



# Sedex Members Ethical Trade Audit Report

Version 6.1



Audit Details				
Sedex Company Reference: (only available on Sedex System)	[REDACTED]	Sedex Site Reference: (only available on Sedex System)	[REDACTED]	
Business name (Company name):	[REDACTED]			
Site name:	[REDACTED]			
Site address: (Please include full address)	[REDACTED] [REDACTED] [REDACTED] [REDACTED] Fujian Province. [REDACTED] [REDACTED] [REDACTED]	Country:	China	
Site contact and job title:	[REDACTED] / Business Manager			
Site phone:	[REDACTED] [REDACTED]	Site e-mail:	[REDACTED] [REDACTED]	
SMETA Audit Pillars:	<input checked="" type="checkbox"/> Labour Standards	<input checked="" type="checkbox"/> Health & Safety (plus Environment 2-Pillar)	<input type="checkbox"/> Environment 4-pillar	<input type="checkbox"/> Business Ethics
Date of Audit:	26 July 2021			

<b>Audit Company Name &amp; Logo:</b>  <b>TÜVRheinland®</b> Precisely Right. TUV Rheinland (Guangdong) Ltd.	<b>Report Owner (payer):</b> [REDACTED]
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Audit Conducted By					
Affiliate Audit Company	<input checked="" type="checkbox"/>	Purchaser	<input type="checkbox"/>	Retailer	<input type="checkbox"/>
Brand owner	<input type="checkbox"/>	NGO	<input type="checkbox"/>	Trade Union	<input type="checkbox"/>
Multi-stakeholder	<input type="checkbox"/>	Combined Audit (select all that apply)			

If you have any concerns or queries about this SMETA report or the associated SMETA audit, please contact [grievance@sedex.com](mailto:grievance@sedex.com).

To confirm the validity of this report, please visit  
<https://www.sedex.com/audit-verifier/>



## Audit Content:

(1) A SMETA audit was conducted which included some or all of Labour Standards, Health & Safety, Environment and Business Ethics. The SMETA Best Practice Version 6.1 was applied. The scope of workers included all types at the site e.g. direct employees, agency workers, workers employed by service providers and workers provided by other contractors. Any deviations from the SMETA Methodology are stated (with reasons for deviation) in the SMETA Declaration.

(2) The audit scope was against the following reference documents

### 2-Pillar SMETA Audit

- ETI Base Code
- SMETA Additions
  - Universal rights covering UNGP
  - Management systems and code implementation,
  - Responsible Recruitment
  - Entitlement to Work & Immigration,
  - Sub-Contracting and Home working,

### 4-Pillar SMETA

- 2-Pillar requirements plus
- Additional Pillar assessment of Environment
- Additional Pillar assessment of Business Ethics
- The Customer's Supplier Code (Appendix 1)

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

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



## SMETA Declaration

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

- (1) Where appropriate non-compliances were raised against the ETI code / SMETA Additions & local law and recorded as non-compliances on both the audit report, CAPR and on Sedex.
- (2) Any Non-Compliance against customer code alone shall not be uploaded to Sedex. However, in the CAPR these 'Variances in compliance between ETI code / SMETA Additions/ local law and customer code' shall be noted in the observations section of the CAPR.

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

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

Lead auditor: Bonnie Dong APSCA number: RA 21702970

Lead auditor APSCA status: In Good Standing

Team auditor: N/A APSCA number: N/A

Interviewers: Bonnie Dong APSCA number: RA 21702970

Report writer: Bonnie Dong

Report reviewer: Elva Jiang

Date of declaration: 26 July 2021

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

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

## Summary of Findings

Issue <i>(please click on the issue title to go direct to the appropriate audit results by clause)</i> <i>Note to auditor, please ensure that when issuing the audit report, hyperlinks are retained.</i>	Area of Non-Conformity <i>(Only check box when there is a non-conformity, and only in the box/es where the non-conformity can be found)</i>				Record the number of issues by line*:			Findings <i>(note to auditor, summarise in as few words as possible NCs, Obs and GE)</i>
	ETI Base Code	Local Law	Additional Elements	Customer Code	NC	Obs	GE	
0A <a href="#">Universal Rights covering UNGP</a>			<input type="checkbox"/>	<input type="checkbox"/>		0	0	• None was observed
0B <a href="#">Management systems and code implementation</a>		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	0	1	0	OB: • SAQ not completed at the time of audit.
1. <a href="#">Freely chosen Employment</a>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	0	0	0	• None was observed
2. <a href="#">Freedom of Association</a>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	0	0	0	• None was observed
3. <a href="#">Safety and Hygienic Conditions</a>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>	1	0	0	NC: • No safety devices were equipped to machines.
4. <a href="#">Child Labour</a>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	0	0	0	• None was observed
5. <a href="#">Living Wages and Benefits</a>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>	1	0	0	NC: • Insufficient social insurances provided
6. <a href="#">Working Hours</a>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>	1	0	0	NC: • Monthly overtime hours exceeded 36 hours in most months
7. <a href="#">Discrimination</a>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	0	0	0	• None was observed



8	<u>Regular Employment</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	0	0	0	• None was observed
8A	<u>Sub-Contracting and Homeworking</u>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	0	0	0	• None was observed
9	<u>Harsh or Inhumane Treatment</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	0	0	0	• None was observed
10A	<u>Entitlement to Work</u>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	0	0	0	• None was observed
10B2	<u>Environment 2-Pillar</u>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	0	0	0	• None was observed
10B4	<u>Environment 4-Pillar</u>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	N/A	N/A	N/A	N/A
10C	<u>Business Ethics</u>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	N/A	N/A	N/A	N/A

## General observations and summary of the site:

**Audit Process:**

This initial audit was conducted by TUV Rheinland. One auditor assessed the factory's operations against the ETI Base Code and local legislations on a sampling basis in one day and included interviews and records inspection of 10 workers. The attitude of management of factory was cooperative and constructive. Factory had not obtained any certificate on social responsibility, but related documents and procedures were available.

**Overview of opening meeting:**

At 08:00, the auditor entered the factory then held an opening meeting according to the ETI Base Code; The auditor introduced the audit information to the employment site's management and explained the purpose and scope of the audit, including potential benefits to the employment site, discussed and agreed the audit schedule. The factory management was present at the meeting. They stated that they would be co-operative with this audit.

**Summary of Findings (positive and negative):****Positive:**

1. The factory had a policy expresses its commitment to respect Human Rights.
2. The factory had established a system to deliver compliance to the code which included child labour prohibition system and overtime work control system etc.
3. The factory established procedures to reduce the risk of forced labour.
4. There was no union at the site, but workers have the right to join a union if they wished.
5. Written Health and Safety Policy and Health and Safety Manual were available.



6. Review the workers' roster, workers' personnel files, labour contracts and site observation, no child labour was employed in the factory. The youngest worker was 23 years old, born on 10 December 1997, employed in the factory on 06 March 2017.
7. Based on payrolls from June 2020 to May 2021, all employees were paid by hourly-rate and the payment exceeded local legal minimum wage.
8. Through employees' interview, overtime was voluntary.
9. The factory established policy and procedure on prohibiting discrimination. No evidence of discrimination was found in factory policies, rules, procedures and operation records.
10. The factory established the environment protection policy and the emergency preparedness plan.

**Negative findings:**

Finding 1: It was noted that no finger guards were equipped on all sewing machines and no belt guards were equipped for about 20% sewing machines.

Finding 2: Based on insurance receipt of June 2021, there were 35 (including 10 retired rehired employees and 1 new employee) employees on the audit date, insufficient social insurances were paid to employees, the current system: endowment insurance: 4 employees, occupational injury insurance: 4 employees, maternity insurance: 4 employees, medical insurance: 4 employees, unemployment insurance: 3 employees. However, the factory had provided commercial insurance to all employees, which validated from 19 December 2020 to 18 December 2021.

Finding 3: Based on attendance records from June 2020 to audit day review, it was found that all workers' overtime hours exceeded 36 hours per month except February 2021. Three sampled months of May 2021 (current paid month), December 2020 and August 2020 were randomly selected. It was found that 10 out of 10 workers' overtime was 64 hours in May 2021, 10 out of 10 workers' overtime was 58 hours in December 2020 and 10 out of 10 workers' overtime was 66 hours in August 2020.

**Observation**

1. The factory did not provide SAQ at the time of audit for review.

**Good Examples**

Nil

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

## Site Details

Site Details	
A: Company Name:	[REDACTED]
B: Site name:	[REDACTED]
C: GPS location: (if available)	<div> <div>[REDACTED] [REDACTED] [REDACTED] [REDACTED] Fujian Province, China</div> <div> Latitude: [REDACTED] Longitude: [REDACTED] </div> </div>
D: Applicable business and other legally required licence numbers and documents, for example, business license number, liability insurance, any other required government inspections	Business license Number: [REDACTED], valid from 11 July 2006 to 10 July 2036.
E: Products/Activities at site, for example, garment manufacture, electricals, toys, grower, cutting, sewing, packing etc	Manufacture of Bags.
F: Site description: (Include size, location, and age of site. Also, include structure and number of buildings)	<p>[REDACTED] was located at [REDACTED] Zi'an Road, Jiangnan High-tech Park, [REDACTED] Fujian Province, China. Total construction area around 2,400 square meters. They started their operation at the existing location in 2014. The factory used 3-4F of one 4-storey production building. No dormitory, canteen and kitchen were provided.</p> <p>There were 35 employees working in the facility including 3 management and 32 workers. There were 18 female workers and 14 male workers. 23 workers were local. The youngest worker was 23 years old, born on 10 December 1997, employed in the factory on 06 March 2017. No child labor or young worker was identified during the audit.</p> <p>All employees worked for 5 days a week, and the normal working hour was from 8:00-12:00 in the morning, and 14:00-18:00 in the afternoon. The noon break were 2 hours from 12:00-14:00. Finger scan attendance machine was installed for time keeping. All workers' wage was calculated by hourly rate basis and paid by cash monthly. The peak season of this factory was not obviously.</p> <p>Remark:</p>



- (1) The factory had rent 3-4F of one 4-storey production building. The factory had rented from [REDACTED] LTD. The lease contract was provided for review.
- (2) There were total two 4-storey buildings in the same boundary. One was production building and one was dormitory building. The auditee only used 3-4F of production building, the 1-2F of production building and the dormitory building were used by landlord.
- (3) This audit only included 3-4F of production building.

Production Building	Description	Remark, if any
Floor 1-2	Out of the audit scope	Used by landlord as production workshop and office
Floor 3	Sewing, inspection and packing workshop	Nil
Floor 4	Cutting workshop and warehouse	Nil
Is this a shared building?	Yes	Year of establishment: 2004

F1: Visible structural integrity issues (large cracks) observed?

☐ Yes

☒ No

F2: Please give details:

There were no large cracks in the production building.

F3: Does the site have a structural engineer evaluation?

☒ Yes

☐ No

F4: Please give details:

Report of construction acceptance check was provided.

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 of this factory was no obvious.



<p>I: Process overview: (Include products being produced, main operations, number of production lines, main equipment used)</p>	<p>The main products manufactured by the factory were Bags.</p> <p>The main production processes were listed as follows: Cutting, Sewing, Inspection, Packing</p> <p>Main equipment listed below: Cutting machines: 2 sets, Sewing machines: 30 sets.</p>
<p>J: What form of worker representation / union is there on site?</p>	<p><input type="checkbox"/> Union (name)</p> <p><input type="checkbox"/> Worker Committee</p> <p><input checked="" type="checkbox"/> Other (specify) one worker representative was elected by all employees</p> <p><input type="checkbox"/> None</p>
<p>K: Is there any night production work at the site?</p>	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p>
<p>L: Are there any on site provided worker accommodation buildings e.g. dormitories</p>	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p> <p>L1: If yes, approx. % of workers in on site accommodation</p>
<p>M: Are there any off site provided worker accommodation buildings</p>	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p> <p>M1: If yes, approx. % of workers</p> <p>No off site dormitory was identified.</p>
<p>N: Were all site-provided accommodation buildings included in this audit</p>	<p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>N1: If no, please give details</p> <p>N/A. No dormitory was provided</p>

### Audit Parameters

A: Time in and time out	A1: Day 1 Time in: 8:00 A2: Day 1 Time out: 17:30	A3: Day 2 Time in: N/A A4: Day 2 Time out: N/A	A5: Day 3 Time in: N/A A6: Day 3 Time out: N/A
B: Number of auditor days used:	One auditor in one day		
C: Audit type:	<input checked="" type="checkbox"/> Full Initial <input type="checkbox"/> Periodic <input type="checkbox"/> Full Follow-up <input type="checkbox"/> Partial Follow-Up <input type="checkbox"/> Partial Other  If other, please define		
D: Was the audit announced?	<input checked="" type="checkbox"/> Announced <input type="checkbox"/> Semi – announced: Window detail: weeks <input type="checkbox"/> Unannounced		
E: Was the Sedex SAQ available for review?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No E1: If No, why not? The factory didn't know the requirement.		
F: Any conflicting information SAQ/Pre-Audit Info to Audit findings?	<input type="checkbox"/> Yes <input type="checkbox"/> No If <b>Yes</b> , please capture detail in appropriate audit by clause N/A. No SAQ was provided for review		
G: Who signed and agreed CAPR (Name and job title)	Administration Manager		
H: Is further information available (If yes, please contact audit company for details)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
I: Previous audit date:	Nil		
J: Previous audit type:	N/A		
K: Were any previous audits reviewed for this audit	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A		

Audit attendance	Management	Worker Representatives
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	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)	N/A. No trade union onsite		



## Worker Analysis

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

Worker Analysis								
	Local			Migrant*			Home workers	Total
	Permanent	Temporary	Agency	Permanent	Temporary	Agency		
Worker numbers – Male	9	0	0	5	0	0	0	14
Worker numbers – female	14	0	0	4	0	0	0	18
Total	23	0	0	9	0	0	0	32
Number of Workers interviewed – male	1	0	0	3	0	0	0	4
Number of Workers interviewed – female	5	0	0	1	0	0	0	6
Total – interviewed sample size	6	0	0	4	0	0	0	10

A: Nationality of Management	China	
B: Please list the nationalities of all workers, with the three most common nationalities listed first. <i>Please add more nationalities as applicable to site. Add more rows if required.</i>	Nationalities: B1: Nationality 1: _ China _ B2: Nationality 2: _____ B3: Nationality 3: _____	Was the list completed during peak season? <input type="checkbox"/> Yes <input type="checkbox"/> No  If no, please describe how this may vary during peak periods: N/A.
C: Please provide more information for the three most common nationalities.	C: approx % total workforce: Nationality 1 _ 100% _ C1: approx % total workforce: Nationality 2 _____ C2: approx % total workforce: Nationality 3 _____	
D: Worker remuneration (management information)	D: _____% workers on piece rate D1: _ 100 _% hourly paid workers D2: _____% salaried workers  Payment cycle: D3: _____% daily paid D4: _____% weekly paid D5: _ 100 _% monthly paid D6: _____% other D7: If other, please give details	

Worker Interview Summary		
A: Were workers aware of the audit?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
B: Were workers aware of the code?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
C: Number of group interviews: <i>(Please specify number and size of groups. Please see SMETA Best Practice Guidance and Measurement Criteria. If the auditor was not able to follow the BPG, please state within the declaration)</i>	4 employees in one group	
D: Number of individual interviews <i>(Please see SMETA Best Practice Guidance and Measurement Criteria)</i>	D1: Male: 3	D2: Female: 3
E: All groups of workers are included in the scope of this audit such as: Direct employees, Casual and agency workers, Workers employed by service providers such as security and catering staff as well as workers supplied by other contractors. <i>Note to auditor: please record details of migrant /agency/contractor workers in section 8 – Regular Employment, under Responsible Recruitment</i>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No  If no, please give details	
F: Interviews were done in private and the confidentiality of the interview process was communicated to the workers?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
G: In general, what was the attitude of the workers towards their workplace?	<input checked="" type="checkbox"/> Favourable <input type="checkbox"/> Non-favourable <input type="checkbox"/> Indifferent	
H: What was the most common worker complaint?	The workers were content with the management.	
I: What did the workers like the most about working at this site?	Most workers said they were satisfied with working condition, the wage was paid timely, etc.	
J: Any additional comment(s) regarding interviews:	Nil	
K: Attitude of workers to hours worked:	Workers expressed that they sometimes wanted to work extra, to earn more money, however, they could turn down overtime if they wanted	
L. Is there any worker survey information available?		
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No L1: If yes, please give details:		



**M: Attitude of workers:**

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

6 employees were selected for the individual interview and total 4 employees in one group was selected for the group interview, all the interviewees were satisfied with the factory and no negative information was raised.

**N: Attitude of worker's committee/union reps:**

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

Through worker representative interview, the worker representative was pleased with the facility working environment and no negative information was raised

**O: Attitude of managers:**

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

Management interview was conducted through the audit. The factory management agreed that the auditor could access to all facilities, compound documents and records requested by the audit; took photos of the factory, copied relevant document records and conducted confidential workers interview.

## Audit Results by Clause

### 0A: Universal Rights covering UNGP

[\(Click here to return to summary of findings\)](#)

#### 0.A. Guidance for Observations

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

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

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

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

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

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

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

### Current Systems and Evidence Examined

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

#### Current systems:

1. The factory had a policy expresses its commitment to respect Human Rights.
2. [REDACTED] Administration Manager was designated as responsible personal for management of Human rights impacts.
3. The factory had a process for managing respect for Human Rights and effectively addressing any negative impacts.
4. The factory communicated standards concerning Human rights to their suppliers and provided the questionnaire of standards concerning Human rights through their supply chain.
5. The factory had procedures for 'worker respect and privacy' implemented.
6. The employees had access to a transparent system for confidentially reporting, and dealing with any Human Rights issues without fear of reprisals towards the reporter.

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

Details:

Employee manual

CSR manual and procedures

Suppliers management procedure

Social accountability policy

Internal CSR audit records and management review records

Communicate records of social accountability policy with suppliers

Training records

Worker interview



Any other comments:  
Nil

A: Policy statement that expresses commitment to respect human rights?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No A1: Please give details: The factory established the policy which stated commitment to respect human rights.
B: Does the business have a designated person responsible for implementing standards concerning Human Rights?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: One management representative was responsible for implementing standards concerning Human rights. Name: [REDACTED] Job title: Administration Manager
C: Does the business have a transparent system in place for confidentially reporting, and dealing with human rights impacts without fear of reprisals towards the reporter?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No C1: Please give details: Confidentially reporting such as access to workers' representatives directly or wrote anonymous letter to the suggestion box or called the telephone of the factory boss directly. And the factory established the prevention of retaliation procedure.
D: Does the grievance mechanism meet UNGP expectations? (Legitimate, Accessible, Predictable, Equitable, Transparent, Rights-compatible, a source of continuous learning and based on stakeholder engagement)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No D1: If no, please give details
E: Does the business demonstrate effective data privacy procedures for workers' information, which is implemented?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No E1: Please give details: Workers' privacy information was protected in the factory.

Findings		
<b>Finding:</b> Observation <input type="checkbox"/> Company NC <input type="checkbox"/> <b>Description of observation:</b> None was observed  <b>Local law or ETI/Additional elements / customer specific requirement:</b> N/A  <b>Comments:</b> Nil	<b>Objective evidence observed:</b> N/A	



## Good examples observed:

Description of Good Example (GE):  
None was observed

Objective Evidence  
Observed:  
N/A

## Measuring Workplace Impact

Workplace Impact		
A: Annual worker turnover: Number of workers leaving in last 12 months as a % of average total number of workers on site over the year (annual worker turnover)	A1: Last year: _5_ %	A2: This year _10_ %
B: Current % quarterly (90 days) turnover: Number of workers leaving from the first day of the 90 days period through to the last day of the 90 day period / [(number of employees on the 1 <sup>st</sup> day of 90 day period + number of employees on the last day of the 90 day period) / 2]	5%	
C: Annual % absenteeism: Number of days lost through job absence in the year / [(number of employees on 1 <sup>st</sup> day of the year + number employees on the last day of the year) / 2] * number available workdays in the year	C1: Last year: _5_ %	C2: This year _5_ %
D: Quarterly (90 days) % absenteeism: Number of days lost through job absence in the period / [(Number of employees on 1 <sup>st</sup> of the period + Number of employees on the last day of the period) / 2] * Number of available workdays in the month	Q 1: 5% Q 2: 5%	
E: Are accidents recorded?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No E1: Please describe: No accident was happened in the past 12 months according to the accident records.	
F: Annual Number of work related accidents and injuries per 100 workers: [(Number of work related accidents and injuries * 100) / Number of total workers]	F1: Last year: Number: 0	F2: This year: Number: 0
G: Quarterly (90 days) number of work related accidents and injuries per 100 workers: [(Number of work related accidents and injuries * 100) / Number of total workers]	0	
H: Lost day work cases per 100 workers: [(Number of lost days due to work accidents and work related injuries * 100) / Number of total workers]	H1: Last year: 0	H2: This year: 0
I: % of workers that work on average more than 48 standard hours / week in the last 6 / 12 months:	I1: 6 months ___0___% workers	I2: 12 months ___0___% workers

J: % of workers that work on average more than 60 total hours / week in the last 6 / 12 months:	J1: 6 months ____0____% workers	J2: 12 months ____0____% workers
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**0B: Management system and Code Implementation**[\(Click here to return to summary of findings\)](#)

- 0.B.1 Suppliers are expected to implement and maintain systems for delivering compliance to this Code.
- 0.B.2 Suppliers are expected to be operating legally in premises with the correct business licenses and permissions and to have systems to ensure that all relevant land rights have been complied with
- 0.B.3 Suppliers shall appoint a senior member of management who shall be responsible for compliance with the Code.
- 0.B.4 Suppliers are expected to communicate this Code to all employees.
- 0.B.5 Suppliers should communicate this code to their own suppliers and, where reasonably practicable, extend the principles of this Ethical Code through their supply chain.

**Current Systems and Evidence Examined**

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

**Current systems:**

1. The factory had established a system to deliver compliance to the code which included child labour prohibition system and overtime work control system etc.
2. The appointment of a senior responsible management representative ([REDACTED] Administration Manager) for management of ETI compliance was also provided for review.
3. The factory was aware of specific client requirements such as client's policy on labour standards, labelling, quality, environment and showed commitment to work with their clients to meet these requirements
4. The factory established policies that were taken to communicate and implement the code in its own supply chains.
5. Auditor crosschecked attendance records provided by management with related production records collected from workshops and interview 10 sample workers. No inconsistency was noted.
6. The factory conveyed the ETI code with all employees and posted posters for circulation.
7. Internal CSR audit and management review were conducted in the factory.

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

Details:

Employee manual  
 CSR manual and procedures  
 Suppliers management procedure  
 Internal CSR audit records and management review records  
 Training records  
 Worker interview

Any other comments:

Nil

**Management Systems:**



<p>A: In the last 12 months, has the site been subject to any fines/prosecutions for non-compliance to any regulations?</p>	<p><input type="checkbox"/> Yes  <input checked="" type="checkbox"/> No  A1: Please give details:  Based on management interview, no any fines or prosecutions for non-compliance to any regulations.</p>
<p>B: Do policies and/or procedures exist that reduce the risk of forced labour, child labour, discrimination, harassment &amp; abuse?</p>	<p><input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No  B1: Please give details:  The factory established procedures such as prohibit employing child labour and prison labour. Also, the factory established some policies to prohibit discrimination, harassment &amp; abuse and posted on factory notice board.</p>
<p>C: If Yes, is there evidence (an indication) of effective implementation? Please give details.</p>	<p>Such policies and procedures were trained to management and employees, and during this audit no child was detected, and no cases of forced labour, discrimination, harassment &amp; abuse was found. This was also verified by workers and management interview.</p>
<p>D: Have managers and workers received training in the standards for forced labour, child labour, discrimination, harassment &amp; abuse?</p>	<p><input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No  D1: Please give details:  Standards on 'Forced labour' and 'No harsh treatment' were communicated to workers through posters and annual training.</p>
<p>E: If Yes, is there evidence (an indication) that training has been effective e.g. training records etc.? Please give details</p>	<p><input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No  E1: Please give details:  The related training records were provided for review.</p>
<p>F: Does the site have any internationally recognised system certifications e.g. ISO 9000, 14000, OHSAS 18000, SA8000 (or other social audits). Please detail (Number and date).</p>	<p><input type="checkbox"/> Yes  <input checked="" type="checkbox"/> No  F1: Please give details:  The site had no internationally recognised system certifications.</p>
<p>G: Is there a Human Resources manager/department? If Yes, please detail.</p>	<p><input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No  G1: Please give details: One management representative was responsible for HR matters.</p>
<p>H: Is there a senior person / manager responsible for implementation of the code</p>	<p><input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No  H1: Please give details: Administration Manager was responsible for implementation of the Code.</p>
<p>I: Is there a policy to ensure all worker information is confidential?</p>	<p><input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No</p>

	II: Please give details: Workers' privacy information was protected in the factory.
J: Is there an effective procedure to ensure confidential information is kept confidential?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No J1: Please give details: Notice on filing drawers state could only be accessed by authorised personnel
K: Are risk assessments conducted to evaluate policy and procedure effectiveness?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No K1: Please give details: Risk assessment was provided.
L: Does the facility have a process to address issues found when conducting risk assessments, including implementation of controls to reduce identified risks?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No L1: Please give details: Health and safety risk assessment procedure was established and risk identification, assessment and control action list had worked out.
M: Does the facility have a policy/code which require labour standards of its own suppliers?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No M1: Please give details: Supplier management procedure included labour standards requirement was established in the factory.
<b>Land rights</b>	
N: Does the site have all required land rights licenses and permissions (see SMETA Measurement Criteria)?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No N1: Please give details: The site showed the auditor copies of all required land rights licenses and permissions which belonged to the landlord. All required land rights licenses were provided. Like the report of inspection for completed building construction projects and the certificate of inspection for completed building construction projects etc.
O: Does the site have systems in place to conduct legal due diligence to recognize and apply national laws and practices relating to land title?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No O1: Please give details: The facility appointed a qualified staff to collect and communicate the national laws through visiting government's website, consulting the government officials.
P: Does the site have a written policy and procedures specific to land rights. If yes, does it include any due diligence the company will undertake to obtain free, prior and informed	<input type="checkbox"/> Yes <input type="checkbox"/> No P1: If yes, how does the company obtain FPIC: N/A



consent, (FPIC) even if national/local law does not require it	Remark: The land in China mainland was belonged to the nation. Anybody, no matter the characters, could only rent the land from governmental department for a period. If the factory would like to use the land, it should apply for it from governmental department. The governmental department would make decision on whether to provide the approval.
Q: Is there evidence that facility / site compensated the owner/lessor for the land prior to the facility being built or expanded.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Q1: Please give details: The lease contract was provided for review
R: Does the facility demonstrate that alternatives to a specific land acquisition were considered to avoid or minimize adverse impacts?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No R1: Please give details: This area where the factory located was assigned as industry usage by governmental department
S: Is There any evidence of illegal appropriation of land for facility building or expansion of footprint.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No S1: Please give details: All the areas of factory were legal according to the interview and document review

Non-compliance:	
<b>1. Description of non-compliance:</b> <input type="checkbox"/> NC against ETI/Additional Elements <input type="checkbox"/> NC against customer code: None was observed  <b>Local law and/or ETI requirement:</b> N/A  <b>Recommended corrective action:</b> Nil.	<b>Objective evidence observed:</b> N/A

Observation:	
<b>Description of observation:</b> The factory did not provide SAQ at the time of audit for review.  <b>Local law or ETI requirement:</b> <b>0.B.1</b> Suppliers should have completed the appropriate section of the SAQ and made it available to the auditor.	<b>Objective evidence observed 01:</b> Document review and management interview



**Comments:**

Suppliers should have completed the SAQ and made it available to the auditor.

**Good Examples observed:**

Description of Good Example (GE):  
None was observed

Objective evidence  
observed:  
N/A

**1: Freely Chosen Employment**[\(Click here to return to summary of findings\)](#)**ETI**

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

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

**Current Systems and Evidence Examined**

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

**Current systems:**

1. The factory established procedures to reduce the risk of forced labour.
2. The workers did not require lodging deposits or their Identity papers to the factory at the beginning of employment.
3. All workers were free to move in the workplace, take restroom and water breaks without restrictions.
4. 10 out of 10 sampled randomly interviewed workers confirmed they were free to resign after reasonable notice. Such as 30 days' notice in advance for the formal workers.
5. No forced, bonded or involuntary prison labour was identified during the audit.

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

Recruitment policy / procedure  
 Employees manual  
 Employee labour contract  
 Employee personnel file  
 Employee interview

Any other comments:  
 Nil

A: Is there any evidence of retention of original documents, e.g. passports/ID's	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No A1: If yes, please give details and category of workers affected:
B: Is there any evidence of a loan scheme in operation	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No B1: If yes, please give details and category of worker affected:
C: Is there any evidence of retention of wages /deposits	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No C1: If yes, please give details and category of worker affected:

D: Are there any restrictions on workers' freedom to terminate employment?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No D1: Please describe finding: The factory did not restrict workers' freedom to terminate employment, workers could freely resign after communication with management or fill resign application form in advance of 30 days.
E: If any part of the business is UK based or registered there & has a turnover over £36m, is there a published a 'modern day slavery statement'?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not applicable E1: Please describe finding:
F: Is there evidence of any restrictions on workers' freedoms to leave the site at the end of the work day?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No F1: Please describe finding: The factory did not restrict workers' freedom and workers could leave the factory freely after shift ends.
G: Does the site understand the risks of forced / trafficked / bonded labour in its supply chain	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not applicable G1: If yes, please give details and category of workers affected: The factory had learned the risks of forced labour and conducted assessment in its supply chain
H: Is the site taking any steps taking to reduce the risk of forced / trafficked labour?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No H1: Please describe finding: Employee training

#### Non-compliance:

<b>1. Description of non-compliance:</b> <input type="checkbox"/> NC against ETI <input type="checkbox"/> NC against Local Law: <input type="checkbox"/> NC against customer code: None was observed  <b>Local law and/or ETI requirement</b> N/A  <b>Recommended corrective action:</b> Nil	<b>Objective evidence observed:</b> N/A
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#### Observation:

<b>Description of observation:</b> None was observed  <b>Local law or ETI requirement:</b> N/A	<b>Objective evidence observed:</b> N/A
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Comments: Nil	
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Good Examples observed:	
Description of Good Example (GE): None was observed	Objective evidence observed: N/A

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

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

### 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:

- Freedom of association procedure and workers representative election procedure were established and available for checking.
- Worker representation presented at the site and there was one worker representative in the factory, who were elected by workers democratically, the workers could complain via the worker representative, the workers could also complain to their supervisors directly or through suggestion box.
- There was no union at the site, but workers had the right to join a union if they wished.
- The factory management and worker representative's communication meeting was conducted regularly, meeting records were provided for review.
- On the audit day, the worker representative was present at the open meeting and closing meeting, and he was interviewed by the auditor.

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

##### Details:

Freedom of association procedure,  
Workers representative selection procedure and selection record  
Meeting minutes between management and worker representatives  
Worker representatives' interview

##### Any other comments:

Nil

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

- ☐ Union (name)
- ☐ Worker Committee
- ☒ Other (specify) one worker representative in the factory
- ☐ None

B: Is it a legal requirement to have a union?

- ☐ Yes
- ☒ No



C: Is it a legal requirement to have a worker's committee?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
D: Is there any other form of effective worker/management communication channel? (Other than union/worker committee e.g. H&S, sexual harassment)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No D1: Please give details: There were form of effective worker communication such as worker representatives, suggestion box and confidential email  D2: Is there evidence of free elections? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
E: Does the supplier provide adequate facilities to allow the Union or committee to conduct related business?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No E1: Please give details: The factory had provided activity place for workers representative to conduct related business.	
F: Name of union and union representative, if applicable:	N/A, no trade union in the factory.	F1: Is there evidence of free elections? <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A
G: If there is no union, is there a parallel means of consultation with workers e.g. worker committees?	Worker representatives and suggestion box	G1: Is there evidence of free elections? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
H: Are all workers aware of who their representatives are?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
I: Were worker representatives freely elected?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	I1: Date of last election: 01 April 2019
J: Do workers know what topics can be raised with their representatives?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
K: Were worker representatives/union representatives interviewed?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If <b>Yes</b> , please state how many: one worker representative was interviewed during audit.	
L: Please describe any evidence that union/worker's committee is effective? Specify date of last meeting; topics covered; how minutes were communicated etc.	Meetings were held regularly between the worker representatives and factory management. According to document review and workers interview, the latest meeting was conducted on 15 July 2021 with topic of communication between workers and management	
M: Are any workers covered by Collective Bargaining Agreement (CBA)?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
If <b>Yes</b> , what percentage by trade Union/worker representation	M1: ____% workers covered by Union CBA N/A	M2: ____% workers covered by worker rep CBA N/A



M3: If **Yes**, does the Collective Bargaining Agreement (CBA) include rates of pay?

☐ Yes  
☐ No  
N/A

#### Non-compliance:

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

☐ NC against ETI ☐ NC against Local Law ☐ NC against customer code:  
None was observed

Local law and/or ETI requirement:  
N/A

Recommended corrective action:  
Nil

Objective evidence observed:  
N/A

#### Observation:

Description of observation:  
None was observed

Local law or ETI requirement:  
N/A

Comments:  
Nil

Objective evidence observed:  
N/A

#### Good Examples observed:

Description of Good Example (GE):  
None was observed

Objective evidence observed:  
N/A

**3: Working Conditions are Safe and Hygienic**[\(Click here to return to summary of findings\)](#)[\(Click here to return to Key Information\)](#)**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. Written Health and Safety Policy and Health and Safety Manual were available.
2. The factory established a health and safety policy, and a health and safety committee was established in the factory also.
3. The management understood the principles of risk assessment on health and safety and the assessment reports retained for review.
4. The factory designated Mr. Kaiqing Gong/ Factory Director as responsible for H&S issues.
5. During the document reviewed, documentary evidence of these practices and certifications presented at the site such as fire inspections, structural safety inspections.
6. Fire drills were conducted in the production area twice a year, once involved setting off the fire alarm without warning anyone to assure that all workers understood how to escape from the building calmly but quickly. The fire drill records indicated the evacuation time, employee numbers participated in the fire drills etc. The last fire drill was conducted on 10 June 2021.
7. Emergency stairwells on multi-story buildings were sufficient in number and appropriately designed to support safe evacuation of personnel
8. There was 1 first aider trained in the facility and all necessary medical supplies in first-aid kit were adequate.
9. Sufficient clean toilets segregated by gender were available at all times to workers
10. Ventilation, temperature and lighting were adequate for the workplaces.
11. "No smoking signs" were available throughout the factory.
12. Some chemicals (e.g. Machine oil) were used. Workers in the chemical store area confirmed that they had been trained on correct handling procedures as well as what to do in an emergency.
13. Accident records were kept and provided for review. No accident was happened in the past one years.
14. Fire equipment (such as fire extinguishers, fire hydrants, emergency light etc.) were checked by designated person every month confirmed by document.
15. The auditee site had electrical equipment, the factory posted warning signs on the area which electrical equipment located and the factory had designated person every month.
16. There was 1 competent electrician at the site and the qualification certificates was valid.



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

## Details:

Health, safety, environmental policy and procedures  
 Health, safety, environmental committee structure and meeting minutes  
 Emergency preparedness plan  
 Reports of accidents and near misses  
 Emergency evacuation records  
 Work-related injury/incident / illness record  
 Worker interview

## Any other comments:

Nil

A: Does the facility have general and occupational Health & Safety policies and procedures that are fit for purpose and are these communicated to workers?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No A1: Please give details: Health & Safety policies and procedures were established to conducted health and safety training for employees every year.
B: Are the policies included in workers' manuals?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No B1: Please give details: Health & Safety policies were included in worker's manual.
C: Are there any structural additions without required permits/inspections (e.g. floors added)?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No C1: Please give details: Per factory tour, there was not any structural addition without required permits/inspections
D: Are visitors to the site informed on H&S and provided with personal protective equipment	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No D1: Please give details: During factory tour, auditor was informed on H&S and was provided with personal protective equipment during factory tour.
E: Is a medical room or medical facility provided for workers?  If yes, do the room(s) meet legal requirements and is the size/number of rooms suitable for the number of workers.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No E1: Please give details:  No medical facility was provided to employees and no related legal requirement. But first aid kit was available at each workshop.
F: Is there a doctor or nurse on site or there is easy access to first aider/trained medical aid?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No F1: Please give details: one trained first aider trained by local hospital were available in the factory for first aid service.
G: Where the facility provides worker transport - is it fit for purpose, safe, maintained and operated by competent persons e.g. buses and other vehicles?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No G1: Please give details: The factory didn't provide transport for workers.



H: Is secure personal storage space provided for workers in their living space and is fit for purpose?	<input type="checkbox"/> Yes <input type="checkbox"/> No H1: Please give details: N/A. No dormitory was provided for employees.
I: Are H&S Risk assessments are conducted (including evaluating the arrangements for workers doing overtime e.g. driving after a long shift) and are there controls to reduce identified risk?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No I1: Please give details: Health and safety risk assessment procedure was established and risk identification, assessment and control action list had worked out. The factory provided the risk assessment list for reviewing and effective actions were recorded.
J: Is the site meeting its legal obligations on environmental requirements including required permits for use and disposal of natural resources?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No J1: Please give details: The production activities of the factory were accord with local requirements. And there was no fine was happened due to non-compliance to regulation in the past 12 months.
K: Is the site meeting its customer requirements on environmental standards, including the use of banned chemicals?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No K1: Please give details: The factory had a copy of the banned substances list from its customer and was meeting those requirements

#### Non-compliance:

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

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

It was noted that no finger guards were equipped on all sewing machines and no belt guards were equipped for about 20% sewing machines.

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

##### ETI requirement 3.1

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

##### Local Law of General Safety and Hygiene Rules for Designing Production Equipment (GB5083-1999), Article 6.1.6

With the surface of the operational position being the datum plane, the following dangerous parts shall be installed with safe guards when the height is lower than 2 meters: transmission belts, axis of rotation, driving chains, shaft couplings, pulleys, gear wheels, flywheels, chain wheels and electric saw.

##### Recommended corrective action:

It is recommended that safety devices should be equipped to machines to comply with the law.

##### Objective evidence

##### observed 01:

Per factory tour and management interview Please refer to NC photo 01-02

#### Observation:

<b>Description of observation:</b> None was observed  <b>Local law or ETI requirement:</b> N/A  <b>Recommended corrective action:</b> Nil	<b>Objective evidence observed:</b> N/A
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Good Examples observed:	
<b>Description of Good Example (GE):</b> None was observed	<b>Objective Evidence Observed:</b> N/A



**4: Child Labour Shall Not Be Used**[\(Click here to return to summary of findings\)](#)[\(Click here to return to Key Information\)](#)**ETI**

4.1 There shall be no new recruitment of child labour.

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

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

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

**Current Systems and Evidence Examined**

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

**Current systems:**

1. The facility's policy on child labour was reviewed. It stated that the facility would never employ and use any child labour under the age of 16 years old.

2. The factory had established effective procedure to verify the workers' ages during the recruitment. All applicants had to fill application form during recruiting, and all information identified in the application form should be verified.

3. Review the workers' roster, workers' personnel files, labour contracts and site observation, no child labour was employed in the factory. The youngest worker was 23 years old, born on 10 December 1997, employed in the factory on 06 March 2017.

Remark: In China, minimum age of worker was 16 years old. Workers between 16 -18 were regarded as young labour.

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

Details:

Recruitment system

Employees roster

Employee personnel files with employee ID copy

Labour contracts

Employee interview

Any other comments:

Nil

A: Legal age of employment:	16 years old Article 15 of China Labour Law: The employer was strictly forbidden to hire labour younger than 16 years old.
B: Age of youngest worker found:	23 years old (The youngest worker was 23 years old, born on 10 December 1997, employed in the factory on 06 March 2017.)



C: Are there children present on the work floor but not working at the time of audit?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
D: % of under 18's at this site (of total workers)	0 %
E: Are workers under 18 subject to hazardous work assignments? <a href="#">(Go to clause 3 – Health and Safety)</a>	<input type="checkbox"/> Yes <input type="checkbox"/> No E1: If yes, give details N/A.

#### Non-compliance:

<b>1. Description of non-compliance:</b> <input type="checkbox"/> NC against ETI <input type="checkbox"/> NC against Local Law <input type="checkbox"/> NC against customer code: None was observed  <b>Local law and/or ETI requirement:</b> N/A  <b>Recommended corrective action:</b> Nil	<b>Objective evidence observed:</b> N/A
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#### Observation:

<b>Description of observation:</b> None was observed  <b>Local law or ETI requirement:</b> N/A  <b>Comments:</b> Nil	<b>Objective evidence observed:</b> N/A
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#### Good Examples observed:

<b>Description of Good Example (GE):</b> None was observed	<b>Objective Evidence Observed:</b> N/A
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**5: Living Wages are Paid**[\(Click here to return to summary of findings\)](#)[\(Click here to return to Key Information\)](#)**ETI**

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

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

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

**Current Systems and Evidence Examined**

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

**Current systems:**

1. The regular wage standard and overtime calculation was defined in labour contract and employee manual.
2. Based on payrolls from June 2020 to May 2021, all employees were paid by hourly-rate and the payment exceeded local legal minimum wage.
3. The local minimum wage standard in [REDACTED] Fujian Province was RMB 1,720 per month equivalent to RMB 9.89 (1,720/21.75/8) per hour since 1st January 2020. The actual lowest basic wage in the factory was RMB 11.95 (2,080/21.75/8) per hour.
4. Wages were paid on or before 30th of next month by cash for last working period and pay slip was issued for each pay period.
5. Overtime wage rates were paid at the legally required rate to workers. No any illegal deduction (e.g. employment broker fees, fines etc.) or withholdings were made from wages.
6. Benefits of paid annual leave was given to all workers and child-bearing leave to appropriate workers. All legally mandated allowances and benefits were provided to the employees.

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

Payroll records from June 2020 to May 2021  
 Attendance records (June 2020 to audit date)  
 Leave Policy  
 Policy and procedure on wages and benefits  
 Employee Handbook  
 Leaving records  
 Production records  
 Worker interview  
 Social insurance records

**Any other comments:**

Nil



## Non-compliance:

## 1. Description of non-compliance:

☒ NC against ETI/Additional Elements☒ NC against Local Law☐ NC against customer code:

Based on insurance receipt of June 2021, there were 35 (including 10 retired rehired employees and 1 new employee) employees on the audit date, insufficient social insurances were paid to employees, the current system: endowment insurance: 4 employees, occupational injury insurance: 4 employees, maternity insurance: 4 employees, medical insurance: 4 employees, unemployment insurance: 3 employees. However, the factory had provided commercial insurance to all employees, which validated from 19 December 2020 to 18 December 2021.

## Local law and/or ETI requirement:

## ETI requirement 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.

## Labor Law of the People's Republic of China , Article 72

The sources of social insurance funds shall be determined according to the categories of insurance, and an overall pooling of insurance funds from the society shall be introduced step by step. The employing unit and laborers must participate in social insurance and pay social insurance premiums in accordance with the law.

## Recommended corrective action:

The factory should provide the legal required social insurance to all workers.

## Objective evidence observed 01:

Based on social insurance payment receipts review and interview

## Observation:

## Description of observation:

None was observed

## Local law or ETI requirement:

N/A

## Comments:

Nil

## Objective evidence observed:

N/A

## Good Examples observed:

## Description of Good Example (GE):

None was observed

## Objective Evidence Observed:

N/A

## Summary Information



Criteria	Local Law (Please state legal requirement)	Actual at the Site (Record site results against the law)	Is this part of a Collective Bargaining Agreement?
A: Standard/Contracted work hours: (Maximum legal and actual required working hours excluding overtime, please state if possible per day, week, and month)	Legal maximum: 8 hours per day 40 hours per week	A1: 8 hours per day 40 hours per week	A2: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
B: Overtime hours: (Maximum legal and actual overtime hours, please state if possible per day, week, and month)	Legal maximum: Not exceed 3 hours per day and 36 hours per month	B1: Maximum 2 hours OT on normal days, 14 hours per week, 66 hours OT per month.	B2: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
C: Wage for standard/contracted hours: (Minimum legal and actual minimum wage at site, please state if possible per hr, day, week, and month)	Legal minimum: RMB 1,720 per month equivalent to RMB 9.89 (1,720/21.75/8) per hour since 1st January 2020.	C1: RMB 11.95 per hour	C2: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
D: Overtime wage: (Minimum legal and actual minimum overtime wage at site, please state if possible per hr, day, week, and month)	Legal minimum: 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: 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	D1: Overtime hours on normal working days and rest days were compensated by 150% and 200% respectively of normal wage standard. (Remark: no overtime hours were noted on holidays through payrolls and attendance records review, however, as per factory policy and interview, the overtime hours on holidays will be paid by 300% of normal wage)	D2: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

	no deferred rest can be taken; 3) To pay no less than 300% of the normal wages if the extended hours are arranged on statutory holidays		
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Wages analysis: <a href="#">(Click here to return to Key Information)</a>	
A: Were accurate records shown at the first request?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
A1: If <b>No</b> , why not?	N/A.
B: Sample Size Checked (State number of worker records checked and from which weeks/months – should be current, peak, and random/low. Please see SMETA Best Practice Guidance and Measurement Criteria)	10 sampled employees in May 2021 (current paid month) 10 sampled employees in December 2020 (Random month) 10 sampled employees in August 2020 (Random month)
C: Are there different legal minimum wage grades? If <b>Yes</b> , please specify all.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No C1: If <b>Yes</b> , please give details: N/A
D: If there are different legal minimum grades, are all workers graded and paid correctly?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A D1: If <b>No</b> , please give details: N/A
E: For the lowest paid production workers, are wages paid for standard/contracted hours (excluding overtime) below or above the legal minimum?	<input type="checkbox"/> Below legal min <input type="checkbox"/> Meet <input checked="" type="checkbox"/> Above E1: Lowest actual wages found: Note: full time employees and please state hour / week / month etc. The actual lowest basic wage in the facility was RMB 2,080 per month equivalent to RMB 11.95 (2,080/21.75/8) per hour which was exceeded the legal minimum.
F: Please indicate the breakdown of workforce per earnings:	F1: ___% of workforce earning under minimum wage F2: ___% of workforce earning minimum wage F3: ___100___% of workforce earning above minimum wage
G: Bonus Scheme found: Please specify details:	Bonus Scheme found: Note: type of employee (e.g. full time, temp, etc.) and please state which units e.g. /hour /week /month etc. Nil
H: What deductions are required by law e.g. social insurance? Please state all types:	Personal contribution of social insurance, income tax.



<p>I: Have these deductions been made?</p>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<p>I1: Please list all deductions that <b>have</b> been made.</p>	<p>1. 2.  Please describe: Nil</p>
		<p>I2: Please list all deductions that <b>have not</b> been made.</p>	<p>1. social insurance 2. income tax. Please describe: The factory paid social insurances and income taxes for workers.</p>
<p>J: Were appropriate records available to verify hours of work and wages?</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
<p>K: Were any inconsistencies found? (if yes describe nature)</p>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<p>K1: Type</p> <input type="checkbox"/> Poor record keeping <input type="checkbox"/> Isolated incident <input type="checkbox"/> Repeated occurrence: N/A	
<p>L: Do records reflect all time worked? (For instance, are workers asked to attend meetings before or after work but not paid for their time)</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <p>L1: Please give details: The attendance records indicated that the punched in and out were calculated as work time. No inconsistent records were observed during the audit.</p>		
<p>M: Is there a defined living wage: This is <u>not normally</u> minimum legal wage. If answered yes, please state amount and source of info: Please see SMETA Best Practice Guidance and Measurement Criteria.</p>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <p>M1: Please specify amount/time: N/A</p>		
<p>M2: If yes, what was the calculation method used.</p>	<input type="checkbox"/> ISEAL/Anker Benchmarks <input type="checkbox"/> Asia Floor Wage <input type="checkbox"/> Figures provided by Unions <input type="checkbox"/> Living Wage Foundation UK <input type="checkbox"/> Fair Wear Wage Ladder <input type="checkbox"/> Fairtrade Foundation Other – please give details: N/A		
<p>N: Are there periodic reviews of wages? If Yes give details (include whether there is consideration to basic needs of workers plus discretionary income).</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <p>N1: Please give details: Periodic reviews of wages were conducted.</p>		

Q: Are workers paid in a timely manner in line with local law?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No All employees were paid on 30th or in advance of following month by cash confirmed by workers interview and management interview
P: Is there evidence that equal rates are being paid for equal work:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No P1: Please give details: Through facility rules review and employees' interview, it was confirmed that equal rates had been being paid for equal work.
Q: How are workers paid:	<input checked="" type="checkbox"/> Cash <input type="checkbox"/> Cheque <input type="checkbox"/> Bank Transfer <input type="checkbox"/> Other Q1: If other, please explain:



**6: Working Hours are not Excessive**[\(Click here to return to summary of findings\)](#)[\(Click here to return to Key Information\)](#)**ETI**

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

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

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

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

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

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

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

**Current Systems and Evidence Examined**

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

**Current systems:**

1. Management systems of working hours being in place that allowed workers to volunteer to do overtime.
2. Finger scan attendance machine was completed by workers and then entered into the electronic payroll system which calculated wages.
3. The factory provided attendance records from June 2020 to audit day and wages records from June 2020 to May 2021
4. According to time records and worker interview basic working hours were 8 hours per day and 40 hours per week.
5. Total overtime was maximum 2 overtime hours per day, maximum 54 working hours per week and 66 overtime hours per month which was exceed the legal limit .
6. Ensured working hours, breaks, holidays and rest periods were in accordance with local law, also verified through production records review and employee interviews.
7. The working time was recorded by electronic attendance system and the factory detailed IN/OUT for the beginning and end of morning, afternoon and overtime.



8. All employees worked for 5 days a week, and the normal working hour was from 8:00-12:00 in the morning, and 14:00-18:00 in the afternoon. The noon break were 2 hours from 12:00-14:00. All workers work 6 consecutive days with at least 1 day rest.

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

Details:

Working hours and overtime hours policy and procedure;

Attendance records (June 2020 to audit date)

Production records related to working hours (production plan, output records and inspection records)

Worker interview

Management interview

Any other comments:

Nil

#### Non-compliance:

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

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

Based on attendance records from June 2020 to audit day review, it was found that all workers' overtime hours exceeded 36 hours per month except February 2021. Three sampled months of May 2021 (current paid month), December 2020 and August 2020 were randomly selected. It was found that 10 out of 10 workers' overtime was 64 hours in May 2021, 10 out of 10 workers' overtime was 58 hours in December 2020 and 10 out of 10 workers' overtime was 66 hours in August 2020.

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

###### ETI Requirement 6.1

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

##### Labour Law of the People's Republic of China , 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 laborers, 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 laborers is guaranteed. However, the total extension in a month shall not exceed thirty six hours.

##### Recommended corrective action:

The factory should control the monthly OT within 36 hours.

##### Objective evidence observed 01:

Based on review attendance records (June 2020 to the audit date) provided by the factory and interview with employee

#### Observation:



<b>Description of observation:</b> None was observed.  <b>Local law or ETI requirement:</b> N/A  <b>Comments:</b> Nil	<b>Objective evidence observed:</b> N/A
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Good Examples observed:	
<b>Description of Good Example (GE):</b> None was observed.	<b>Objective Evidence Observed:</b> N/A

<b>Working hours' analysis</b> Please include time e.g. hour/week/month <a href="#">(Go back to Key Information)</a>			
<b>Systems &amp; Processes</b>			
A. What timekeeping systems are used: time card etc.	Describe: Finger scan system		
B: Is sample size same as in wages section?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No B1: If no, please give details		
C: Are standard/contracted working hours defined in <b>all</b> contracts/employment agreements?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	C1: If NO, please give details including % and which type of workers do NOT have standard hours defined in contracts/employment agreements. Please give details: N/A	
D: Are there any other types of contracts/employment agreements used?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	D1: If YES, please complete as appropriate: N/A	
		<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	
E. Do any standard/contracted working hours defined in contracts/employment	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	E1: If <b>yes</b> , please detail hours, %, types of workers affected and frequency Please give details: N/A	

agreements exceed 48 hours per week?		
F: Are workers provided with at least 1 day off in every 7-day-period, or 2 in 14-day-period?	F2: Please select all applicable: <input checked="" type="checkbox"/> 1 in 7 days <input type="checkbox"/> 2 in 14 days <input type="checkbox"/> No If 'No', please explain:	F3: Is this allowed by local law? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
	Maximum number of days worked without a day off (in sample):	
	6 days	
<b>Standard/Contracted Hours worked</b>		
G: Were standard working hours over 48 hours per week found?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	G1: If yes, % of workers & frequency: N/A
H: Any local waivers/local law or permissions which allow averaging/annualised hours for this site?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	H1: If yes, please give details: N/A
<b>Overtime Hours worked</b>		
I: Actual overtime hours worked in sample (State per day/week/month)	Highest OT hours: 2 hours a day, 14 hours per week, 66 hours per month in August 2020 (random month) 2 hours a day, 14 hours per week, 58 hours per month in December 2020 (random month) 2 hours a day, 14 hours per week, 64 hours per month in May 2021 (current paid month).	
J: Combined hours (standard or contracted + overtime hours = total) over 60 found? Please give details:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
K: Approximate percentage of total workers on highest overtime hours:	__80__%	
L: Is overtime voluntary?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Conflicting Information	L1: Please detail evidence e.g. Wording of contract / employment agreement / handbook / worker interviews / refusal arrangements:



		Labour contracts had defined that the workers' overtime working were voluntary. Working hours' procedure also stipulated that the workers could attend the overtime working by their voluntary. In additional, 10 out of 10 randomly sample interviewed workers also confirmed that they took the overtime working by their own will.
<b>Overtime Premiums</b>		
M: Are the correct legal overtime premiums paid?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A – there is no legal requirement to OT premium	<i>M1: Please give details of normal day overtime premium as a % of <u>standard</u> wages:</i> Overtime hours on normal working days and rest days were compensated by 150% and 200% respectively of normal wage standard. (Remark: no overtime hours were noted on holidays through payrolls and attendance records review, however, as per factory policy and interview, the overtime hours on holidays would be paid by 300% of normal wage)
N: Is overtime paid at a premium?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<i>N1: If yes, please describe % of workers &amp; frequency:</i> 100% workers every month.
O: If the site pays less than 125% OT premium and this is allowed under local law, are there other considerations? Please complete the boxes where relevant.	<input type="checkbox"/> No <input type="checkbox"/> Consolidated pay (May be standard wages above minimum legal wage, with no/low overtime premium) <input type="checkbox"/> Collective Bargaining agreements <input type="checkbox"/> Other N/A	
	O1: Please explain any checked boxes above e.g. detail of consolidated pay / CBA or Other	
	N/A	
P: If more than 60 total hours per week and this is legally allowed, are there other considerations? Please complete the boxes where relevant.	<input type="checkbox"/> <b>Overtime is voluntary</b> <input type="checkbox"/> Onsite Collective bargaining allows 60+ hours/week <input type="checkbox"/> Safeguards are in place to protect worker's health and safety <input type="checkbox"/> Site can demonstrate exceptional circumstances <input type="checkbox"/> Other reasons (please specify) N/A	
	P1: Please explain any checked boxes above e.g. detail of consolidated pay / CBA or other:	
	Nil. Remark: the maximum weekly hours were 54 hours.	
Q: Is there evidence that overtime hours are being used for extended periods to make up for labour shortages or	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<i>Q1: If yes, please give details:</i> Confirmed by workers interview and management interview.

increased order volumes?	
R: If sufficient workers cannot be hired, are new working time arrangements explored to ensure that overtime is the exception rather than the rule.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No



## 7: No Discrimination is Practiced

[\(Click here to return to summary of findings\)](#)

### 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 factory established policy and procedure on prohibiting discrimination. No evidence of discrimination was found in factory policies, rules, procedures and operation records.
2. No worker was required to do the examination of the hepatitis B virus and HIV.
3. No pay inequality based on unfair or unlawful discrimination.
4. Gender divisions did not exist in the factory; both female and male workers were distributed in all types of work.
5. An internal grievance process was presented at the site .
6. Based on site tour and employee interviews, no any segregation of workers was due to accepted cultural norms and that equal opportunities still applied across all groups.
7. As informed by interviewed workers, most employees spoke highly of the factory owner.

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

##### Details:

Factory rules and regulations  
Policy on prohibiting discrimination  
Wages, benefits and compensation policy  
Employment contracts  
Disciplinary practices  
Penalty records / reward records  
Promotion / demotion records  
Appeal, suggestion records and follow-up

#### Any other comments:

Nil

A: Gender breakdown of Management + Supervisors (Include as one combined group)	A1: Male: _34_ % A2: Female _66_ %
B: Number of women who are in skilled or technical roles e.g. where specific qualifications are needed i.e. machine engineer / laboratory analyst:	0

<p>C: Is there any evidence of discrimination based on race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation?:</p>	<p> <input type="checkbox"/> Hiring  <input type="checkbox"/> Compensation  <input type="checkbox"/> Access to training  <input type="checkbox"/> Promotion  <input type="checkbox"/> Termination or retirement  <input checked="" type="checkbox"/> No evidence of discrimination found         </p> <p>C1: Please give details: Nil</p>
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Professional Development	
<p>A: What type of training and development are available for workers?</p>	<p>Please give details : Technical training, career training, working post improvement training, etc.</p>

<p>B: Are HR decisions e.g. promotion, training, compensation based on objective, transparent criteria?</p>	<p> <input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No         </p> <p>If no, please give details:</p>
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Non-compliance:	
<p>1. Description of non-compliance:</p> <p> <input type="checkbox"/> NC against ETI    <input type="checkbox"/> NC against Local Law    <input type="checkbox"/> NC against customer code:            None was observed         </p> <p>Local law and/or ETI requirement: N/A</p> <p>Recommended corrective action: Nil</p>	<p>Objective evidence observed: N/A</p>

Observation:	
<p>Description of observation: None was observed</p> <p>Local law or ETI requirement: N/A</p> <p>Comments: Nil</p>	<p>Objective evidence observed: N/A</p>



## Good Examples observed:

Description of Good Example (GE):  
None was observed

Objective Evidence  
Observed:  
N/A

**8: Regular Employment Is Provided**[\(Click here to return to summary of findings\)](#)[\(Click here to return to Key Information\)](#)**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.

**Additional Elements: Responsible Recruitment**

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

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

8.5 Employment agencies must only supply workers registered with them.

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

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

**Current Systems and Evidence Examined**

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

**Current systems:**

1. Work performed was on the basis of recognized employment relationship established through national law and practice.
2. All the labour contracts of employees were provided for review, as per the labour contract all employees were hired by the facility directly.
3. None of contract labour or temporary worker was employed by the facility.
4. As reported by the interviewees, they signed labour contracts with the facility within one month upon hiring, and everyone obtained a copy of labour contract.

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

Details:

Labour contracts

Recruitment policy

Recruitment Advertisement

Any other comments:

Nil



## Non-compliance:

## 1. Description of non-compliance:

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

None was observed

## Local law and/or ETI requirement:

N/A

## Recommended corrective action:

Nil

Objective evidence observed:

N/A

## Observation:

## Description of observation:

None was observed

## Local law or ETI requirement:

N/A

## Comments:

Nil

Objective evidence observed:

N/A

## Good Examples observed:

## Description of Good Example (GE):

None was observed

Objective Evidence Observed:

N/A

## Responsible Recruitment

## All Workers

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

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

A1: If any are unchecked, please describe finding and specific category(ies) of workers affected: N/A

B: Did workers' pay any fees, taxes, deposits or bonds for the purpose of recruitment/placement?

- ☐ Yes  
☒ No

B1: If yes, please describe details and specific category(ies) of workers affected:

<p>C: If yes, check all that apply:</p>	<div> <input type="checkbox"/> Recruitment / hiring fees  <input type="checkbox"/> Service fees  <input type="checkbox"/> Application costs  <input type="checkbox"/> Recommendation fees  <input type="checkbox"/> Placement fees  <input type="checkbox"/> Administrative, overhead or processing fees  <input type="checkbox"/> Skills tests  <input type="checkbox"/> Certifications  <input type="checkbox"/> Medical screenings  <input type="checkbox"/> Passports/ID's  <input type="checkbox"/> Work / resident permits  <input type="checkbox"/> Birth certificates  <input type="checkbox"/> Police clearance fees  <input type="checkbox"/> Any transportation and lodging costs after employment offer  <input type="checkbox"/> Any transport costs between work place and home  <input type="checkbox"/> Any relocation costs after commencement of employment  <input type="checkbox"/> New hire training / orientation fees  <input type="checkbox"/> Medical exam fees  <input type="checkbox"/> Deposit bonds or other deposits  <input type="checkbox"/> Any other non-monetary assets  <input type="checkbox"/> Other –         </div> <p>C1: If other, please give details: N/A</p>
<p>D: If any checked, give details:</p>	<p>N/A</p>

<p align="center"><b>Migrant Workers:</b></p> <p><i>The term "migrant worker" refers to a person who is engaged or has been engaged in a remunerated activity in a country of which they are not a national or permanent resident or has purposely migrated on a temporary basis to another in-country region to seek and engage in a remunerated activity</i></p>		
<p>A: Type of work undertaken by migrant workers:</p>	<p>All types of work</p>	
<p>B: Please give details about recruitment agencies for migrant workers:</p>	<p>B1: Total number of (in country recruitment agencies) used: N/A B2: Total number of (outside of local country) recruitment agencies used: N/A No agency used.</p>	
<p>C: Are migrant workers' voluntary deductions (such as for remittances) confirmed in writing by the worker and is evidence of the transaction supplied by the facility to the worker?</p> <p>D: Are Any migrant workers in skilled, technical, or management roles</p> <p><i>Migrant Workers (this should include all migrant workers including permanent workers, temporary and/or seasonal workers)</i></p>	<div> <input type="checkbox"/> Yes  <input type="checkbox"/> No            C1: Please describe finding: N/A         </div> <div> <input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No            D1: If yes, number and example of roles: one migrant worker in management         </div>	<p>C2: Observations:</p>



## NON-EMPLOYEE WORKERS

Recruitment Fees:	
A: Are there any fees?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
B: If yes, check all that apply:	<input type="checkbox"/> Recruitment / hiring fees <input type="checkbox"/> Service fees <input type="checkbox"/> Application costs <input type="checkbox"/> Recommendation fees <input type="checkbox"/> Placement fees <input type="checkbox"/> Administrative, overhead or processing fees <input type="checkbox"/> Skills tests <input type="checkbox"/> Certifications <input type="checkbox"/> Medical screenings <input type="checkbox"/> Passports/ID's <input type="checkbox"/> Work / resident permits <input type="checkbox"/> Birth certificates <input type="checkbox"/> Police clearance fees <input type="checkbox"/> Any transportation and lodging costs after employment offer <input type="checkbox"/> Any transport costs between work place and home <input type="checkbox"/> Any relocation costs after commencement of employment <input type="checkbox"/> New hire training / orientation fees <input type="checkbox"/> Medical exam fees <input type="checkbox"/> Deposit bonds or other deposits <input type="checkbox"/> Any other non-monetary assets <input type="checkbox"/> Other  B1 – If other, please give details:  N/A
C: If any checked, give details:	N/A

Agency Workers (if applicable) <i>(workers sourced from a local agent who are not directly paid by the site, but paid by the agency. Usually the agencies are paid by the site and the wages of the individual workers are paid by the agency.)</i>	
A: Number of agencies used (average):	A1: Names if available: N/A
B: Were agency workers' age / pay / hours included within the 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
D: Is there a legal contract / agreement with all agencies?	<input type="checkbox"/> Yes <input type="checkbox"/> No

	N/A D1: Please give details:
E: Does the site have a system for checking labour standards of agencies? If yes, please give details.	<input type="checkbox"/> Yes <input type="checkbox"/> No E1: Please give details: N/A

Contractors:	
Note: contractors in this context are generally individuals who supply several workers to a site. Usually the contractors are paid by the site and the wages of the workers are paid by the contractor. Common terms include, gang bosses, labor provider,	
A: Any contractors on site?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No A1: If yes, how many contractors are present, please give details:
B: If <b>Yes</b> , how many workers supplied by contractors?	N/A
C: Do all contractor workers understand their terms of employment?	<input type="checkbox"/> Yes <input type="checkbox"/> No C1: Please describe finding: N/A
D: If <b>Yes</b> , please give evidence for contractor workers being paid per law:	N/A



### 8A: Sub-Contracting and Homeworking

[\(Click here to return to summary of findings\)](#)

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

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.*

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

### Current Systems and Evidence Examined

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

#### Current systems:

1. The factory didn't use subcontracting or homeworking that the auditor verified it that through document review, factory tour, management interview and employee interview
2. All processes were finished within the factory.

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

Details:

Production plan

Production records

Management interview and worker interview

Factory tour.

### Non-compliance:

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

☐ NC against ETI/Additional Elements

☐ NC against Local Law

☐ NC against customer code:

None was observed

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

N/A

**Recommended corrective action:**

Nil

**Objective evidence**

**observed:**

N/A

### Observation:

**Description of observation:**

None was observed

**Objective evidence**

**observed:**

N/A

Local law and/or ETI /Additional Elements requirement: N/A	
Comments: Nil	

Good Examples observed:	
Description of Good Example (GE): None was observed	Objective Evidence Observed: N/A

Summary of sub-contracting – if applicable <input checked="" type="checkbox"/> Not Applicable please x	
A: Has the auditor made a simple calculation to compare capacity with workers' work load in order to identify possible unrecorded work or undeclared sub-contracting	<input type="checkbox"/> Yes <input type="checkbox"/> No A1: Please describe: N/A
B: If sub-contractors are used, is there evidence this has been agreed with the main client?	<input type="checkbox"/> Yes <input type="checkbox"/> No B1: If <b>Yes</b> , summarise details: N/A no sub-contractors were identified.
C: Number of sub-contractors/agents used:	N/A No sub-contractors were identified.
D: Is there a site policy on sub-contracting?	<input type="checkbox"/> Yes <input type="checkbox"/> No D1: If <b>Yes</b> , summarise details: N/A No sub-contractors were identified.
E: What checks are in place to ensure no child labour is being used and work is safe?	N/A No sub-contractors were identified.

Summary of homeworking – if applicable <input checked="" type="checkbox"/> Not Applicable please x			
A: If homeworking is being used, is there evidence this has been agreed with the main client?	<input type="checkbox"/> Yes <input type="checkbox"/> No A1: If <b>Yes</b> , summarise details: N/A		
B: Number of homeworkers	B1: Male: N/A	B2: Female: N/A	Total: N/A
C: Are homeworkers employed direct or through agents?	<input type="checkbox"/> Directly <input type="checkbox"/> Through Agents		C1: If through agents, number of agents:



	N/A	
		N/A
D: Is there a site policy on homeworking?	<input type="checkbox"/> Yes <input type="checkbox"/> No N/A	
E: How does the site ensure worker hours and pay meet local laws for homeworkers?	N/A	
F: What processes are carried out by homeworkers?	N/A	
G: Do any contracts exist for homeworkers?	<input type="checkbox"/> Yes <input type="checkbox"/> No  G1: Please give details: N/A	
H: Are full records of homeworkers available at the site?	<input type="checkbox"/> Yes <input type="checkbox"/> No N/A	

## 9: No Harsh or Inhumane Treatment is Allowed

[\(Click here to return to summary of findings\)](#)

### ETI

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

Additional elements:

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

A: Are there published, anonymous and/or open channels available for reporting any violations of Labour standards and H&S or any other grievances to a 3 <sup>rd</sup> party?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No A1: Please give details: The factory used suggestion box for internal grievance channel; and the workers used hotline such as "110" as grievance channel to the 3rd party.
B: If <b>Yes</b> , are workers aware of these channels and have access? Please give details.	During workers interview, the workers confirmed they knew how to use the emergency call to reporting violations. Hot line such as 119,110 was published in the workshop.
C: If yes, what type of mechanism is used e.g. hotline, whistle blowing mechanism, comment box etc. Please give details.	Hotline and suggestion box etc.
D: Which of the following groups is there a grievance mechanism in place for?	<input checked="" type="checkbox"/> Workers <input type="checkbox"/> Communities <input type="checkbox"/> Suppliers <input type="checkbox"/> Other D1: Please give details: The factory set up a complaint mechanism. Workers could access to workers' representatives directly or wrote anonymous letter to the suggestion box or called the telephone of the factory boss directly.
E: Are there any open disputes?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No E1: If yes, please give details
F: Does the site encourage its business partners (e.g. suppliers) to provide individuals and communities with access to effective grievance mechanisms (e.g. helplines or whistle blowing mechanism)?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No F1: If no, please give details
G: Is there a published and transparent disciplinary procedure?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No G1: If no, please explain



H: If yes, are workers aware of these the disciplinary procedure?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No  H1: If no, please give details
I: Does the disciplinary procedure allow for deductions from wages (fines) for disciplinary purposes (see wages section)?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No  I1: If yes, please give details

### 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 the facility management and employee interview, it was noted that no physical abuse or discipline happened in the facility and the disciplinary procedure of the facility was verbally warning and education.
2. The policy stated that physical abuse or discipline was not allowed, the threat of physical abuse, sexual or other harassment and verbal abuse or other forms of intimidation should be prohibited.
3. No negative physical abuse was observed during the audit.

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

##### Details:

No harsh and inhumane treatment policy  
Factory rules  
Employee Handbook  
Work interview  
Management interview

##### Any other comments:

Nil

### Non-compliance:

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

☐ NC against ETI      ☐ NC against Local Law      ☐ NC against customer  
code:  
None was observed

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

N/A

#### Recommended corrective action:

Nil

#### Objective evidence observed:

N/A

### Observation:

<b>Description of observation:</b> None was observed  <b>Local law or ETI requirement:</b> N/A  <b>Comments:</b> Nil	<b>Objective evidence observed:</b> N/A
---	--

Good Examples observed:	
<b>Description of Good Example (GE):</b> None was observed	<b>Objective Evidence Observed:</b> N/A



**10. Other Issue areas: 10A: Entitlement to Work and Immigration**[\(Click here to return to NC-table\)](#)**Additional Elements**

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

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

**Current Systems and Evidence Examined**

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

**Current systems:**

1. According document review and worker interview, all workers in the site were Chinese, there were 9 workers which came from other provinces such as Hunan, Jiangxi, Sichuan and Henan province, 23 workers were local worker (total 32 workers in the site).
2. Through worker interview and document review, it was noted that there was no any agency staff, employment agencies or immigration worker used in the factory.

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

Details:

Recruitment policy  
Employee Handbook  
Employee Roster  
Personnel file  
Employees' interview.  
Management interview

Any other comments:

Nil

**Non-compliance:****1. Description of non-compliance:**

☐ NC against ETI      ☐ NC against Local Law      ☐ NC against customer  
code:  
None was observed

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

N/A

**Recommended corrective action:**

Nil

**Objective evidence observed:**

N/A

Observation:	
<b>Description of observation:</b> None was observed  <b>Local law or ETI/Additional Elements requirement:</b> N/A  <b>Comments:</b> Nil	<b>Objective evidence observed:</b> N/A

Good examples observed:	
<b>Description of Good Example (GE):</b> None was observed	<b>Objective Evidence Observed:</b> N/A



**10. Other issue areas 10B2: Environment 2-Pillar**[\(Click here to return to summary of findings\)](#)

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

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

10B2.2 The supplier should be aware of and comply with their end clients' environmental requirements. Note for auditors and readers, this is not a full environmental assessment but a check on basic systems and management approach.

**Current Systems and Evidence Examined**

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

**Current systems:**

1. The factory established the environment protection policy and the emergency preparedness plan.
2. The factory was aware of the significant environmental impact of their site and its processes.
3. There were not any fines/prosecutions for non-compliance to environmental regulations identified.
4. The factory had established the EHS management system and appointed Mr. Kaiqing Gong/ Factory Director to be responsible for the environment improvement.
5. The annual monitoring report for noise showed the pollutant discharging was compliance with environmental law.
6. The factory had measured its impacts, including continuous recording and regular reviews of use and discharge of natural resources e.g. energy use, water use.

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

Through factory tour and document review, the factory had established internal environmental management documents.

**Any other comments:**

Nil

**Non-compliance:**

<b>1. Description of non-compliance:</b> <input type="checkbox"/> NC against ETI/Additional Elements None was observed  <input type="checkbox"/> NC against Local Law  <b>Local law and/or ETI/Additional Elements requirement:</b> N/A  <b>Recommended corrective action:</b> Nil	<b>Objective evidence observed:</b> N/A
--	--

Observation:	
<b>Description of observation:</b> None was observed  <b>Local law and/or ETI /Additional Elements requirement:</b> N/A  <b>Comments:</b> Nil	<b>Objective evidence observed:</b> N/A

Good examples observed:	
<b>Description of Good Example (GE):</b> None was observed	<b>Objective evidence observed:</b> N/A



## Other findings

**Other Findings Outside the Scope of the Code**

Nil

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

Nil








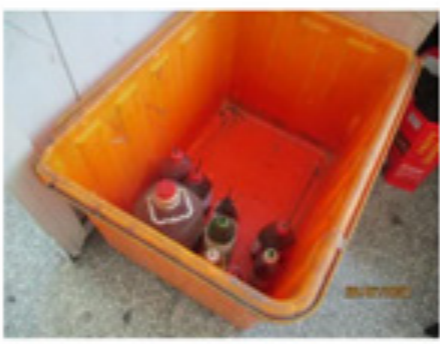

## Appendix 1

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

☒ Not Applicable please x



## Photo Form

		
Factory nameplate	Factory entrance	Factory address
		
Production building	Cutting	Sewing
		
Inspection & Packing	Chemical in secondary container	Fire hydrant

Fire extinguishers	Fire alarm	Emergency light and exit sign

Evacuation map	Attendance machine	Suggestion box

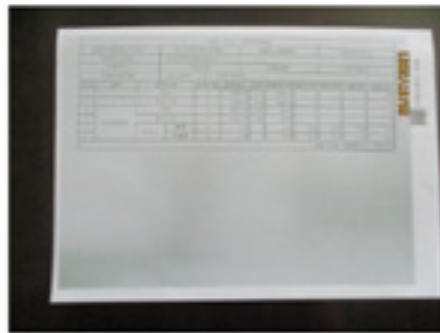
Toilet	First aid kit	Drinking water

Business license	Lease contract	Social responsibility manual





Employee manual



Social insurance summary sheet



Commercial insurance receipt



Construction project completion acceptance report



Fire protection completion acceptance report



Employee roster



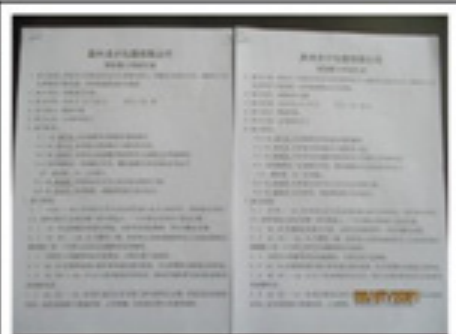
Attendance record





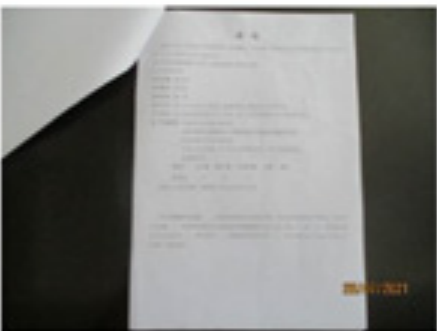
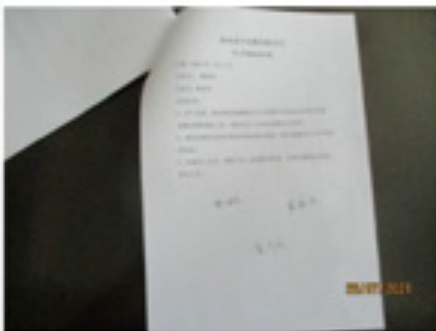
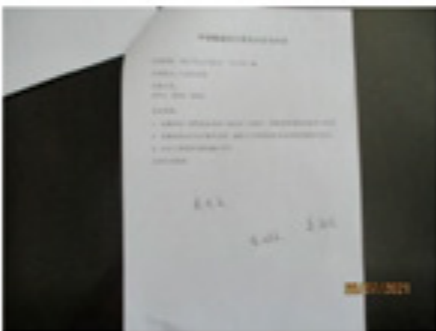




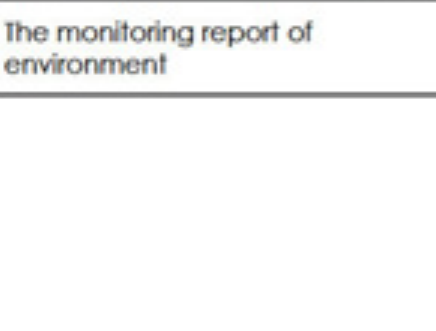


Payroll




Personnel file







ID copy	Labour contract	Fire drill
		
Training record	Internal audit report	Employee representative election record
		
Worker representatives meeting	EHS meeting	Drinking water testing report
		
The monitoring report of environment	Cargo lift inspection report	First aider certificate
		

		
Safety management certificate	Electrician	Cargo lift management certificate

	Nil	Nil
Fixed pollution source pollution discharge registration	Nil	Nil

## NC Photo:

		Nil
NC Photo 01: No belt guards were equipped for sewing machines.	NC Photo 02: No finger guards were equipped on all sewing machines.	Nil



For more information visit: [Sedexglobal.com](https://www.sedexglobal.com)

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

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

**[Click here for Buyer \(A\) & Buyer/Supplier \(A/B\) members:](http://www.surveymonkey.com/s.aspx?sm=rIPsbE0PQ52ehCo3lnq5lw_3d_3d)**

[http://www.surveymonkey.com/s.aspx?sm=rIPsbE0PQ52ehCo3lnq5lw\\_3d\\_3d](http://www.surveymonkey.com/s.aspx?sm=rIPsbE0PQ52ehCo3lnq5lw_3d_3d)

**[Click here for Supplier \(B\) members:](http://www.surveymonkey.com/s.aspx?sm=d3vYsCe48fre69DRgfy_2brg_3d_3d)**

[http://www.surveymonkey.com/s.aspx?sm=d3vYsCe48fre69DRgfy\\_2brg\\_3d\\_3d](http://www.surveymonkey.com/s.aspx?sm=d3vYsCe48fre69DRgfy_2brg_3d_3d)

**[Click here for Auditors:](https://www.surveymonkey.co.uk/fr/BRTVCKP)**

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





# SMETA Corrective Action Plan Report (CAPR)

Version 6.1



## Audit Details

Sedex Company Reference: (only available on Sedex System)	ZC: [REDACTED]	Sedex Site Reference: (only available on Sedex System)	ZS: [REDACTED]
Business name (Company name):	[REDACTED]		
Site name:	[REDACTED]		
Site address: (Please include full address)	[REDACTED] Fujian Province. [REDACTED] [REDACTED] [REDACTED]	Country:	China
Site contact and job title:	Ms. [REDACTED] / Business Manager		
Site phone:	[REDACTED]	Site e-mail:	[REDACTED]
SMETA Audit Pillars:	<input checked="" type="checkbox"/> Labour Standards	<input checked="" type="checkbox"/> Health & Safety (plus Environment 2-Pillar)	<input type="checkbox"/> Environment 4-pillar <input type="checkbox"/> Business Ethics
Date of Audit:	26 July 2021		

## Audit Company Name &amp; Logo:



**TÜVRheinland®**  
Precisely Right.

TUV Rheinland (Guangdong) Ltd.

## Report Owner (payer):

[REDACTED]

## Audit Conducted By

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

## Audit Content:

(1) A SMETA audit was conducted which included some or all of Labour Standards, Health & Safety, Environment and Business Ethics. The SMETA Best Practice Version 6.1 (March 2019) was applied. The scope of workers included all types at the site e.g. direct employees, agency workers, workers employed by service providers and workers provided by other contractors. Any deviations from the SMETA Methodology are stated (with reasons for deviation) in the SMETA Declaration.

(2) The audit scope was against the following reference documents

### 2-Pillar SMETA Audit

- ETI Base Code
- SMETA Additions
  - Universal rights covering UNGP
  - Management systems and code implementation,
  - Responsible Recruitment
  - Entitlement to Work & Immigration,
  - Sub-Contracting and Home working,

### 4-Pillar SMETA

- 2-Pillar requirements plus
- Additional Pillar assessment of Environment
- Additional Pillar assessment of Business Ethics
- The Customer's Supplier Code (Appendix 1)

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

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



## SMETA Declaration

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

- (1) Where appropriate non-compliances were raised against the ETI code / SMETA Additions & local law and recorded as non-compliances on both the audit report, CAPR and on Sedex.
- (2) Any Non-Compliance against customer code alone shall not be uploaded to Sedex. However, in the CAPR these 'Variances in compliance between ETI code / SMETA Additions/ local law and customer code' shall be noted in the observations section of the CAPR.

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

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

Lead auditor: Bonnie Dong

Team auditor: N/A

Interviewers: Bonnie Dong

Report writer: Bonnie Dong

Report reviewer: Elva Jiang

Date of declaration: 26 July 2021

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

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

## Audit Parameters

Audit Parameters			
A: Time in and time out	Day 1 Time in: 8:00 Day 1 Time out: 17:30	Day 2 Time in: N/A Day 2 Time out: N/A	Day 3 Time in: N/A Day 3 Time out: N/A
B: Number of auditor days used:	One auditor in one day		
C: Audit type:	<input checked="" type="checkbox"/> Full Initial <input type="checkbox"/> Periodic <input type="checkbox"/> Full Follow-up <input type="checkbox"/> Partial Follow-Up <input type="checkbox"/> Partial Other  If other, please define		
D: Was the audit announced?	<input checked="" type="checkbox"/> Announced <input type="checkbox"/> Semi – announced: Window detail:    weeks <input type="checkbox"/> Unannounced		
E: Was the Sedex SAQ available for review?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If No, why not The factory didn't know the requirement.		
F: Any conflicting information SAQ/Pre-Audit Info to Audit findings?	<input type="checkbox"/> Yes <input type="checkbox"/> No If <b>Yes</b> , please capture detail in appropriate audit by clause N/A. No SAQ was provided for review		
G: Who signed and agreed CAPR (Name and job title)	[REDACTED] Administration Manager		
H: Is further information available (if yes, please contact audit company for details)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
I: Previous audit date:	Nil		
J: Previous audit type:	N/A		
K: Were any previous audits reviewed for this audit	<input type="checkbox"/> Yes <input type="checkbox"/> No  <input checked="" type="checkbox"/> N/A		

Audit attendance	Management	Worker Representatives	
	Senior management	Worker Committee	Union representatives

		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)	N/A. No trade union onsite.		

## Guidance

The Corrective Action Plan Report summarises the site audit findings and a corrective, and preventative action plan that both the auditor and the site manager believe is reasonable to ensure conformity with the



ETI Base Code, Local Laws and additional audited requirements. After the initial audit, the form is used to re-record actions taken and to categorise the status of the non-compliances.

N.B. observations and good practice examples should be pointed out at the closing meeting as well as discussing non-compliances and corrective actions.

To ensure that good practice examples are highlighted to the supplier and to give a more 'balanced' audit a section to record these has been provided on the CAPR document (see following pages) which will remain with the supplier. They will be further confirmed on receipt of the audit report.

#### **Root cause (see column 4)**

**Root cause** refers to the specific procedure or lack of procedure which caused the issue to arise. Before a corrective action can sustainably rectify the situation, it is important to find out the real cause of the non-compliance and whether a system change is necessary to ensure the issue will not arise again in the future.

See SMETA BPG Chapter 7 'Audit Execution' for more explanation of "root cause".

#### **Next Steps:**

1. The site shall request, via Sedex, that the audit body upload the audit report, non-compliances, observations and good examples. If you have not already received instructions on how to do this then please visit the web site [www.sedexglobal.com](http://www.sedexglobal.com).
2. Sites shall action its non-compliances and document its progress via Sedex.
3. Once the site has effectively progressed through its actions then it shall request via Sedex that the audit body verify its actions. Please visit [www.sedexglobal.com](http://www.sedexglobal.com) web site for information on how to do this.
4. The audit body shall verify corrective actions taken by the site by either a "Desk-Top" review process via Sedex or by Follow-up Audit (see point 5).
5. Some non-compliances that cannot be closed off by "Desk-Top" review may need to be closed off via a "1 Day Follow Up Audit" charged at normal fee rates. If this is the case, then the site will be notified after its submission of documentary evidence relating to that non-compliance. Any follow-up audit must take place within twelve months of the initial audit and the information from the initial audit must be available for sign off of corrective action.
6. For changes to wages and hours to be correctly verified it will normally require a follow up site visit. Auditors will generally require to see a minimum of two months wages and hours records, showing new rates in order to confirm changes (note some clients may ask for a longer period, if in doubt please check with the client).

## Corrective Action Plan

Corrective Action Plan – non-compliances									
Non-Compliance Number <i>The reference number of the non-compliance from the Audit Report, for example, Discrimination No.7</i>	New or Carried Over <i>Is this a new non-compliance identified at the follow-up or one carried over (C) that is still outstanding</i>	Details of Non-Compliance <i>Details of Non-Compliance</i>	Root cause <i>(completed by the site)</i>	Preventative and Corrective Actions <i>Details of actions to be taken to clear non-compliance, and the system change to prevent re-occurrence (agreed between site and auditor)</i>	Timescale <i>(Immediate, 30, 60, 90, 180, 365)</i>	Verification Method <i>Desktop / Follow-Up [D/F]</i>	Agreed by Management and Name of Responsible Person: <i>Note if management agree to the non-compliance, and document name of responsible person</i>	Verification Evidence and Comments <i>Details on corrective action evidence</i>	Status <i>Open/Closed or comment</i>
NC 1  3. Working Conditions are Safe and Hygienic -1	New	It was noted that no finger guards were equipped on all sewing machines and no belt guards were equipped for about 20% sewing machines. 现场发现，所有的针车都没有护指环并且约 20%的针车没有皮带防护。	<input type="checkbox"/> Training <input type="checkbox"/> Systems <input type="checkbox"/> Costs <input type="checkbox"/> lack of workers <input type="checkbox"/> Other – please give details:	It is recommended that safety devices should be equipped to machines to comply with the law. 建议工厂对设备的危险部位按要求加装安全防护装置。	30 days	Desktop	Agreed by [REDACTED] Administration Manager		
NC 2  5. Living Wages and Benefits -1	New	Based on insurance receipt of June 2021, there were 35 (including 10 retired rehired employees and 1 new employee) employees on the audit date, insufficient social insurances were paid to employees, the current system: endowment insurance: 4 employees, occupational injury insurance: 4 employees,	<input type="checkbox"/> Training <input type="checkbox"/> Systems <input type="checkbox"/> Costs <input type="checkbox"/> lack of workers <input type="checkbox"/> Other – please give details:	The factory should provide the legal required social insurance to all workers. 建议工厂为所有员工提供法定的社会保险。	90 days	Desktop	Agreed by [REDACTED] Administration Manager		



		maternity insurance: 4 employees, medical insurance: 4 employees, unemployment insurance: 3 employees. However, the factory had provided commercial insurance to all employees, which validated from 19 December 2020 to 18 December 2021. 根据 2021 年 6 月份的社保缴费凭证, 工厂共 35 名员工 (包括 10 名退休返聘的员工和 1 名新进员工), 工厂为 4 人购买了养老保险, 工伤保险, 生育保险和医疗保险, 3 人购买了失业保险, 且工厂为全部员工购买了商业保险, 有效期从 2020 年 12 月 19 日至 2021 年 12 月 18 日。							
NC 3 6. Working Hours -1	New	Based on attendance records from June 2020 to audit day review, it was found that all workers' overtime hours exceeded 36 hours per month except February 2021. Three sampled months of May 2021 (current paid month), December 2020 and August 2020 were randomly selected. It was found that 10 out of 10 workers' overtime was 64 hours in May 2021, 10 out of 10 workers' overtime was 58 hours in	<input type="checkbox"/> Training <input type="checkbox"/> Systems <input type="checkbox"/> Costs <input type="checkbox"/> lack of workers <input type="checkbox"/> Other – please give details:	The factory should control the monthly OT within 36 hours. 建议工厂每月加班时间控制在 36 小时以内。	60 days	Follow up	Agreed by Mr. Sifeng Li/ Administration Manager		



		December 2020 and 10 out of 10 workers' overtime was 66 hours in August 2020. 根据 2020 年 6 月 1 日到审核当天的考勤记录, 所有工人的月加班时间除了 2021 年 2 月, 均超过了法律规定的 36 小时。抽样的三个月 2021 年 5 月, 2020 年 12 月和 2020 年 8 月中, 显示抽样的 10 名员工的月加班在 2021 年 5 月为 64 小时, 抽样的 10 名员工的月加班在 2020 年 12 月为 58 小时, 抽样的 10 名员工的月加班在 2020 年 8 月为 66 小时。							
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## Corrective Action Plan – Observations

Observation Number <i>The reference number of the observation from the Audit Report, for example, Discrimination No.7</i>	New or Carried Over <i>Is this a new observation identified at the follow-up or one carried over (C) that is still outstanding</i>	Details of Observation <i>Details of Observation</i>	Root cause <i>(completed by the site)</i>	Any improvement actions discussed <i>(Not uploaded on to SEDEx)</i>
Management system and Code Implementation 0.B.1		The factory did not provide SAQ at the time of audit for review. 工厂在审核时未提供 SAQ。	The factory didn't know the requirement.	Suppliers should have completed the SAQ and made it available to the auditor. 工厂应完成 SAQ 表并且提供给审核员审阅。

## Good examples

<b>Good example Number</b> <i>The reference number of the non-compliance from the Audit Report, for example, Discrimination No.7</i>	<b>Details of good example noted</b>	<b>Any relevant Evidence and Comments</b>
Nil		

## Confirmation

**Please sign this document confirming that the above findings have been discussed with and understood by you:** (site management)  
*If actual signatures are not possible in electronic versions, please state the name of the signatory in applicable boxes, as indicating the signature.*

A: Site Representative Signature:

[REDACTED]

Title Administration Manager

Date 26 July 2021

B: Auditor Signature:

Bonnie Dong

Title Lead Auditor

Date 26 July 2021

C: Please indicate below if you, the site management, dispute any of the findings. No need to complete D-E, if no disputes.

D: I dispute the following numbered non-compliances:

Nil

E: Signed:  
(If any entry in box D, please complete  
a signature on this line)

[REDACTED]

Title Administration Manager

Date 26 July 2021

F: Any other site Comments:

Nil



## Guidance on Root Cause

### Explanation of the Root Cause Column

If a non-compliance is to be rectified by a corrective action which will also prevent the non-compliance re-occurring, it is necessary to consider whether a system change is required.

Understanding the root cause of the non-compliance is essential if a site is to prevent the issue re-occurring.

The root cause refers to the specific activity/ procedure or lack of activity /procedure which caused the non-compliance to arise. Before a corrective action can rectify the situation, it is important to find out the real cause of the non-compliance and whether a system change is necessary to ensure the issue will not arise again in the future.

Since this is a new addition, it is not a mandatory requirement to complete this column at this time. We hope to encourage auditors and sites to think about Root Causes and where they are able to agree, this column may be used to describe their discussion.

### ***Some examples of finding a "root cause"***

#### Example 1

Where excessive hours have been noted the real reason for these needs to be understood, whether due to production planning, bottle necks in the operation, insufficient training of operators, delays in receiving trims, etc.

#### Example 2

A non-compliance may be found where workers are not using PPE that has been provided to them. This could be the result of insufficient training for workers to understand the need for its use; a lack of follow-up by supervisors aligned to a proper set of factory rules or the fact that workers feel their productivity (and thus potential earnings) is affected by use of items such as metal gloves.

#### Example 3

A site uses fines to control unacceptable behaviour of workers.

International standards (and often local laws) may require that workers should not be fined for disciplinary reasons.

It may be difficult to stop fines immediately as the site rules may have been in place for some time, but to prevent the non-compliance re-occurring it will be necessary to make a system change.

The symptom is fines, but the root cause is a management system which may break the law. To prevent the problem re-occurring it will be necessary to make a system change for example the site could consider a system which rewards for good behaviour

Only by understanding the underlying cause can effective corrective actions be taken to ensure continuous compliance.

The site is encouraged to complete this section so as to indicate their understanding of the issues raised and the actions to be taken.



For more information visit: [Sedexglobal.com](https://www.sedexglobal.com)

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:

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[http://www.surveymonkey.com/s.aspx?sm=rIPsbE0PQ52ehCo3lnq5hiv\\_3d\\_3d](http://www.surveymonkey.com/s.aspx?sm=rIPsbE0PQ52ehCo3lnq5hiv_3d_3d)

[Click here for Supplier \(B\) members:](http://www.surveymonkey.com/s.aspx?sm=d3vYsCe48fre69DRglY_2brg_3d_3d)

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