiring and management of all migrant workers, contract workers, agency workers, temporary or casual labour. The supplier shall implement processes to enable adequate control over agencies with regards the above points and related legislation.

8.5 Employment agencies must only supply workers registered with them.

8.6 Workers pay no recruitment fee at any stage of the recruitment process.

8.7 Worker contracts accurately reflect the agreed payment and terms in the recruitment process and are understood and signed by workers.

## 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:

- The factory signed labour contracts with all workers and provided one copy for all workers.
- All employees were recruited by the factory directly. No labour agency was used to hire workers. No temporary worker, apprenticeship schemes or home worker was identified by the auditors.
- No subcontractor was used by factory.

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

#### Details:

- Employee Manual
- Hiring and termination procedure
- Labour contract
- Personal files
- Payroll records

#### Any other comments:

Nil

### Non-compliance:

#### 1. Description of non-compliance:

☐ NC against ETI ☐ NC against Local Law ☐ NC against customer code:

Local law and/or ETI requirement:

Recommended corrective action:

#### 2. Description of non-compliance:

☐ NC against ETI ☐ NC against Local Law ☐ NC against customer code:

Local law and/or ETI requirement:

Recommended corrective action:

**Objective evidence observed:**  
(where relevant please add photo numbers)

### Observation:

Description of observation:

Local law or ETI requirement:

Comments:

**Objective evidence observed:**

### Good Examples observed:

Description of Good Example (GE):

**Objective Evidence Observed:**

## Responsible Recruitment

### All Workers

A: Were all workers presented with terms of employment at the time of recruitment, did they understand them and are they same as current conditions?

- ☒ Terms & Conditions presented
- ☒ Understood by workers
- ☒ Same as actual conditions

If any are unchecked, please describe finding and specific



	category(ies) of workers affected: NA
B: Did workers pay any fees, taxes, deposits or bonds for the purpose of recruitment/placement?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes, please describe details and specific category(ies) of workers affected:
C: If yes, check all that apply:	<input type="checkbox"/> Recruitment / hiring fees <input type="checkbox"/> Service fees <input type="checkbox"/> Application costs <input type="checkbox"/> Recommendation fees <input type="checkbox"/> Placement fees <input type="checkbox"/> Administrative, overhead or processing fees <input type="checkbox"/> Skills tests <input type="checkbox"/> Certifications <input type="checkbox"/> Medical screenings <input type="checkbox"/> Passports/ID's <input type="checkbox"/> Work / resident permits <input type="checkbox"/> Birth certificates <input type="checkbox"/> Police clearance fees <input type="checkbox"/> Any transportation and lodging costs after employment offer <input type="checkbox"/> Any transport costs between work place and home <input type="checkbox"/> Any relocation costs after commencement of employment <input type="checkbox"/> New hire training / orientation fees <input type="checkbox"/> Medical exam fees <input type="checkbox"/> Deposit bonds or other deposits <input type="checkbox"/> Any other non-monetary assets <input type="checkbox"/> Other – please give details
D: If any checked, give details:	NA

### Migrant Workers:

The term "migrant worker" refers to a person who is engaged or has been engaged in a remunerated activity in a country of which they are not a national and where they do not intend to remain permanently or has purposely migrated on a temporary basis to another in-country region to seek and engage in a remunerated activity

A: Type of work undertaken by migrant workers:	NA	
B: Migrant worker recruitment	Total number of (in country recruitment agencies) used: 0 Total number of (outside of local country) recruitment agencies used 0	
C: Are migrant workers' voluntary deductions (such as for remittances) confirmed in writing by the worker and is evidence of the transaction supplied by the facility to the worker?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please describe finding: NA	Observations NA
D: Are any migrant workers in skilled, technical, or management roles	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes number and example of roles:	

Migrant Workers (this should include all migrant workers including permanent workers, temporary and/or seasonal workers)

## NON-EMPLOYEE WORKERS

Recruitment Fees:	
A: Are there any fees?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
B: If yes, check all that apply:	<input type="checkbox"/> Recruitment / hiring fees <input type="checkbox"/> Service fees <input type="checkbox"/> Application costs <input type="checkbox"/> Recommendation fees <input type="checkbox"/> Placement fees <input type="checkbox"/> Administrative, overhead or processing fees <input type="checkbox"/> Skills tests <input type="checkbox"/> Certifications <input type="checkbox"/> Medical screenings <input type="checkbox"/> Passports/ID's <input type="checkbox"/> Work / resident permits <input type="checkbox"/> Birth certificates <input type="checkbox"/> Police clearance fees <input type="checkbox"/> Any transportation and lodging costs after employment offer <input type="checkbox"/> Any transport costs between work place and home <input type="checkbox"/> Any relocation costs after commencement of employment <input type="checkbox"/> New hire training / orientation fees <input type="checkbox"/> Medical exam fees <input type="checkbox"/> Deposit bonds or other deposits <input type="checkbox"/> Any other non-monetary assets <input type="checkbox"/> Other – please give details
C: If any checked, give details:	NA

Agency Workers (if applicable)	
(workers sourced from a local agent who are not directly paid by the site, but paid by the agency, Usually the agencies are paid by the site and the wages of the individual workers are paid by the agency.)	
A: Number of agencies used (average):	Names if available:
B: Were agency workers' age / pay / hours included within the scope of this audit?	<input type="checkbox"/> Yes <input type="checkbox"/> No
C: Were sufficient documents for agency workers available for review?	<input type="checkbox"/> Yes <input type="checkbox"/> No



D: Is there a legal contract / agreement with all agencies?	<input type="checkbox"/> Yes <input type="checkbox"/> No  Please give details:
E: 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 give details:

<b>Contractors:</b> <i>Note: contractors in this context are generally individuals who supply several workers to a site. Usually the contractors are paid by the site and the wages of the workers are paid by the contractor. Common terms include, gang bosses, labor provider,</i>	
A: Any contractors on site?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes, how many contractors are present, please give details:
B: If <b>Yes</b> , how many workers supplied by contractors?	NA
C: Do all contractor workers understand their terms of employment?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please describe finding:
D: If <b>Yes</b> , please give evidence for contractor workers being paid per law:	NA

## 8A: Sub-Contracting and Homeworking:

### 8A: Sub-Contracting and Homeworking

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

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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.*

*Note to auditor on subcontracting: auditor should use this section for subcontractors of part made or wholly made finished goods, this section should not be used for raw material manufacturers unless instructed otherwise by customers*

### 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:

- A site tour showed that all production processes were present in the unit.
- No homeworking was used by factory.
- No subcontractor was used by factory.

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

**If any processes are sub-contracted – please populate below boxes**

Details:

NA

### Non-compliance:

#### 1. Description of non-compliance:

☐ NC against ETI/Additional Elements

☐ NC against Local Law

☐ NC against customer code:

#### Objective evidence observed:

*(where relevant please add photo numbers)*

**Local law and/or ETI /Additional Elements requirement:**

**Recommended corrective action:**

#### 2. Description of non-compliance:

☐ NC against ETI/Additional Elements

☐ NC against Local Law

☐ NC against customer code:



<p>Local law and/or ETI requirement:</p> <p>Recommended corrective action:</p>	
--	--

Observation:	
<p>Description of observation:</p> <p>Local law or ETI/Additional elements requirement:</p> <p>Comments:</p>	<p>Objective evidence observed:</p>

Good Examples observed:	
<p>Description of Good Example (GE):</p>	<p>Objective Evidence Observed:</p>

Summary of sub-contracting – if applicable	
<input checked="" type="checkbox"/> Not Applicable please x	
<p>A: Has the auditor made a simple calculation to compare capacity with workers' work load in order to identify possible unrecorded work or undeclared sub-contracting</p>	<p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>Please describe:</p>
<p>B: If sub-contractors are used, is there evidence this has been agreed with the main client?</p>	<p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>If <b>Yes</b>, summarise details:</p>
<p>C: Number of sub-contractors/agents used:</p>	
<p>D: Is there a site policy on sub-contracting?</p>	<p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p>

	If <b>Yes</b> , summarise details:
E: What checks are in place to ensure no child labour is being used and work is safe?	

Summary of homeworking – if applicable			
<input checked="" type="checkbox"/> Not Applicable please x			
A: 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 <b>Yes</b> , summarise details:		
B: Number of homeworkers	Male:	Female:	Total:
C: Are homeworkers employed direct or through agents?	<input type="checkbox"/> Directly <input type="checkbox"/> Through Agents		If through agents, number of agents: _____
D: Is there a site policy on homeworking?	<input type="checkbox"/> Yes <input type="checkbox"/> No		
E: How does the site ensure worker hours and pay meet local laws for homeworkers?			
F: What processes are carried out by homeworkers?			
G: Do any contracts exist for homeworkers?	<input type="checkbox"/> Yes <input type="checkbox"/> No Please give details:		
H: Are full records of homeworkers available at the site?	<input type="checkbox"/> Yes <input type="checkbox"/> No		



### 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.

Additional elements:

9.2 companies should provide access to a confidential grievance mechanism for all workers

A: 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 <sup>rd</sup> party?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: Through hot line such as Labour bureau official with phone number 12333.
B: If <b>Yes</b> , are workers aware of these channels and have access? Please give details.	Based on interview with workers, they understood how to use the channel if necessary.
C: If yes, what type of mechanism is used e.g. hotline, whistle blowing mechanism, comment box etc. Please give details.	For some of the risks, actions were taken, such as training for machine operators, provide PPE, and etc.
D: Which of the following groups is there a grievance mechanism in place for?	<input checked="" type="checkbox"/> Workers <input type="checkbox"/> Communities <input type="checkbox"/> Suppliers <input type="checkbox"/> Other  Please give Details: If the workers have any question or need help, they can through the suggestion box or talking direct to their manager.
E: Are there any open disputes?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No  If yes, please give details: NA
F: Does the site encourage its business partners (e.g., suppliers) to provide individuals and communities with access to effective grievance mechanisms (e.g. help lines or whistle blowing mechanism)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If no, please give details NA
G: Is there a published and transparent disciplinary procedure?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If no, please explain NA

H: If yes, are workers aware of these the disciplinary procedure?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If no, please give details NA
I: Does the disciplinary procedure allow for deductions from wages (fines) for disciplinary purposes (see wages section)?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes, please give details NA

### 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:

- According to the factory regulation, physical abuse or discipline, the threat of physical abuse, sexual or other harassment and verbal abuse or other forms of intimidation were prohibited in the factory. According to worker interview, the factory treated every worker with respect and dignity, and no worker was subject to any physical, sexual, psychological or verbal harassment and abuse.

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

##### Details:

- Factory regulations, hiring procedures and anti-harassment training records were checked.  
 - Management interview and employee interview  
 - 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.

##### Any other comments:

Nil

### Non-compliance:

#### 1. Description of non-compliance:

☐ NC against ETI     
 ☐ NC against Local Law     
 ☐ NC against customer code:

#### Local law and/or ETI requirement:

#### Recommended corrective action:

#### Objective evidence observed:

(where relevant please add photo numbers)



**2. Description of non-compliance:**
☐ NC against ETI      ☐ NC against Local Law      ☐ NC against customer code:

Local law and/or ETI requirement:

Recommended corrective action:

**Observation:**

Description of observation:

Local law or ETI requirement:

Comments:

Objective evidence observed:

**Good Examples observed:**

Description of Good Example (GE):

Objective Evidence Observed:

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

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

### Additional Elements

10A.1 Only workers with a legal right to work shall be employed or used by the supplier.

10A.2 All workers, including employment agency staff, must be validated by the supplier for their legal right to work by reviewing original documentation.

### 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:

- All employees are Chinese. As per the provided labour contracts, all employees were hired directly by the facility, no contract labour was found in the facility.

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

#### Details:

- Labour contract.
- Personnel files.
- Hiring procedure.
- Worker handbook.

#### Any other comments:

Nil

### Non-compliance:

#### 1. Description of non-compliance:

☐ NC against ETI/Additional Elements

☐ NC against customer code:

☐ NC against Local Law

**Local law and/or ETI /Additional Elements requirement:**

**Recommended corrective action:**

#### 2. Description of non-compliance:

☐ NC against ETI/Additional Elements

☐ NC against customer code:

☐ NC against Local

#### Objective evidence observed:

(where relevant please add photo numbers)



<p>Local law and/or ETI/Additional Elements requirement:</p> <p>Recommended corrective action:</p>	
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Observation:	
<p>Description of observation:</p> <p>Local law or ETI/Additional Elements requirement:</p> <p>Comments:</p>	<p>Objective evidence observed:</p>

Good examples observed:	
<p>Description of Good Example (GE):</p>	<p>Objective Evidence Observed:</p>

## 10. Other issue areas 10B4: Environment 4-Pillar

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

To be completed for a 4-Pillar SMETA Audit and remove the previous page which is 10B2 environment 2 pillar

### B.4. Compliance Requirements

10B4.1 Businesses as a minimum must meet the requirements of local and national laws related to environmental standards.

10B4.2 Where it is a legal requirement, businesses must be able to demonstrate that they have the relevant valid permits including for use and disposal of resources e.g. water, waste etc.

10B4.3 Businesses shall be aware of their end client's environmental standards/code requirements

10B4.4 Suppliers should have an environmental policy, covering their environmental impact, which is communicated to all appropriate parties, including its own suppliers.

10B4.5 Suppliers shall be aware of the significant environmental impact of their site and its processes.

10B4.6 The site should measure its impacts, including continuous recording and regular reviews of use and discharge of natural resources e.g. energy use, water use (see 4-pillar audit report and audit checks for details).

10B4.7 Businesses shall make continuous improvements in their environmental performance.

10B4.8 Businesses shall have available for review any environmental certifications or any environmental management systems documentation

10B4.9 Businesses should have a nominated individual responsible for co-ordinating the site's efforts to improve environmental performance.

### B4. Guidance for Observations

10B4.10 Suppliers should have completed the appropriate section of the SAQ and made it available to the auditor.

10B4.11 Has the site recently been subject to (or pending) any fines/prosecutions for noncompliance to environmental regulations.

*Note for auditors and readers. This environment section is intended to take not more than 0.25 auditor days. It is an assessment only and the main requirement is to establish whether a site is meeting applicable environmental laws and/or has any certifications or environmental management systems in place. Following this assessment the client/supplier may decide a full environmental audit is required (see also best practice guidance/environment and guidance for auditor)*

## 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:

- The factory obtained the registration form of environmental impacts of the construction, the approval document of environment impact assessment, and the approval document for on-site inspection and acceptance of completed environmental protection facilities.
- The annual monitoring report for waste air and water showed the pollutant discharging was compliance with environmental law.
- The solid waste was disposed appropriately.
- The factory management aware of the environmental standards/code requirements and had a system in place to monitor their performance against these.
- The factory established the environment policy and procedures, which was communicated with their suppliers.
- The factory had the continuous improvement plan for improve their environmental performance. The factory recorded and reviewed the use and discharge of natural resources.



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

Details:

- Environmental policy
- Registration form of environmental impacts of the construction
- Approval document of environment impact assessment
- Approval document for on-site inspection and acceptance of completed environmental protection facilities
- Annual monitoring report for waste air and water
- Training records on environment
- Waste disposed records
- Continuous improvement plan
- Records of the use and discharge of natural resources

Any other comments:

Nil.

#### Non-compliance:

##### 1. Description of non-compliance:

- ☐ NC against ETI/Additional Elements
 ☐ NC against Local
 ☐ NC against customer code:

Local law and/or ETI/Additional Elements requirement:

Recommended corrective action:

##### Objective evidence observed:

(where relevant please add photo numbers)

#### Observation:

Description of observation:

Local law or ETI/Additional elements requirements:

Comments:

##### Objective evidence observed:

#### Good examples observed:

Description of Good Example (GE):

##### Objective Evidence Observed:



<b>Environmental Analysis</b> <i>(Site declaration only – this has not been verified by auditor. Please state units in all cases below.)</i>	
A: Is there a manager responsible for Environmental issues (Name and Position):	
B: Has the site conducted a risk assessment on the environmental impact of the site, including implementation of controls to reduce identified risks?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: The factory established the environment policy and procedures. The risk assessment has been conducted on the environmental impact internally once per year. And records were provided.
C: Does the site have a recognised environmental system certification such as ISO 14000 or equivalent? Please detail.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Details: N/A, no such certification was obtained.
D: Does the site have an Environmental policy? <i>(For guidance, please see Measurement criteria)</i>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If yes, is it publicly available? Yes. The factory's environmental policy was public and communicated with their suppliers.
E: If yes, does it address the key impacts from their operations and their commitment to improvement?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: The factory monitored the daily operations and verified if the impact of environment was happened. If the key impact happened, the factory would address it. When production process was noted generated the impact on environment, the factory would adjust and improve the production process in order to reduce the environmental risks.
F: Does the site have a Biodiversity policy? <i>(For guidance, please see Measurement criteria)</i>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
G: Is there any other sustainability systems present such as Chain of Custody, Forest Stewardship Council (FSC), Marine Stewardship Council (MSC) etc.? Please detail. <i>(For guidance, please see Measurement criteria)</i>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Details: The factory did not have the other sustainability systems, which were not very applicable for the factory's industry.
H: Have all legally required permits been shown? Please detail.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: The factory provided the registration form of environmental impacts of the construction, the approval document of environment impact assessment, and the approval document for on-site inspection and acceptance of completed environmental protection facilities for review.
I: Is there a documentation process to record hazardous chemicals used in the manufacturing process?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A Details: The factory established a written procedure on handling chemicals, including hazardous chemicals. The list covering the storage and usage of chemicals, including hazardous chemicals, was maintained.



J: Is there a system for managing client's requirements and legislation in the destination countries regarding environmental and chemical issues?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: The factory established environment policy and procedures, which was compliance with client's requirements and local legal requirements. And the policy and procedures were implemented during daily work.
K: Facility has reduction targets in place for environmental aspects e.g. water consumption and discharge, waste, energy and green-house gas emissions	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: The factory had a continuous improvement plan for reducing environmental aspects. The factory had an annual reduction target for natural resources use and discharge.
L: Facility has evidence of waste recycling and is monitoring volume of waste that is recycled.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: The factory classified the wastes and verified the wastes which could be recycled during daily work. The records for recycling were kept.
M: Does the facility have a system in place for accurately measuring and monitoring consumption of key utilities of water, energy and natural resources that follows recognised protocols or standards	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: The records for consumption of key utilities of water, energy and natural resources were maintained in the factory. The responsible manager would measure and monitor the records and adjust the policy or procedures if needed.
N: Has the facility checked that any Sub-Contracting agencies or business partners operating on the premises have the appropriate permits and licences and are conducting business in line with environmental expectations of the facility?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: Factory had checked the suppliers' relevant environmental licenses and their environmental police before conducting business.

#### Usage/Discharge analysis

Criteria	Previous year: Please state period: January to December, 2018	Current Year: Please state period: January to February, 2019
Electricity Usage: Kw/hrs	61,610	8,200
Renewable Energy Usage: Kw/hrs	Nil	Nil
Gas Usage: Kw/hrs	Nil	Nil
Has site completed any carbon Footprint Analysis?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If <b>Yes</b> , please state result		
Water Sources: Please list all sources e.g. lake, river, and local water authority.	Local water authority	Local water authority
Water Volume Used:	441.3	56.5

(m³)		
Water Discharged: <i>Please list all receiving waters/recipients.</i>	wastewater treatment plant	wastewater treatment plant
Water Volume Discharged: (m³)	441.3	56.5
Water Volume Recycled: (m³)	0	0
Total waste Produced <i>(please state units)</i>	0	0
Total hazardous waste Produced: <i>(please state units)</i>	0	0
Waste to Recycling: <i>(please state units)</i>	0	0
Waste to Landfill: <i>(please state units)</i>	0	0
Waste to other: <i>(please give details and state units)</i>	0	0
Total Product Produced <i>(please state units)</i>	Pans: 3,6450,000 unit Note books: 3,270,000 unit	Pans: 4,500,000 unit Note books: 430,000 unit



### 10C: Business Ethics – 4-Pillar Audit

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

To be completed for a 4-Pillar SMETA Audit

#### 10C. Compliance Requirements

10C.1 Businesses shall conduct their business ethically without bribery, corruption, or any type of fraudulent Business Practice.

10C.2 Businesses as a minimum must meet the requirements of local and national laws related to bribery, corruption, or any type of fraudulent Business Practices.

10C.3 Where it is a legal requirement, businesses must be able to demonstrate that they comply with all fiscal legislative requirements.

10C.4 Businesses shall have access to a transparent system in place for confidentially reporting, and dealing with unethical Business Ethics without fear of reprisals towards the reporter.

10C.5 Businesses should have a Business Ethics policy, covering bribery, corruption, or any type of fraudulent Business Practice,

10C.6 Businesses should have a designated person responsible for implementing standards concerning Business Ethics

10C.7 Suppliers should ensure that the staff whose job roles carry a higher level of risk in the area of ethical Business Practice e.g. sales, purchasing, logistics are trained on what action to take in the event of an issue arising in their area.

#### 10C. Guidance for Observations

10C.8 Businesses should communicate their Business Ethics policy, covering bribery, corruption, or any type of fraudulent Business Practice to all appropriate parties, including its own suppliers.

10C.9 Has the site recently been subject to (or pending) any fines/prosecutions for non-compliance to Business Ethics regulations. If so is there evidence that sustainable corrective actions have been implemented

Note for auditors and readers. This Business Ethics section is intended to take not more than 0.25 auditor days. It is an assessment not an audit.

### 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:

- Factory's management knew the applicable laws, their end client's Business Ethics standards/code requirements. A system was in place to monitor their performance against the integrity issues.
- The factory established the documented Business Ethics policy concerning bribery, corruption, or unethical Business Practice, which was clearly communicated to all relevant parties, including their suppliers.
- The suggestion box was used for confidentially reporting ethical issues. And the raised issues would be investigated and resolved.
- Relevant training was provided to employees, whose job roles carry a higher level of risk in the area of ethical Business Practice.

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

Details:

- Policy and procedures on business ethics
- Training records on business ethics
- Handling records for raised ethical issues
- Management and employee Interview

Any other comments:

Nil

### Non-compliance:

#### 1. Description of non-compliance:

- ☐ NC against ETI/Additional Elements  
☐ NC against customer code:

☐ NC against Local

**Objective evidence observed:**  
(where relevant please add photo numbers)

Local law and/or ETI/Additional Elements requirement:

Recommended corrective action:

### Observation

Description of observation:

**Objective evidence observed:**

Local law or ETI/Additional elements requirement:

Comments:

### Good examples observed:

Description of Good Example (GE):

**Objective Evidence Observed:**



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A: Does the facility have a Business Ethics Policy and is the policy communicated and applied internally, externally or both, as appropriate?	<input type="checkbox"/> Internal Policy <input checked="" type="checkbox"/> Policy for third parties including suppliers Please give details: The factory established the documented Business Ethics policy concerning bribery, corruption, or unethical Business Practice, which was clearly communicated to all relevant parties, including their suppliers.
B: Does the site give training to relevant personnel (e.g. sales and logistics) on business ethics issues?	The factory provided training on business ethics issues to the sales, purchasing, logistics.
C: Is the policy updated on a regular (as needed) basis?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The factory review and updated the policy annually. And the most updated version would be provided the relevant parties again.
D: Does the site require third parties including suppliers to complete their own business ethics training	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The factory required the responsible managers of their suppliers to be trained on business ethics.

Other Findings Outside the Scope of the Code
Nil

Community Benefits
<i>(Please list below any specific community benefits that the site management stated that they were involved in, for example, HIV programme, education, sports facilities)</i>
Nil




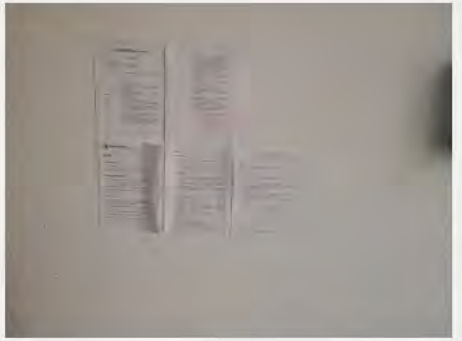




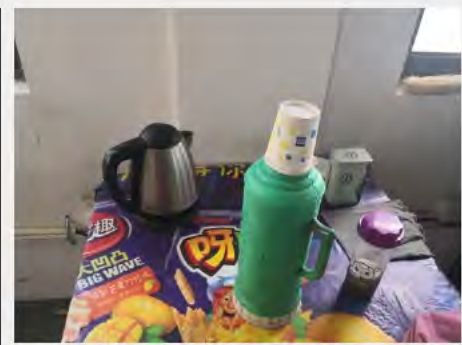
## Appendix 1

Comparison between ETI code and Customer's Supplier's Code. Any areas where a site complies with the Customer's Supplier Code, but not with the ETI code are discussed at the audit close out meeting and recorded on the CAPR. Note to supplier "for this customer it may not be necessary to complete corrective actions where NC's DO NOT meet the ETI code, but DO meet your customer's code. If the audit is shared with other customers who work to the ETI code or an equivalent international standard, corrective actions will be necessary."

☒ Not Applicable please x




## Photo Form

		
Factory Name	Factory Building	Suggestion Box
		
ETI Code	Fire evacuation plan	fire alarm
		
warehouse	Injection molding	Drinking water

		
mixing	fire hydrant	Fire Extinguishers

		
Electronic Attendance Recorder	First Aid Kit	toilet

		
packing	Screen printing	Thermal transfer

		
warehouse	NC1- gap was 0	NC2- no warning sign





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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 Buyer \(A\) & Buyer/Supplier \(A/B\) members:](#)**

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**[Click here for Supplier \(B\) members:](#)**

[http://www.surveymonkey.com/s.aspx?sm=d3vYsCe48fre69DRglY\\_2brg\\_3d\\_3d](http://www.surveymonkey.com/s.aspx?sm=d3vYsCe48fre69DRglY_2brg_3d_3d)

**[Click here for Auditors:](#)**

<https://www.surveymonkey.co.uk/r/BRTVCKP>