

Sedex Members Ethical Trade Audit (SMETA) Report

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

Supplier name:	Not provide	
Site country:	China	
Site name:	[REDACTED]	
Parent Company name (of the site):	N/A	
SMETA Audit Type:	<input checked="" type="checkbox"/> 2-Pillar	<input type="checkbox"/> 4-Pillar
Date of Audit	17 th November 2016	

Audit Content:

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

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



Intertek

Audit Company Name: Intertek	Report Owner (payee): [REDACTED] Manufacturer Ltd.
Sedex Company Reference: <i>(only available on Sedex System)</i>	S: Not supplied
Sedex Site Reference: <i>(only available on Sedex System)</i>	P: Not supplied

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

Auditor Reference Number: <i>(If applicable)</i>	Not applicable
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SMETA Declaration

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

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

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

Lead auditor: Mr. Kevin Deng

Team auditor: N/A

Interviewers: Mr. Kevin Deng

Date: 17th November 2016

Non-Compliance Table

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

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

Summary of Findings

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

Site Summary

- The products manufactured at this site are stationery and gifts
- Overall responsibility for meeting the standards is taken by Mr. [REDACTED] / Vice General Manager.
- There are a total of 68 employees on site (43 are migrant employees and 25 local employees, all are Permanent). Migrant employees are from Jiangxi and Sichuan.
- The youngest employee on site was 18 years old.
- Worker committee were present at the facility. The management would communicate the outcome of the audit to the employees through poster in the workshops, and would discuss at next worker committee meeting.
- There is no union at this facility.
- There is evidence of both male and female in management and among supervisor. The distribution was Male 50% and Female 50%.
- The peak season is not obvious at the facility.
- One subcontractor was used by the facility through management interview.
- 10 employees were randomly selected for interview including 5 male and 5 female employees; they were interviewed as 1 group of 4 and 6 employees were interviewed individually
- Payrolls for the period from October 2015 to September 2016 and attendance records for the period from 1st October 2015 to 17th November 2016 (audit day) were provided for review. Randomly sampled 10 employees' payrolls and attendance records from September 2016 (current month), June 2016 (randomly selected month) and December 2015 (randomly selected month) for further checking on status of wages and working hours.
- Based on the provided attendance records, standard working hours in this facility were 8 hours per day, 40 hours per week.
- Based on the provided attendance records and payrolls, overtime working hours were paid correctly.
- Based on the provided attendance records, the status of overtime hours in sample was as below:
14-68 hours/month in September 2016 (current month)
83-107 hours/month in June 2016 (randomly selected month)
All 32 hours/month in December 2015 (randomly selected month)

Issues Found

NC's

3

. The facility did not obtain the Food Operation Permit for its kitchen. During facility tour, auditor found that one kitchen and canteen located at 1/F of one 5-storey production building, but the facility did not obtain the Food Operation Permit for review.

Remark: The facility stated that they have a remedying method that through daily checking and recording to ensure safety.

5

. Insufficient social insurance participated. Through the social insurance receipt review in October 2016, auditor found that there were only 40 out of 68 employees had participated in basic endowment insurance, employment injury insurance, maternity insurance and unemployment insurance, no employee had participated in basic medical insurance. During interview with Mr. [REDACTED] / Vice General Manager, he stated that the employees working in the facility resigned frequently and some employees unwilling to participate in social insurance.

Remark: The facility had provided commercial group accident insurance for all 63 employees of the facility.

6

. Overtime hours exceeded the legal requirement. Through document review, auditor found that

The daily overtime hours of 10 out of 10 randomly selected employees were 4 hours and monthly overtime hours of 9 out of 10 randomly selected ranged from 50-68 hours in September 2016 (Most current month); the daily overtime hours of 10 out of 10 were 4 hours and monthly overtime hours ranged from 83-107 in June 2016 (Random month).

. Weekly working hours exceed requirement. Based on document review (i.e. reviewing of the attendance records) and employee interviews, auditor found that the weekly working hours of 10 out of 10 employees were 66 hours in June 2016.

8A

. Auditor found that the production process was subcontracted to below facility:

Factory Name: [REDACTED] Ltd.

Factory Address: [REDACTED] Guangdong, China.

Contact Person: [REDACTED]

Tel No: [REDACTED]

Fax No: [REDACTED]

E-mail: [REDACTED]

Process: Printing

Remark: The facility had provided the SMETA audit report about the printing facility for review

10B2

. No Environmental Impact Assessment (EIA) approval / registration for construction project. During document review, the facility could not provide the EIA approval / registration for construction project for review.

Remark: The facility stated that they applied to the environmental protection department for many times, but didn't get a reply.

Observation

None

GE

None

Audit Details

Audit Details			
A: Report #:	A4579037		
B: Time in and time out (SMETA BPG recommends 9.00-17.00 hrs. if any different please state why in the SMETA declaration)	Day 1 Time in: 9:30 Day 1 Time out: 17:30	Day 2 Time in: NA Day 2 Time out: NA	Day 3 Time in: NA Day 3 Time out: NA
C: Number of Auditor Days Used: (number of auditor x number of days)	Total 1 man-day (1 auditor x 1 day)		
D: Audit type:	<input type="checkbox"/> Full Initial <input checked="" type="checkbox"/> Periodic <input type="checkbox"/> Full Follow-up <input type="checkbox"/> Partial Follow-Up <input type="checkbox"/> Partial Other - Define		
E: Was the audit announced?	<input checked="" type="checkbox"/> Announced <input type="checkbox"/> Semi – announced: Window detail: <input type="checkbox"/> Unannounced		
F: Was the Sedex SAQ available for review?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
If No , why not? (Examples would be, site has not completed SAQ, site has not been asked to complete the SAQ.)	The facility has not been asked to complete the SAQ.		
G: Any conflicting information SAQ/Pre-Audit Info to Audit findings?	<input type="checkbox"/> Yes <input type="checkbox"/> No If Yes , please capture detail in appropriate audit by clause N/A. The facility did not provide the SAQ for review.		
H: Auditor name(s) and role(s):	Mr. Kevin Deng (Lead auditor and interviewer)		
I: Report written by:	Mr. Kevin Deng		
J: Report reviewed by:	Sky Zhou		
K: Report issue date:	24 th November 2016		
L: Supplier name:	Not provide		
M: Site name:	[REDACTED]		
N: Site country:	China		

O: Site contact and job title:	Mr. [REDACTED] / Vice General Manager			
P: Site address: (Please include full address)	[REDACTED] Guangdong Province, China.			
Site phone:	[REDACTED]			
Site fax:	[REDACTED]			
Site e-mail:	[REDACTED]			
Q: Applicable business and other legally required licence numbers: for example, business license no, and liability insurance	Business license No.: [REDACTED] Valid Date: From 16 th September 1994 to long term			
R: Products/Activities at site, for example, garment manufacture, electricals, toys, grower	Stationery and gifts			
S: Audit results reviewed with site management?	Yes			
T: Who signed and agreed CAPR (Name and job title)	Mr. [REDACTED] / Vice General Manager			
U: Did the person who signed the CAPR have authority to implement changes?	Yes			
V: Present at closing meeting (Please state name and position, including any workers/union reps/worker reps):	Mr. [REDACTED] / Vice General Manager Ms. [REDACTED] / Sales Mr. [REDACTED] / Employee representative Mr. Kevin Deng / Lead auditor			
W: What form of worker representation / union is there on site?	<input type="checkbox"/> Union (name) <input checked="" type="checkbox"/> Worker Committee <input type="checkbox"/> Other (specify) <input type="checkbox"/> None			
X: Are any workers covered by Collective Bargaining Agreement (CBA)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
Y: Previous audit date:	12 th November 2015			
Z: Previous audit type:		SMETA 2-pillar	SMETA 4-pillar	Other
	Full Initial	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Periodic	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

Audit Scope/Actual Results

Criteria	Local Law (Please state legal requirement)	Actual at the Site (Record site results against the law)	Is this part of a Collective Bargaining Agreement?
A: Standard/Contracted work hours: (Maximum legal and actual required working hours excluding overtime, please state if possible per day, week and month)	Legal maximum: 8 hours per day and 40 hours per week	8 hours per day and 40 hours per week	<input type="checkbox"/> Yes <input type="checkbox"/> No N/A, No Collective Bargaining Agreement in the facility.
B: Legal Overtime hours: (Maximum legal and actual overtime hours, please state if possible per day, week and month)	Legal maximum: Not exceed 3 hours per day and 36 hours per month	Daily overtime hours: 0-4 hours in September 2016 (current month); 0-4 hours in June 2016 (random month); 0 hours in December 2015 (random month). Monthly overtime hours: 14-68 hours/month in September 2016 (current month); 83-107 hours/month in June 2016 (random month); 32 hours/month in December 2015 (random month).	<input type="checkbox"/> Yes <input type="checkbox"/> No N/A, No Collective Bargaining Agreement in the facility.
C: Legal age of employment: (Minimum legal and actual minimum age at site)	Legal minimum: 16 years old	18 years old	
D: Legal minimum wage for standard/contracted hours: (Minimum legal and actual minimum wage at site, please state if possible per hr, day, week and month)	Legal minimum: RMB 1350 per month equivalent to RMB 7.76 per hour (1350/21.75/8) effective since 1st	RMB 1600 per month equivalent to RMB 9.20 per hour (1600/21.75/8) effective since 1st May 2015.	<input type="checkbox"/> Yes <input type="checkbox"/> No N/A, No Collective Bargaining Agreement in the facility.

	May 2015.		
<p>E: Legal minimum overtime wage: <i>(Minimum legal and actual minimum overtime wage at site, please state if possible per hr, day, week and month)</i></p>	<p>Legal minimum: The employing unit shall, according to the following standards, pay labourers remuneration higher than those for normal working hours under any of the following circumstances:</p> <ol style="list-style-type: none"> 1) to pay no less than 150% of the normal wages if the extension of working hours is arranged; 2) to pay no less than 200% of the normal wages if the extended hours are arranged on days of rest and no deferred rest can be taken; and 3) To pay no less than 300% of the normal wages if the extended hours are arranged on statutory holidays. 	<ol style="list-style-type: none"> 1. to pay no less than 150% of the normal wages if the extension of working hours is arranged; 2. to pay no less than 200% of the normal wages if the extended hours are arranged on days of rest and no deferred rest can be taken; and 3. To pay no less than 300% of the normal wages if the extended hours are arranged on statutory holidays. 	<input type="checkbox"/> Yes <input type="checkbox"/> No N/A, No Collective Bargaining Agreement in the facility.

Audit Scope

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

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

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

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

Audit Overview

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

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

Manufacturer Ltd. was located at Guangdong Province, China. The total land area occupied by the facility was about 3,500 square meters. The facility has operated in the existing location since November 1997.

A total of 68 employees are currently working in the facility, which includes 54 production employees and 14 non-production employees. The proportion of local employees to migrant employees is 25 to 43. Migrant employees mostly come from Jiangxi and Sichuan provinces in China. All employees are hired by the facility directly.

The employees work for 5 days a week in one shift. The normal working hour is from 8:00 to 17:00 with 1 hour for lunch time from 12:00 to 13:00. Employees' wages are calculated on monthly basis and paid on or before 18th of each month. The peak season is not obvious as per management interview.

With regards to facilities, there is 2/3 area of 4/F and 1/2 area of 1/F of one 5-storey building for production workshop, warehouse, office, canteen and kitchen; no dormitory in the facility.

For building details, please see below:

Production Building no.1	Description	Remark, if any
Floor 4	All departments and office	Year of establishment:1988
Floor 1	Warehouse, Canteen and Kitchen	Year of establishment:1988
Is this a shared building?	Yes	Yes

G: Site function:

- ☐ Agent
☒ Factory Processing/Manufacturer
☐ Finished Product Supplier
☐ Grower
☐ Homeworker
☐ Labour Provider
☐ Pack House
☐ Primary Producer
☐ Service Provider
☐ Sub-Contractor

H: Month(s) of peak season:
(if applicable)

The peak season is not obvious

I: Process overview:
(Include products being produced, main operations, number of production lines, main equipment used)

The products manufactured in this unit are stationery and gifts.
The main production processes include Cutting, High-frequency, Binding, Inspection and Packing.

The main machine list of the facility was as following:

Pressing book machine: 1 set, High-frequency sealing machine: 5 sets, Sewing machine: 4sets, Cutting machine: 4 sets, Gluing machine: 6 sets, Die-cutting machine: 6 sets, Packing machine: 2 sets, etc.

J: Attitude of workers:

(Include their attitude to management, workplace and the interview process. Both positive and negative information should be included) Note: Do not document any information that could put workers at risk

10 employees were selected for interview including 5 male and 5 female employees; they were interviewed as 1 group of 4 and 6 individually.

The employees were assured of confidentiality and they spoke freely of their views of the facility. All employees said they were satisfied with their employment at the facility.

All employees said they were satisfied with their employment at the facility and that they were satisfied with the current wages which in their view were in line with wages in the locality. They felt free to leave this employer and understood the notice period required. They had good relationships with their supervisors and managers who treated them with respect.

They were able to make suggestions to their supervisors and team leaders and sometimes they had seen these suggestions used. They felt able to complain directly to their supervisors.

K: Attitude of workers committee/union reps:

(Include their attitude to management, workplace and the interview process. Both positive and negative information should be included) Note: Do not document any information that could put workers at risk

The workers representative was favourable with management, workplace and the interview process. No negative information was raised.

L: Attitude of managers:

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

The facility management had a system in place to check their current practices against their clients' requirements and the local law, and they took notice of the findings of the internal audit team and had recently implemented a Health & Safety committee to take care of health and safety concerns. Not all parts of the code were implemented; please see relevant section of report.

Key Information

Key Information

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

<p>A: Do all workers (including migrant workers) have contracts of employment/employment agreements? (Go to clause 8 – Regular Employment)</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<p>B: Are maximum standard/contracted working hours clearly defined in contract/employment agreements? (Go to clause 8 – Regular Employment)</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<p>C: Were appropriate records available to verify hours of work and wages? (Go to clause 5 – Living Wage)</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<p>D: Were any inconsistencies found? (if yes describe nature) (Go to Wages Table)</p>	<div style="display: flex; justify-content: space-between;"> <div> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No </div> <div> <input type="checkbox"/> Poor record keeping <input type="checkbox"/> Isolated incident <input type="checkbox"/> Repeated occurrence </div> </div>
<p>E: For the lowest paid production workers, are wages paid for standard/contracted hours (excluding overtime) below or above the legal minimum? (Go to clause 5 – Living Wage)</p>	<div style="display: flex;"> <div style="flex: 1;"> <p>Wages found:</p> <input type="checkbox"/> Below legal min <input type="checkbox"/> Meet <input checked="" type="checkbox"/> Above </div> <div style="flex: 1; padding-left: 10px;"> <p>Please indicate the breakdown of workforce according to earnings:</p> <p>___ % of workforce earning under min wage</p> <p>___ % of workforce earning min wage</p> <p>___100___ % of workforce earning above min wage</p> </div> </div>
<p>F: % of piece rate workers: (if applicable)</p>	<p>N/A, no piece rate at the facility.</p>
<p>G: Do the standard/contracted hours stated in a contract/employment agreement exceed the law or 48 hours per week? (Go to clause 6 – Working hours)</p>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<p>H: If yes, what are the standard/contracted hours per week as stated in the contract/employment agreement? (Go to clause 6 – Working hours)</p>	<div style="display: flex;"> <div style="flex: 1;"> <p>___N/A___ hrs/week</p> </div> <div style="flex: 1; padding-left: 10px;"> <p>Approx. ___N/A___% of ALL workers on these contacted hours</p> </div> </div>
<p>I: Combined hours (standard/contracted plus overtime = total hours) over 60 per week found? (Go to Working Hours Analysis)</p>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<p>J: Are workers provided with 1 day off in every 7-day-period, or 2 in 14-day-period (where the law allows)?</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <p>If 'No', please explain: N/A</p>

K: Are the correct legal overtime premiums paid? (Go to Wages Table)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A – there is no legal requirement to OT premium
L: Please state what actual OT is paid. (As a percentage of the workers standard rate) (Go to Working Hours Analysis)	Please give details of overtime premium as a % of standard wages: <input type="checkbox"/> 0% <input type="checkbox"/> 1% – 115% <input type="checkbox"/> 116% – 124% <input checked="" type="checkbox"/> 125% – 199% <input checked="" type="checkbox"/> 200%+ Please give details: 1. to pay no less than 150% of the normal wages if the extension of working hours is arranged; 2. to pay no less than 200% of the normal wages if the extended hours are arranged on days of rest and no deferred rest can be taken; and 3. To pay no less than 300% of the normal wages if the extended hours are arranged on statutory holidays.
M: Is there any night production work at the site?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
N: % of workers living in site provided accommodation (if applicable):	No dormitory was provided by the facility.
O: Age of youngest worker found: (Go to clause 4 – Child labour)	18 years old
P: Workers under 18 subject to hazardous work assignments? (Go to clause 3 – Health and Safety)	<input type="checkbox"/> Yes <input type="checkbox"/> No N/A
% of under 18's at this site (of total workers)	0 %
Q: What form of worker representation/union is there on site? (Go to clause 2 – Freedom of Association)	<input type="checkbox"/> Union <input checked="" type="checkbox"/> Worker Committee <input type="checkbox"/> Other (specify) <input type="checkbox"/> None
R: Is it a legal requirement to have a union? (Go to clause 2 – Freedom of Association)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
S: Is it a legal requirement to have a workers committee? (Go to clause 2 – Freedom of Association)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
T: Is there any other form of effective worker/management communication channel? (Other than union/worker committee) (Go to clause 2 – Freedom of Association)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Describe: Telephone, meeting and the team leader
U: Are there any External Processes? (Go to clause 8A – Sub-contracting and Home working)	<input checked="" type="checkbox"/> Sub-Contracting <input type="checkbox"/> Homeworking <input type="checkbox"/> Other External Process

☐ No external processes

Management Systems

Management Systems:	
A: Nationality of Management	China
B: Gender breakdown of Management + Supervisors <i>(Include as one combined group)</i>	Male: <u>50</u> % Female: <u>50</u> %
C: Majority nationality of workers	China
D: Number of workers leaving in last 12 months as a % of average total number of workers on site over the year (annual worker turnover)	<u>8</u> %
E: Were accurate records shown at the first request?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
F: If No , why not?	N/A
G: In the last 12 months, has the site been subject to any fines/prosecutions for non-compliance to any regulations?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please describe: No any fines/prosecutions in the past 12 months.
H: Do policies and/or procedures exist that reduce the risk of forced labour, child labour, discrimination, harassment & abuse?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: completed policies and procedures exist to reduce the risk of forced labour, child labour, discrimination, harassment and abuse.
I: If Yes , is there evidence (an indication) of effective implementation? Please give details.	There was one social compliance policy was exist at the facility, and the facility had conducted employee training regularly
J: Have managers and workers received training in the standards for forced labour, child labour, discrimination, harassment & abuse?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: Managers and workers received training in the standards for forced labour, child labour, discrimination, harassment & abuse.
K: If Yes , is there evidence (an indication) that training has been effective e.g. training records etc.? Please give details	Training records and training material were provided for review.
L: Are there published, anonymous and/or open channels available for reporting any violations of Labour standards and H&S or any other grievances to a 3 rd party?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: the workers can call the labour and social security department to report any violations of labour standards and H&S or any other grievances.
M: If Yes , are workers aware of these	Yes, workers know this channel according to the facility policies.

channels? Please give details.	
N: Have health and safety risks been identified e.g. through internal audits, formal risk analysis process, worker involvement etc.?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please describe: NA
O: If Yes , has effective action been taken to reduce or eliminate these risks?	NA
P: Are accidents recorded?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: Management keeps a record of any accidents (Ms. Xu Wenli / Staff)
Q: Has the auditor made a simple calculation to compare capacity with workers' work load in order to identify possible unrecorded work hours?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: According to simple calculation, the workers' work load daily could meet the capacity of the facility.
R: Does the site have all required land rights licenses and permissions (see SMETA Measurement Criteria)?	Yes
S: Does the site have any internationally recognised system certifications e.g. ISO 9000, 14000, OHSAS 18000, SA8000 (or other social audits). Please detail (Number and date).	No
T: Is there a Human Resources manager/department? If Yes, please detail.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: Ms. Xu Wenli / Staff

Worker Analysis

Worker Analysis								
	Local			Migrant				Total
	Permanent	Temporary	Agency	Permanent	Temporary	Agency	Home workers	
Worker numbers – male	6	0	0	16	0	0	0	22
Worker numbers – female	19	0	0	27	0	0	0	46
Total	25	0	0	43	0	0	0	68
Number of Workers interviewed	2	0	0	8	0	0	0	10

Contractors:

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

A: Any contractors on site?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
B: If Yes , how many workers supplied by contractors	N/A
C: Are all contractor workers paid according to law?	<input type="checkbox"/> Yes <input type="checkbox"/> No N/A, no contractor onsite
If Yes , Please give evidence for contractor workers being paid according to law:	N/A

Migrant Workers:

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

D: Originating Locations/Countries:	Migrant workers are from Jiangxi and Sichuan, etc.
E: Type of work undertaken by migrant workers :	All types of work in the facility include migrant workers
F: Were migrant workers recruited through an agency?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

If yes, please give details.	Please describe: All migrant employees were recruited directly by the facility rather than through an agent
If Yes , is there a contract with the agency? Provide details of agencies and contractual arrangements including any fees lodged during the recruitment process.	N/A
G: Does the site have a system for checking labour standards of agencies? If yes, please give details.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please describe: N/A Site does not use agencies
H: Percentage of migrant workers in company provided accommodation:	N/A. No dormitory was provided by the facility.

Audit Results by Clause

0: Managements system and Code Implementation

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

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

Current Systems and Evidence Examined

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

Current systems:

- 1. The facility implements and maintains systems for delivering compliance to this Code.
- 2. One senior supervisor is responsible for compliance with the Code. Mr. [REDACTED] / Vice General Manager
- 3. The facility communicates this Code to all employees by training as confirmed by training records and employee interviews.
- 4. The facility communicates the set objectives to their respective contractors and suppliers as well through providing copy of written policies and procedures.

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

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

Non-compliance:

Description of non-compliance: <input type="checkbox"/> NC against ETI/Additional Elements None observed	<input type="checkbox"/> NC against Local Law	Objective evidence observed: Not applicable
Local law or ETI requirement: Not applicable		
Recommended corrective action: Not applicable		

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

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

1: Employment is Freely Chosen

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

ETI

1.1 There is no forced, bonded or involuntary prison labour.

1.2 Workers are not required to lodge "deposits" or their identity papers with their employer and are free to leave their employer after reasonable notice.

Current Systems and Evidence Examined

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

Current systems:

The facility has a policy which prohibits forced labour and this was available for review. There was a non-formalised application procedure which states that employees must present their ID's for proof of age but that only copies must be kept in the personnel files and the original given back to the employees. The employee handbook – given to all employees on joining, states that employees within their probation period are free to leave with 3 days written notice and once an employee is permanent (this is out of probation) they can resign from the facility 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. There was no formalised procedure for how employees would receive their last wages if they leave e.g. after Chinese New Year. The terms and conditions of employment in the handbook state that the employees are free to leave the workplace outside of their working hours. Contract for security guards state that they must not prevent employees from leaving the premises outside of working hours and where they are conducting searches that this is at the request of management, is done on a sample basis and is performed discretely and without significant delay to employees leaving at the end of shift. The above was confirmed in management and employee interview.

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

1. The factory's policy to ensure employment is freely chosen was reviewed. The policy includes the following clause: the facility does not require deposit or withhold employees' ID cards; the facility does not limit the employees' freedom; there is no forced, bonded or involuntary prison labour; and employees are free to leave their employer after reasonable notice.
2. Employment contracts were reviewed and they contain the notice periods.
3. Management interview and employee interview
4. Facility tour showed no sign of employees being under pressure.

Non-compliance:

Description of non-compliance: <input type="checkbox"/> NC against ETI <input type="checkbox"/> NC against Local Law: None observed Local law and/or ETI requirement Not applicable Recommended corrective action: Not applicable	Objective evidence observed: Not applicable
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Observation:	
Description of observation: None observed Local law or ETI requirement: Not applicable Comments: Not applicable	Objective evidence observed: Not applicable

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

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

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

ETI

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

Current Systems and Evidence Examined

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

Current systems:

- There is no union at the site
- There is evidence of a Worker committee
- The Worker committee members were chosen by fellow employees
- Minutes are kept in the facility.
- The Worker committee was formed 2 year ago
- Employee interview confirmed that the members of the worker committee had been elected by fellow employees.

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

- Minutes of the Worker committee meeting
- Site policy on freedom of association
- Interview with employees
- Interview with Worker committee members
- Interview with managers

Non-compliance:

Description of non-compliance:

☐ NC against ETI ☐ NC against Local Law
None observed

Local law and/or ETI requirement:

Not applicable

Recommended corrective action:

Not applicable

Objective evidence observed:

Not applicable

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

A: Name of union and union representative, if applicable:	N/A	Is there evidence of free elections? <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A
B: If no union what is parallel means of consultation with workers e.g. worker committees?	Suggestion box, Worker committee	Is there evidence of free elections? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
C: Were worker representatives/union representatives interviewed	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If Yes , please state how many: 1	
D: State any evidence that union/workers committee is effective? <i>Specify date of last meeting; topics covered; how minutes were communicated etc.</i>	The Worker committee had met only once. There were meeting minutes and the union interview confirmed that they had met with management only one time in the last 3 months. Last meeting topics covered toilet sanitations on 22 nd August 2016.	
E: Are any workers covered by Collective Bargaining Agreement (CBA)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
F: If Yes what percentage by trade Union/worker representation	___% workers covered by Union CBA N/A	___% workers covered by worker rep CBA N/A
G: If Yes , does the Collective Bargaining Agreement (CBA) include rates of pay	<input type="checkbox"/> Yes <input type="checkbox"/> No N/A	

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

3: Working Conditions are Safe and Hygienic

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

ETI

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

Current Systems and Evidence Examined

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

Current systems:

1. General Health and Safety management
 - Ms. Xu Wenli / Staff is appointed as Health & Safety Manager for the site.
 - Potable water was freely available in all areas and test certificates were up-to-date
 - Sufficient clean toilets segregated by gender were available at all times to employees
 - Ventilation, temperature and lighting were adequate for the production processes.
 - Minutes of meetings show that there are monthly meetings between the H&S committee (workers) and the H&S manager, and each point is acted on.
2. Fire Safety
 - There were at least 2 exits from each work area and these were clearly marked
 - Fire fighting equipment was adequate and checks were up-to-date
 - Evacuation diagrams were posted in all areas and understood by all employees interviewed
 - Fire drills were organised and recorded every 6 months of both production.
 - Training had been given by the local fire department and fire marshals had been specially selected for extra training.
3. Electrical safety
 - All electrical equipment was maintained in good condition such as sockets, plugs, switches and main fuse boards.
 - There were competent electricians at the site and their training certificates were available for review.
4. Medical services
 - There were adequate first aid kits in each production area and they were well stocked.
 - There were 2 first aiders and when a selection was interviewed, they confirmed they had been trained at a local hospital. These first aiders were identified by blue 'cross' armbands.

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

- Health and safety policy
- Health and safety manual
- Health and safety committee minutes
- Training records and certificates
- Fire equipment maintenance records
- Fire drill records
- Government licenses and checks on air quality and noise level
- Building structure safety certificate
- Trained first aider register
- Accident reports
- Potable water testing certificates
- Interviews with H&S manager
- Interviews with employees and H&S committee members

Non-compliance:

Description of non-compliance:

☒ NC against ETI ☒ NC against Local Law

The facility did not obtain the Food Operation Permit for its kitchen. During facility tour, auditor found that one kitchen and canteen located at 1/F of one 5-storey production building, but the facility did not obtain the Food Operation Permit for review.

Remark: The facility stated that they have a remedying method that through daily checking and recording to ensure safety.

Local law and/or ETI requirement:

Local law: In accordance with the Administrative Measures on Food Operation Permission Article 4, Food operation permission shall follow the principle of one permit for one site. Namely, one Food Operation Permit shall be obtained prior to the food operator engages in food business operations in a particular site.

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

Recommended corrective action:

It is recommended that the facility should ensure ensure the kitchen obtain the Food Operation Permit.

Action By: Mr. [REDACTED] / Vice General Manager

Recommended completion timescale: 90 days

Verification method: desktop

Objective evidence observed:

1. Onsite observation and Management interview

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

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

4: Child Labour Shall Not Be Used

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

ETI

- 4.1 There shall be no new recruitment of child labour.
 4.2 Companies shall develop or participate in and contribute to policies and programmes which provide for the transition of any child found to be performing child labour to enable her or him to attend and remain in quality education until no longer a child.
 4.3 Children and young persons under 18 shall not be employed at night or in hazardous conditions.
 4.4 These policies and procedures shall conform to the provisions of the relevant ILO Standards.

Current Systems and Evidence Examined

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

Current systems:

There is an informal procedure for checking ages of employees at application stage, and this includes checking ID's, however, this is not written down, and there are no formal checks of validity of ID's. Once employees have joined their original ID's are copied and given back to them whilst copies only are kept in their personnel file. Checks of all employees' files showed that the youngest employee present was age 30 years. No young workers hired by the facility. There was a note on young workers in the employee handbook detailing special employment conditions which included that by law young workers will be given a regular health check and will be registered with the local labor office.

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

- Personnel files of all employees
- Latest list of employees
- Young workers details
- Records of any health checks

Non-compliance:

Description of non-compliance:

☐ NC against ETI ☐ NC against Local Law
 None observed

Local law and/or ETI requirement:

Not applicable

Recommended corrective action:

Not applicable

Objective evidence observed:

(where relevant please add photo numbers)

Not applicable

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

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

5: Living Wages are Paid

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

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

ETI

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

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

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

Current Systems and Evidence Examined

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

Current systems:

- Wage & benefit policy and controlling procedure were established and implemented.
- Wage & benefit policy and controlling procedure were communicated to the employees through regular trainings.
- The local minimum wage standard was set at RMB 1350 per month equivalent to RMB 7.76 per hour (1350/21.75/8) effective since 1st May 2015.
- Adequate wages and attendance records were kept in the factory.
- All employees' wages were calculated by monthly rates. The minimum wage paid by the facility was RMB 1600 per month equivalent to RMB 9.20 per hour (1600/21.75/8) effective since 1st May 2015.
- Per the facility's wage & benefit policy, the overtime hours were paid at the rates of 150% of the normal wages for regular overtime hours; 200% of the normal wages for rest days' overtime hours and 300% of the normal wages for statutory holidays' overtime hours. 150% and 200% of the normal wages were provided for the overtime hours on weekdays and rest days respectively in the sampled months (there was no overtime in statutory holidays in the sampled months), which met the legal requirement.
- All employees are 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.
- Insufficient social insurance participated. Through the social insurance receipt review in October 2016, auditor found that there were only 40 out of 68 employees had participated in basic endowment insurance, employment injury insurance, maternity insurance and unemployment insurance, no employee had participated in basic medical insurance. (Remark: The facility had provided commercial group accident insurance for all 63 employees of the facility.)
- The social insurance payments were passed on to the relevant authorities in a timely manner.
- Benefits such as annual leave, sick leave, marriage leave, and child-bearing leave etc. are provided to relevant employees adequately.
- All employees were paid no later than 18th day of each month by cash and each employee was given a pay slip and signed for their wages.
- No monetary fine was used by the factory as disciplinary measure.

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

- Wage & benefit policy and controlling procedure
- Training records about wage and benefit policy and controlling procedure
- Local legal minimum wage documents
- Local and national laws
- Labour contracts for all employees (to examine agreed wage rates)
- Payrolls for the period from October 2015 to September 2016 and attendance records for the period from 1st October 2015 to 17th November 2016 (audit day) were provided for review.
- Social insurance and payment receipts from the local authority
- Leave records
- Resignation records
- Payslips of all interviewed employees
- Disciplinary records
- Production records such as daily production quantity records, inspection records and material issuing records were reviewed and consistent with the attendance records and payrolls provided by the factory.
- Employee interview and management interview.

Non-compliance:

1. Description of non-compliance:

- ☒ NC against ETI ☒ NC against Local Law

Insufficient social insurance participated. Through the social insurance receipt review in October 2016, auditor found that there were only 40 out of 68 employees had participated in basic endowment insurance, employment injury insurance, maternity insurance and unemployment insurance, no employee had participated in basic medical insurance. During interview with Mr. Benty Chen / Vice General Manager, he stated that the employees working in the facility resigned frequently and some employees unwilling to participate in social insurance.

Remark: The facility had provided commercial group accident insurance for all 63 employees of the facility.

Local law and/or ETI requirement:

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

ETI 5.1: 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

Objective evidence observed:

(where relevant please add photo numbers)

Social insurance receipt review, management interview and employee interview.

Recommended corrective action:

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

Action By: Mr. [REDACTED] / Vice General Manager

Recommended completion timescale: 60 days

Verification method: Follow up

Observation:
Description of observation:

None observed

Local law or ETI requirement:

Not applicable

Comments:

Not applicable

Objective evidence observed:

Not applicable

Good Examples observed:
Description of Good Example (GE):

None observed

Objective Evidence Observed:

Not applicable

Wages analysis:

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

A: 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)

10 samples from September 2016 (current month)
10 samples from June 2016 (random month)
10 samples from December 2015 (random month)

B: Are there different legal minimum wage grades? If Yes, please specify all.

☐ Yes
☒ No

If **Yes**, please give details:
N/A

C: If there are different legal minimum grades, are all workers graded correctly?

☐ Yes
☐ No
☒ N/A

If **No**, please give details:
N/A

D: What deductions are required by law e.g.

Social insurance: basic endowment insurance, employment injury

social insurance? Please state all types:	insurance, basic medical insurance, unemployment insurance and maternity insurance. Personal income tax	
E: Have all of these deductions been made? Please list all deductions that have/have not been made.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If Yes , Please list all deductions that have been made: N/A If No , please give details on any deductions which have not been made: no any deduction was made by the facility.
F: Industry norm for this region: (please include time period e.g. hour/week/month)	There are no industry norms for this region at present.	

Wages table (Click here to return to Key information)			
Worker Type	Process Operator (Lowest paid)	Process Operator (Average paid)	Process Operator (Highest paid)
Select from individual worker records one worker from, lowest, average and highest wages and populate the boxes. Ensure comparison is made for same pay period and only uses full-time workers. See SMETA Best Practice Guidance and Measurement Criteria for completing this:			
A: Pay period: (State month selected)	September 2016	September 2016	September 2016
B: Anonymous Employee Reference/Dept.	Employee A/ Packing	Employee B/ Cutting	Employee C/ Binding
C: Employee Gender	Male	Female	Male
D: Contracted/Standard working hours: (excluding OT – please include time period e.g. hour/week/month)	160 hours/month	160 hours/month	160 hours/month
E: Contracted /Standard work pay rate: (excluding OT – please include time period e.g. hour/week/month)	RMB 1600/month	RMB 1600/month	RMB 1800/month
F: Standard day overtime – hours: (please include time period e.g. hour/week/month)	32 hours/month	32 hours/month	32 hours/month
G: Standard day overtime – wage:	RMB 442 this month	RMB 442 this month	RMB 497 this month

(please include time period e.g. hour/week/month)			
H: Rest day overtime – hours: (please include time period e.g. hour/week/month)	36 hours/month	36 hours/month	36 hours/month
I: Rest day overtime – wage: (please include time period e.g. hour/week/month)	RMB 663 this month	RMB 663 this month	RMB 745 this month
J: Statutory Holiday overtime – hours: (please include time period e.g. hour/week/month)	0 hour	0 hour	0 hour
K: Statutory holiday OT – wages: (please include time period e.g. hour/week/month)	0	0	0
L: Total overtime hours: (please include time period e.g. hour/week/month)	68 hours/month	68 hours/month	68 hours/month
M: Incentives/Bonus/ Allowances etc.: (please include time period e.g. hour/week/month)	RMB 140 this month for bonus;	RMB 489 this month for bonus;	RMB 479 this month for bonus;
N: Gross wages: (please include time period e.g. hour/week/month)	RMB 2845 this month	RMB 3194 this month	RMB 3522 this month
O: Social insurance and other deductions; please list which and amount.	RMB 0	RMB 0	RMB 0
P: Actual wage paid after deduction: (please include time period e.g. hour/week/month)	RMB 2845 this month	RMB 3194 this month	RMB 3522 this month
Comments: (Please state here any specific reasons/circumstances that explain the lowest and highest gross wages)			
1. The current payment month was September 2016. 2. The lowest and highest gross wages were caused by different bonuses. The bonuses defined by the facility varied from positions, work experience and individual competency. 3. Per management interview, all social insurance fees were paid by the facility.			
Q: Is there a defined living wage: This is <u>not</u> normally minimum legal wage. If answered Yes please state	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please specify amount/time period: N/A		

amount and source of info: Please see SMETA Best Practice Guidance and Measurement Criteria.	
R: Are workers paid in a timely manner in line with local law?	<input checked="" type="checkbox"/> Yes, All workers are paid on the 18 th day of the month <input type="checkbox"/> No
S: Is there evidence that equal rates are being paid for equal work:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: Through factory rules review, payroll records review and employee's interviews' interview, it was confirmed that equal rates are being paid for equal work.
T: How are workers paid:	<input checked="" type="checkbox"/> Cash <input type="checkbox"/> Cheque <input type="checkbox"/> Bank Transfer <input type="checkbox"/> Other If other explain: N/A

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:

- Working time policy and controlling procedure were established and implemented in the factory.
- Overtime is voluntary.
- Working time policy and controlling procedure were communicated to the employees through regular trainings.
- Working time was adequately recorded and kept by the factory.
- The employees' attendances were recorded by fingerprint system and the shift start time and shift end time were recorded accordingly.
- According to provided attendance records and employee interviews, basic working hours were 8 hours per day and 40 hours per week.
- Based on the provided attendance records, standard normal working hours in this facility were 8 hours per day and 40 hours per week; at least 1 day off in a week was assured; overtime hours exceeded the legal requirement. Through document review, auditor found that the daily overtime hours of 10 out of 10 randomly selected employees were 4 hours and monthly overtime hours of 9 out of 10 randomly selected ranged from 50-68 hours in September

2016 (Most current month); the daily overtime hours of 10 out of 10 were 4 hours and monthly overtime hours ranged from 83-107 in June 2016 (Random month); Weekly working hours exceed requirement. Based on document review (i.e. reviewing of the attendance records) and employee interviews, auditor found that the weekly working hours of 10 out of 10 employees were 66 hours in June 2016.

- Based on the provided attendance records, the status of monthly overtime hours in samples was as below:
14-68 hours/month in September 2016 (current month)
83-107 hours/month in June 2016 (randomly selected month)
All 32 hours/month in December 2015 (randomly selected month)

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

- Working time policy and controlling procedure
- Voluntary overtime policy
- Employees contracts
- Local and national laws
- Training records about working time policy and controlling procedure
- Attendance records for the period from 1st October 2015 to 17th November 2016 (audit day) were provided for review.
- Sample pay slips with recorded hours of all employees interviewed
- Production records such as daily production quantity records, inspection records and material issuing records were reviewed and consistent with the attendance records and payrolls provided by the factory.
- Employee interview and management interview.

Non-compliance:

1. Description of non-compliance:

- ☒ NC against ETI ☒ NC against Local Law

Overtime hours exceeded the legal requirement. Through document review, auditor found that the daily overtime hours of 10 out of 10 randomly selected employees were 4 hours and monthly overtime hours of 9 out of 10 randomly selected ranged from 50-68 hours in September 2016 (Most current month); the daily overtime hours of 10 out of 10 were 4 hours and monthly overtime hours ranged from 83-107 in June 2016 (Random month).

Local law and/or ETI requirement:

Local law: In accordance with the PRC Labour Law article 41 The employing unit may extend working hours due to the requirements of its production or business after consultation with the trade union and labourers, but the extended working hour for a day shall generally not exceed one hour; if such extension is called for due to special reasons, the extended hours shall not exceed three hours a day under the condition that the health of labourers is guaranteed. However, the total extension in a month shall not exceed thirty-six hours.

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.

Recommended corrective action:

It is recommended that the facility should reduce the employees' overtime hours and ensure the employees' overtime hours are within legal requirements.

Objective evidence observed:

(where relevant please add photo numbers)

1.Document review (i.e. reviewing of the attendance records and payrolls) and employee interviews

Action By: Mr. [REDACTED] / Vice General Manager
Recommended completion timescale: 60 days
Verification method: follow up

2. Description of non-compliance:

☒ NC against ETI ☒ NC against Local Law:

Overtime hours exceeded the legal requirement. Based on document review (i.e. reviewing of the attendance records and payrolls), auditors found that the monthly overtime hours of 25 out of 26 employees ranged from 40-58 hours in June 2016 (current month); the monthly overtime hours of 25 out of 26 employees ranged from 42-56 hours in January 2016 (random month), and the monthly overtime hours of 25 out of 26 employees ranged from 38-56 hours in November 2015 (random month).

Local law and/or ETI requirement

Local law: No Local law applicable.

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

Recommended corrective action:

It is recommended that the facility should ensure the employees' weekly working hours are within 60 hours.

Action By: Mr. [REDACTED] / Vice General Manager
Recommended completion timescale: 60 days
Verification method: follow up

2.Document review (i.e. reviewing of the attendance records and payrolls) and employee interviews

Observation:

Description of observation:

None observed

Local law or ETI requirement:

Not applicable

Comments:

Not applicable

Objective evidence observed:

Not applicable

Good Examples observed:

Description of Good Example (GE):

None observed

Objective Evidence Observed:

Not applicable

Working hours analysis			
Please include time period e.g. hour/week/month (Go back to Key information)			
Systems & Processes			
A: What timekeeping systems are used: time card etc.	Describe: Paper timecard		
B: Sample Size Checked (State number of worker records checked and from which weeks/months and type – should be current, peak and random/low: See SMETA Best Practice Guidance and Measurement Criteria)	10 samples from September 2016 (current month) 10 samples from June 2016 (random month) 10 samples from December 2015 (random month)		
C: Do ALL workers have contracts/employment agreements?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	If NO, state which type of workers do NOT have contracts/employment agreements: N/A	
D: Are standard/contracted working hours defined in all contracts/employment agreements?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	If NO, please state which type of workers do NOT have standard hours defined in contracts/employment agreements. N/A	
E: Are there any other types of contracts/employment agreements used?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If YES, Please complete as appropriate: <input type="checkbox"/> 0 hrs <input type="checkbox"/> Part time <input type="checkbox"/> Variable hrs <input type="checkbox"/> Other If "Other", Please define: N/A	
Standard/Contracted Hours worked			
F: Do standard/contracted standard hours ever exceed the law or 48 hours per week?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If YES give details and comparison (local law/48 hrs week) N/A	
G: What are the actual standard/contracted hours worked in sample (State per week/month)	Highest hours:	40 hours/week	
	Lowest hours:	40 hours/week	
H: Any local waivers/local law or	<input type="checkbox"/> Yes	If YES, Please give details	

permissions which allow averaging/annualised hours for this site?	<input checked="" type="checkbox"/> No	N/A
Overtime Hours		
I: Actual overtime hours worked in sample (State per day/week/month)	Highest OT hours:	68 hours/month in September 2016 (current month) 107 hours/month in June 2016 (random month) 32 hours/month in December 2015 (random month)
	Lowest OT hours:	14 hours/month in September 2016 (current month) 83 hours/month in June 2016 (random month) 32 hours/month in December 2015 (random month)
J: Range of overtime hours over all workers/or as large a sample as possible. (State per week/month and details)	14-68 hours/month in September 2016 (current month) 83-107 hours/month in June 2016 (randomly selected month) All 32 hours/month in December 2015 (randomly selected month)	
K: Approximate percentage of workers on highest overtime hours	80%	
L: Is overtime voluntary?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Conflicting Information	Please detail evidence e.g. Wording of contract/employment agreement/handbook/worker interviews/refusal arrangements:
Overtime Premiums		
M: Is overtime paid at a premium?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Please give details of normal day overtime premium as a % of standard wages:
	<input type="checkbox"/> 0% <input type="checkbox"/> 1 – 115% <input type="checkbox"/> 116 – 124% <input type="checkbox"/> 125 – 149% <input checked="" type="checkbox"/> 150 – 199% <input type="checkbox"/> 200%+	
	Any other comments: pay 150% of the normal wage for the overtime on working days.	
N: ETI Code requires a prevailing standard to give greatest worker protection. If a site pays less than 125% OT premium and this is allowed under local law, are there other considerations? Please complete the boxes where relevant. Multi select is possible.	<input type="checkbox"/> No <input type="checkbox"/> Consolidated pay (May be standard wages above minimum legal wage, with no/low overtime premium) <input type="checkbox"/> Collective Bargaining agreements <input type="checkbox"/> Other N/A	
	Please explain any checked boxes in N above e.g. detail of consolidated pay CBA or Other.	
	N/A	

Rest Days		
O: Are workers provided with 1 day off in every 7-day-period, or 2 in 14-day-period (where the law allows)?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<i>Maximum number of days worked without a day off (in sample):</i> 6 days worked without a day off in September 2016 (current month). 6 days worked without a day off in June 2016 (random month). 6 days worked without a day off in December 2015 (random month).
Total Hours		
P: Range of total hours: (Quote highest and lowest please include time period e.g. hour/week/month)	Highest total hours	12 hours per day/60 hours per week/228 hours (160 normal hours+68 OT hours) per month in September 2016 (current month); 160 + 68(OT) hours in September 2016 (current month)=228 hours 12 hours per day/66 hours per week/275 hours (168 normal hours+107 OT hours) per month in June 2016 (random month); 168 + 107(OT) hours in June 2016 (random month)=275 hours (W3=66 hours,W4=66 hours) 8 hours per day/48 hours per week/216 hours (184 normal hours+32 OT hours) per month in December 2015 (random month); 184 + 32(OT) hours in December 2015 (random month)=216 hours
	Lowest total hours	12 hours per day/28 hours per week/50 hours (36 normal hours+14 OT hours) per month in September 2016 (current month); 36 + 14(OT) hours in September 2016 (current month)=50 hours 12 hours per day/60 hours per week/251 hours (168 normal hours+83 OT hours) per month in June 2016 (random month); 168 + 83(OT) hours in June 2016 (random month)=251 hours 8 hours per day/48 hours per week/216 hours (184 normal hours+32 OT hours) per month in December 2015 (random month); 184 + 32(OT) hours in December 2015 (random month)=216 hours
R: If more than 60 total hours per week and this is legally allowed, are there other considerations? Please complete the boxes where relevant. Multi select is possible.	<input checked="" type="checkbox"/> Overtime is voluntary <input type="checkbox"/> Onsite Collective bargaining allows 60+ hours/week <input type="checkbox"/> Safeguards are in place to protect worker's health and safety <input type="checkbox"/> Site can demonstrate exceptional circumstances <input checked="" type="checkbox"/> Other reasons	
	Please explain any checked boxes in R above	
	The site does follow local law, no CBA/no extra protection and no exceptional circumstances, please see NC2 in clause 6.	

Comments:

(please state here any specific reasons/circumstances that explain the highest working hours)

Please add details of examples where the site has demonstrated "exceptional circumstances".

Nil

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

Nil

Any other comments:

The above hour's information is based on the attendance records provided by the facility.

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:

1. The facility tour showed workforce is comprised of male and female employees.
2. The interviewed employees stated that there was no issue of discrimination in this facility.
3. Through management interview and employee interview, it was noted that female employees were not asked for any pregnancy test.

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

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

Non-compliance:

Description of non-compliance:

☐ NC against ETI ☐ NC against Local Law

None observed

Local law and/or ETI requirement:

Not applicable

Recommended corrective action:

Not applicable

Objective evidence observed:

(where relevant please add photo numbers)

Not applicable

Observation:

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

8: Regular Employment Is Provided

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

ETI

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

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

Current Systems and Evidence Examined

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

Current systems:

1. Through management interview and employee interview, it was noted that the facility signs labour contracts with employees within 30 days after employment.
2. There is no subcontracting or home working from the site.

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

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

Non-compliance:

Description of non-compliance:

☐ NC against ETI/Additional Elements
None observed

☐ NC against Local Law

Local law or ETI requirement:

Not applicable

Recommended corrective action:

Not applicable

Objective evidence observed:

(where relevant please add photo numbers)

Not applicable

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

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

8A: Sub-Contracting and Homeworking

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

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

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

Note to auditor on homeworking:

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

Current Systems and Evidence Examined

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

Current systems:

It was verified through document review, facility tour, management interview and employee interview, there was one sub-contractor was used by this facility.

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

1. Facility tour
2. Management interview and employee interview

Non-compliance:

Description of non-compliance:

☒ NC against ETI/Additional Elements ☐ NC against Local Law
Auditor found that the production process was subcontracted to below facility:

Factory Name: [REDACTED]
Factory Address: [REDACTED]
[REDACTED] Guangdong, China.

Contact Person: [REDACTED]

Tel No: [REDACTED]

Fax No: [REDACTED]

E-mail: [REDACTED]

Process: Printing

Remark: The facility had provided the SMETA audit report about the printing facility for review

Local law or ETI requirement:

In accordance with the ETI Base Code Clause 8A.1. There should be no sub-

Objective evidence observed:

(where relevant please add photo numbers)

Facility tour, management interview and employee interview.

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.

Recommended corrective action:

It is recommended that the facility should obtain client's written approval prior to subcontracting.

Action by: Mr. [REDACTED] / Vice General Manager

Recommended Completion Timescale: 90 days

Verification Method: Desktop

Observation:

Description of observation:

None observed

Local law or ETI/Additional elements requirement:

Not applicable

Comments:

Not applicable

Objective evidence observed:

Not applicable

Good Examples observed:

Description of Good Example (GE):

None observed

Objective Evidence Observed:

Not applicable

Summary of sub-contracting – if applicable	
A: If sub-contractors are used, is there evidence this has been agreed with the main client?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes , summarise details: N/A
B: Number of sub-contractors/agents used	One sub-contractor was used by the facility.
C: Is there a site policy on sub-contracting?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If yes, summarise details: The facility would only used the sub-contractors which complied with the code stipulated by the social responsibility procedures of the audited facility.
D: What checks are in place to ensure no child labour is being used and work is safe?	Check the original of the national identification cards of every applicant to avoid misusing child labour.
E: What processes are sub-contracted?	Printing

Summary of homeworking – if applicable			
F: If homeworking is being used, is there evidence this has been agreed with the main client?	<input type="checkbox"/> Yes <input type="checkbox"/> No If Yes , summarise details: N/A. No homeworking was used by the facility		
G: Number of homeworkers	Male: N/A	Female: N/A	Total: N/A
H: Are homeworkers employed direct or through agents?	<input type="checkbox"/> Directly <input type="checkbox"/> Through Agents N/A		
I: If through agents, number of agents	N/A		
J: Is there a site policy on homeworking?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
K: How does site ensure worker hours and pay meet local laws for homeworkers?	N/A		
L: What processes are carried out by homeworkers?	N/A		
M: Are written agreements in place for homeworkers that include regular	<input type="checkbox"/> Yes <input type="checkbox"/> No		

employment?	N/A
N: Are full records available at the site?	<input type="checkbox"/> Yes <input type="checkbox"/> No N/A

9: No Harsh or Inhumane Treatment is Allowed

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

ETI

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

Current Systems and Evidence Examined

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

Current systems:

According to the documentation, the facility management had established a disciplinary procedure for employees' misbehaviour which included oral warning, written warning and finally termination and the site, had developed a training program for all employees on the procedure. Employee interview confirmed that employees were aware of the disciplinary procedure

As per management interview, document review and employee's interview, there was a policy on Harsh Treatment. There is an internal process for grievance, which is an anonymous email address, where employees can report any grievances (harassment, bullying, discrimination etc.), any received complaint will be handled by management, without any reprisal for the employee in question. All sampled employees were aware this system.

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

The relevant policy on prevention of harassment and abuse
Internal grievance procedure documentation.
Training records

Non-compliance:

Description of non-compliance:

☐ NC against ETI/Additional Elements
None observed

☐ NC against Local Law

Local law or ETI requirement:

Not applicable

Recommended corrective action:

Not applicable

Objective evidence observed:

(where relevant please add photo numbers)
Not applicable

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

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

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

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

Additional Elements

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

Current Systems and Evidence Examined

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

Current systems:

- Per document review, facility management representation and employee interview, all employees in the facility were Chinese, around 63% employees were migrant employees who came from other provinces out of Guangdong province (mainly from Sichuan and Jiangxi) and 37% were local employees. All employees had the proper legal rights to work in this region. The youngest age was 16 years old. All of them were recruited directly by the facility and no agency was involved in facility's recruitment processes.
- No agency staff or foreign employee was used by the facility.

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

- Hiring procedure
- Personnel files
- Employee handbook
- Facility tour
- Management interview and employee interview

Non-compliance:

Description of non-compliance:

☐ NC against ETI/Additional Elements
 None observed

☐ NC against Local Law

Local law or ETI requirement:

Not applicable

Recommended corrective action:

Not applicable

Objective evidence observed:

(where relevant please add photo numbers)

Not applicable

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

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

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

(Click here to return to NC-table)

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

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

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

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

Current Systems and Evidence Examined

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

Current systems:

- The facility had a written environmental policy.
- The facility made continuous improvements in their environmental performance.
- Based on observation on site, wastes were classified and collected on site.
- Based on employees' interview, they were trained on environmental protection.

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

- Legally required environmental documents
- Environmental policy
- Energy bills
- Water bill
- Employees' interview and Management interview Site tour

Non-compliance:

1. Description of non-compliance:

☒ NC against ETI/Additional Elements ☒ NC against Local Law
No Environmental Impact Assessment (EIA) approval / registration for construction project. During document review, the facility could not provide the EIA approval / registration for construction project for review.

Remark: The facility stated that they applied to the environmental protection department for many times, but didn't get a reply.

Local law and/or ETI/Additional Elements requirement:

Local law: In accordance with The PRC Environmental Impact Assessment Law article 22, The construction unit shall submit the Environmental Impact Report or Environmental Impact Report Form of the construction project to the authorized environmental protection administrative department in charge in accordance with the regulations of the State Council for examination and approval. The state implements register management for Environmental Impact Registration Form.

Objective evidence observed:

Document review and Management interview

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

Recommended corrective action:

It is recommended that facility should approve the EIA approval / registration as per legal requirement.

Action By: Mr. [REDACTED] / Vice General Manager

Recommended completion timescale: 90 days

Verification method: Desktop

Observation:

Description of observation:

None observed

Local law or ETI/additional elements requirement:

Not applicable

Comments:

Not applicable

Objective evidence observed:

Not applicable

Good examples observed:

Description of Good Example (GE):

None observed

Objective Evidence Observed:

Not applicable

Worker Interview Summary

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)	4 employees in 1 group	
D: Number of individual interviews (Please see SMETA Best Practice Guidance and Measurement Criteria)	Male: 3	Female: 3
E: Total number of interviewed workers (Please see SMETA Best Practice Guidance and Measurement Criteria)	Male: 5	Female: 5
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?	Nil	
I: What did the workers like the most about working at this site?	Wages are paid on time.	
J: Any additional comment(s) regarding interviews:	Nil	
K: Attitude of workers to hours worked:	Favourable	

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

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

Other findings

Other Findings Outside the Scope of the Code
None observed

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>
N/A

Photo Form

Best Practice Photos:

None observed
Nil

Non Compliance Photos:

None observed	None observed	None observed
N/A	N/A	N/A

General Pictures:

		
Facility name	Facility entrance	Facility building



Finished goods warehouse



Cutting department



QC department



Packing department



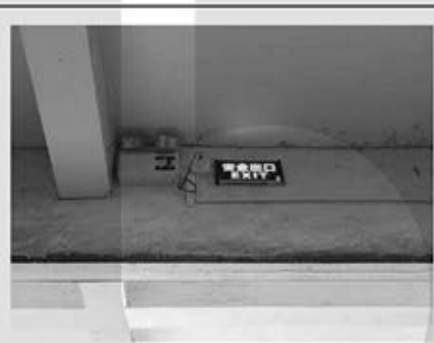
High-frequency department



Drinkable water



Suggestion box



Exit sign and Emergency light



Automatic closure system for emergency exit door



Fire hydrant



Fire extinguishers



Fire alarm



Evacuation map



MSDS posted



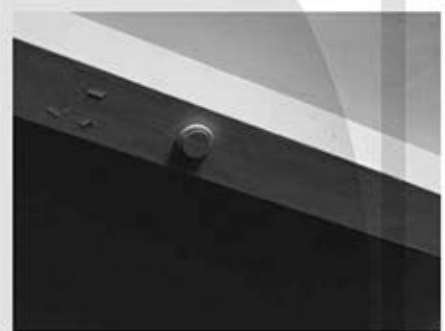
Time card recording system



First aid kit



Eye washing station



Smoke detector

		<i>Nil</i>
Electric box	Toilet	N/A

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

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

[Click here for A & AB members:](http://www.surveymonkey.com/s.aspx?sm=riPsbE0PQ52ehCo3lnq5lw_3d_3d)

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

[Click here for B members:](http://www.surveymonkey.com/s.aspx?sm=d3vYsCe48fre69DRqIY_2brq_3d_3d)

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

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

[Click here for B members:](http://www.surveymonkey.com/s.aspx?sm=d3vYsCe48fre69DRqIY_2brq_3d_3d)

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

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