




Sedex Members Ethical Trade Audit Report

Version 6.0



Audit Details			
Sedex Company Reference: <i>(only available on Sedex System)</i>	ZC405488208	Sedex Site Reference: <i>(only available on Sedex System)</i>	ZS405499061
Business name (Company name):	XIAMEN ZEYOU INDUSTRIAL AND TRADE LIMITED		
Site name:	XIAMEN ZEYOU INDUSTRIAL AND TRADE LIMITED 厦门泽优工贸有限公司		
Site address: <i>(Please include full address)</i>	2/F, 9A Building, Pulisheng Industrial Zone, South Guangxing Road, Xinglin, Jimei District, Xiamen City, Fujian Province 福建省厦门市集美区杏林 广兴南路9号厂房2A1单元之二	Country:	China
Site contact and job title:	Mr. Huang Sihua / General Manager		
Site phone:	86-0-14359038835	Site e-mail:	tomkam82@163.com
SMETA Audit Pillars:	<input checked="" type="checkbox"/> Labour Standards	<input checked="" type="checkbox"/> Health & Safety	<input checked="" type="checkbox"/> Environment <input checked="" type="checkbox"/> Business Ethics
Date of Audit:	21 & 22 November, 2018		

Audit Company Name & Logo: 	Report Owner (payee): <i>(If paid for by the customer of the site please remove for Sedex upload)</i> XIAMEN ZEYOU INDUSTRIAL AND TRADE LIMITED
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Audit Conducted By					
Commercial	<input checked="" type="checkbox"/>	Purchaser	<input type="checkbox"/>	Retailer	<input type="checkbox"/>
Brand owner	<input type="checkbox"/>	NGO	<input type="checkbox"/>	Trade Union	<input type="checkbox"/>
Multi-stakeholder	<input type="checkbox"/>	Combined Audit (select all that apply)			

Audit Content:

(1) A SMETA audit was conducted which included some or all of Labour Standards, Health & Safety, Environment and Business Ethics. The SMETA Best Practice Version 6.0 April 2017 was applied. The scope of workers included all types at the site e.g. direct employees, agency workers, workers employed by service providers and workers provided by other contractors. Any deviations from the SMETA Methodology are stated (with reasons for deviation) in the SMETA Declaration.

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

2-Pillar SMETA Audit

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

4-Pillar SMETA

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

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

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

SMETA Declaration

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

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

Auditor Team (s) (please list all including all interviewers):	Lien Wang
Lead auditor:	Lien Wang
Team auditor:	N/A
Interviewers:	Lien Wang
Report writer:	Lien Wang
Report reviewer:	Lucy Zou
Audit Company Report Reference:	S-10151270-02
Date of declaration:	21 November, 2018

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

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

Non-Compliance Table

Issue <i>(please click on the issue title to go direct to the appropriate audit results by clause)</i> Note to auditor, please ensure that when issuing the audit report, hyperlinks are retained.	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 Universal Rights covering UNGP			<input type="checkbox"/>	<input type="checkbox"/>		0	0	N/A
0B Management systems and code implementation	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	3	0	0	Summary of Non-Compliance finding 1: No training of ETI Base Code for all employees. Summary of Non-Compliance finding 2: Not communicate client Code to their own suppliers and carry out to them on social accountability. Summary of Non-Compliance finding 3: SAQ not completed.
1. Freely chosen Employment	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	0	0	0	N/A
2. Freedom of Association	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	0	0	0	N/A
3. Safety and Hygienic Conditions	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>	4	0	0	Summary of Non-Compliance finding 1: No MSDS was provided for thinner used. Summary of Non-Compliance finding 2: No warning sign was posted next to the installing needle machine. Summary of Non-Compliance finding 3: No inner cover on one electrical control panel.

									Summary of Non-Compliance finding 4: Flammable goods leaned against wall.
4	<u>Child Labour</u>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	0	0	0	N/A
5	<u>Living Wages and Benefits</u>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>	1	0	0	Summary of Non-Compliance finding 1: No social insurance paid for some employees.
6	<u>Working Hours</u>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	0	0	0	N/A
7	<u>Discrimination</u>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	0	0	0	N/A
8	<u>Regular Employment</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	0	0	0	N/A
8A	<u>Sub-Contracting and Homeworking</u>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	0	0	0	N/A
9	<u>Harsh or Inhumane Treatment</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	0	0	0	N/A
10A	<u>Entitlement to Work</u>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	0	0	0	N/A
10B2	<u>Environment 2-Pillar</u>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	N/A	N/A	N/A	N/A. As it is a 4-pillar audit.
10B4	<u>Environment 4-Pillar</u>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	0	0	0	N/A
10C	<u>Business Ethics</u>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	0	0	0	N/A

General observations and summary of the site:

Based on document review, employee interviews and site tour, the positive finding listed as below:

Positive finding:

1. The factory obtained and provided valid business license (No.: 91350212079388975J), period of validity was from 12 December, 2013 to 11 December, 2063.
2. The factory occupied about 1,700 square meters and rented part of the second floor in one five-storey building used as office, production workshop and warehouse. The construction project completion acceptance and fire control acceptance report were obtained and provided for review.

3. All employees were recruited directly by the factory. The factory required all employees to copy their personal ID cards before work. Both copy of ID cards and latest individual photos were kept properly in their personnel files.
4. The emergency evacuation floor plan was posted on the wall of each workshop.
5. There were 30 employees currently working in the factory including 8 male workers and 22 female workers.
6. No child labour or young worker was found during the audit. The youngest worker was 22 years old, born on 15 September, 1996 and was hired on 29 February, 2016.
7. No forced labour, discrimination & harsh or inhumane treatment were found during the audit.
8. Suggestion box was available for employees to complain or feedback their working condition. Also, they could communicate with their supervisors directly or through worker representatives.
9. Labour contract was signed with all employees in time when they obtained employment. Each employee retained one labour contract copy for individual.
10. The factory conducted fire drill which included fire extinguishers exercise and evacuation exercise twice a year at production area. The latest drill was conducted on 25 September, 2018.
11. The senior management (Mr. Huang Sihua / General Manager) was assigned to be responsible for Health & Safety.
12. Six individual workers and one group of four workers were interviewed in the meeting room. Employees' attitude was positive and polite during the audit. And employees showed the favourable attitude toward the factory via workers interview.
13. Fire-fighting facilities were well equipped and checked regularly. Drinking water and toilet were available and accessed easily.
14. The wages were paid by cash before 30th at the following month. Workers' wages were calculated on hourly rate basis. No delay of wage was identified through worker interview and management interview.

Negative finding:

In view of the findings raised, three non-compliances were found in the areas of Managements system and Code Implementation, four non-compliances were found in the areas of Safety and Hygienic Conditions and one non-compliance was found in the area of Living Wages are Paid (for the NC contents please refer to above-mentioned NC table). For other areas, no violations were noted.

Observation:

None observed.

Good examples :

None observed.

**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:	XIAMEN ZEYOU INDUSTRIAL AND TRADE LIMITED										
B: Site name:	XIAMEN ZEYOU INDUSTRIAL AND TRADE LIMITED 厦门泽优工贸有限公司										
C: GPS location: (if available)	GPS Address: 2/F, 9A Building, Pulisheng Industrial Zone, South Guangxing Road, Xinglin, Jimei District, Xiamen City, Fujian Province, China	Latitude: N24° 34' 14.48" Longitude: E118° 01' 16.57"									
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 No. 91350212079388975J Valid from 12 December, 2013 to 11 December, 2063										
E: Products/Activities at site, for example, garment manufacture, electricals, toys, grower, cutting, sewing, packing etc.	Watch										
F: Site description: (Include size, location, and age of site. Also, include structure and number of buildings)	<p>XIAMEN ZEYOU INDUSTRIAL AND TRADE LIMITED was specialized in manufacturing of watch. It was founded on 12 December, 2013. The factory was located at 2/F, 9A Building, Pulisheng Industrial Zone, South Guangxing Road, Xinglin, Jimei District, Xiamen City, Fujian Province, China. The factory occupied about 1,700 square meters and rented part of the second floor in one five-storey building used as office, assembly workshop, inspection workshop, packing workshop, raw material warehouse and finished-goods warehouse. The factory did not provide canteen or dormitory to workers.</p> <p>On the audit days, there were totally 30 employees in the factory including 18 production workers and 12 non-production personnel. The age of employees ranged from 22 to 44.</p> <p>The normal working period is 5 days per week from Monday to Friday, 8 hours a day in one shift for office and all workshops. The normal working hour is 08:00 to 12:00, 13:00 to 17:00, with 1 hour of lunch break from 12:00 to 13:00.</p> <p>For below, please add any extra rows if appropriate.</p> <table border="1"> <thead> <tr> <th>Production Building No.1</th> <th>Description</th> <th>Remark, if any</th> </tr> </thead> <tbody> <tr> <td>Floor 1</td> <td>Rented by one hardware factory</td> <td>Year of establishment: 1992</td> </tr> <tr> <td>Floor 2</td> <td>One part was used as office, assembly workshop, , inspection workshop, packing workshop, raw</td> <td>Year of establishment: 1992</td> </tr> </tbody> </table>		Production Building No.1	Description	Remark, if any	Floor 1	Rented by one hardware factory	Year of establishment: 1992	Floor 2	One part was used as office, assembly workshop, , inspection workshop, packing workshop, raw	Year of establishment: 1992
Production Building No.1	Description	Remark, if any									
Floor 1	Rented by one hardware factory	Year of establishment: 1992									
Floor 2	One part was used as office, assembly workshop, , inspection workshop, packing workshop, raw	Year of establishment: 1992									

		material warehouse and finished-goods warehouse, the other part was rented by one garment factory	
	Floor 3	Rented by one garden products factory	Year of establishment: 1992
	Floor 4	Rented by one handbag factory	Year of establishment: 1992
	Floor 5	Rented by one crafts factory	Year of establishment: 1992
	Is this a shared building?	Yes	On the audit date, the auditor visited other factories, all firefighting equipments were sufficient and accessible and no negative finding was found.
<p>Visible structural integrity issues (large cracks) observed?</p> <p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No Please give details: N/A</p> <p>Does the site have a structural engineer evaluation?</p> <p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No Please give details:</p>			
G: Site function:	<input type="checkbox"/> Agent <input checked="" type="checkbox"/> Factory Processing/Manufacturer <input checked="" type="checkbox"/> Finished Product Supplier <input type="checkbox"/> Grower <input type="checkbox"/> Homeworker <input type="checkbox"/> Labour Provider <input type="checkbox"/> Pack House <input type="checkbox"/> Primary Producer <input type="checkbox"/> Service Provider <input type="checkbox"/> Sub-Contractor		
H: Month(s) of peak season: (if applicable)	No obvious peak season and non-peak season		

<p>I: Process overview: (Include products being produced, main operations, number of production lines, main equipment used)</p>	<p>Products being produced: watch Main operations: assembly, inspection and packing Number of production line: 1 Main equipment used: testing machine, installing needle machine</p>
<p>J: What form of worker representation / union is there on site?</p>	<p><input type="checkbox"/> Union (name) <input checked="" type="checkbox"/> Worker Committee: 1 worker representative was elected on 18 April, 2018 <input type="checkbox"/> Other (specify) <input type="checkbox"/> None</p>
<p>K: Is there any night production work at the site?</p>	<p><input type="checkbox"/> Yes <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 <input checked="" type="checkbox"/> No 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 <input checked="" type="checkbox"/> No If Yes approx. % of workers</p>
<p>N: Were all site provided accommodation buildings included in this audit</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If No, please give details: 80% employees were from local place, so the site did not provide accommodation building.</p>

Audit Parameters			
A: Time in and time out	Day 1 Time in: 08:00 Day 1 Time out: 17:00	Day 2 Time in: 08:00 Day 2 Time out: 12:00	Day 3 Time in: Day 3 Time out:
B: Number of auditor days used:	1.5 (1 auditor for 1.5 days)		
C: Audit type:	<input checked="" type="checkbox"/> Full Initial <input type="checkbox"/> Periodic <input type="checkbox"/> Full Follow-up <input type="checkbox"/> Partial Follow-Up <input type="checkbox"/> Partial Other If other, please define		
D: Was the audit announced?	<input checked="" type="checkbox"/> Announced <input type="checkbox"/> Semi – announced: Window detail: weeks <input type="checkbox"/> Unannounced		
E: Was the Sedex SAQ available for review?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If No, why not: the facility did not know this requirement.		
F: Any conflicting information SAQ/Pre-Audit Info to Audit findings?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes , please capture detail in appropriate audit by clause		
G: Who signed and agreed CAPR (Name and job title)	Mr. Huang Sihua / General 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:	N/A		
J: Previous audit type:	N/A		
K: Were any previous audits reviewed for this audit	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A		

Audit attendance	Management		Worker Representatives			
	Senior management		Worker Committee representatives		Union representatives	
A: Present at the opening meeting?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
B: Present at the audit?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
C: Present at the closing meeting?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	

<p>D: If Worker Representatives were not present please explain reasons why <i>(only complete if no worker reps present)</i></p>	<p>N/A</p>
<p>E: If Union Representatives were not present please explain reasons why: <i>(only complete if no union reps present)</i></p>	<p>There was no trade union in the facility.</p>

Worker Analysis

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

Worker Analysis								
	Local			Migrant*			Home workers	Total
	Permanent	Temporary	Agency	Permanent	Temporary	Agency		
Worker numbers – Male	8	0	0	0	0	0	0	8
Worker numbers – female	22	0	0	0	0	0	0	22
Total	30	0	0	0	0	0	0	30
Number of Workers interviewed – male	3	0	0	0	0	0	0	3
Number of Workers interviewed – female	7	0	0	0	0	0	0	7
Total – interviewed sample size	10	0	0	0	0	0	0	10

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

	<p>___100___% monthly paid _____% other If other, please give details</p>
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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>	1 group of 4 workers
D: Number of individual interviews <i>(Please see SMETA Best Practice Guidance and Measurement Criteria)</i>	Male: 2 Female: 4
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 interviewed showed they wanted to earn more wage.
I: What did the workers like the most about working at this site?	The working environment was quite good and the colleagues were quite friendly.
J: Any additional comment(s) regarding interviews:	Nil
K: Attitude of workers to hours worked:	Positive
L. Is there any worker survey information available?	
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <i>If yes, please give details:</i>	
M: Attitude of workers: <i>(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</i>	

The factory allowed the auditor from Globalgroup Certification Limited conducted confidential interviews with workers who were chosen freely without any influence by the factory management; 10 workers (1 group of 4 workers and 6 individuals) were randomly selected by auditor from different workshops for interviews; The workers showed a cooperative attitude during the interview process. Based on workers interview, they expressed their positive attitude to the management and payment. Most workers were satisfied with working conditions and benefits provided by the factory.

The effective evidences were collected by workers interview, the following information was summarized:

1. For employment freely chosen issues, workers said they were not required to lodge “deposits” or their identity cards at the recruitment and were free to leave or resign after reasonable notice.
2. For freedom association issues, all interviewees reflected that workers could complain to management or worker committee representatives directly or by writing letters through suggestion box, all interviewed workers were aware of workers’ representative.
3. For safety and health issues, all workers stated that factory provided induction training for new workers and regular safety training for all workers. Workers said they had participated in fire drills at the production area twice per a year, and most of them knew how to use the fire equipment.
4. For child labour issues, all interviewees confirmed that the factory checked their ID cards to verify their ages had never seen or heard any child labour less than 16 years old employed in this factory.
5. For wages and benefits issues, all workers said they were paid by hourly rate. Their wages were paid on or before 30th of the following month by cash. They could check the wages if they had any doubts. The factory provided five kinds of social insurance namely Endowment Insurance, Work-related Injury Insurance, Medical Insurance, Unemployment Insurance and Maternity Insurance to 23% (7 out of 30) employees. Meanwhile the facility provided commercial injury insurance to 10 employees from NEW CHINA LIFE INSURANCE COMPANY LTD with a valid period from 12 March, 2018 to 11 March, 2019 and 13 employees from NEW CHINA LIFE INSURANCE COMPANY LTD with a valid period from 5 November, 2018 to 4 November, 2019. (For details please refer to NC – Living wages are paid: No.1.)
6. For working hour issues, all employees worked in one shift per day which was from 08:00 to 17:00 with 1 hour’s rest from 12:00 to 13:00, the production peak season was not obvious, and most workers had 2 hours’ overtime working in normal work days if needed. They had OT work on Saturday usually.
7. For discrimination issues, they said they could obtain the job based on their working experiences and abilities, female worker or male workers’ wages were calculated at the same rate for the same work.
8. For regular employment issue, all interviewees said that the factory had signed contracts with them within one week since recruitment and they had a copy of the contract on hands.

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

Interview with the worker committee representatives, the interviewees expressed that the facility management was nice to them, they could freely express their opinions, will, advice and suggestion without any fear or concern and they also could make grievance if necessary. No negative information was observed during the audit.

O: Attitude of managers:

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

The factory management showed a positive and cooperative attitude during the audit.

The factory management showed open and positive attitude to the audit.

The factory management agreed that the auditor took photos of the factory and factory compound and copy relevant documents/records.

The factory agreed that the auditor conducted confidential interviews with employees who were chosen freely without any influence by the factory.

The factory agreed that the auditor had accesses to all facilities, compound and documents and records requested by the audit.

At the end of the audit, all findings were accepted by the facility management.

Audit Results by Clause

0A: Universal Rights covering UNGP

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

0.A. Guidance for Observations

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

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

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

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

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

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

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

Current Systems and Evidence Examined

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

Current systems:

According to the documents review, the facility had established a policy, endorsed at the highest level, covering human rights impacts and issues, and the management provided the agreements signed by both the facility and its appropriate parties including its own suppliers to show they have communicated to its appropriate parties.

The facility had posted the policy about respecting Human Rights in the bulletin board, for example, Child labour shall not be used, Forced Labour shall not be used, No discrimination is practised, No harsh or inhumane treatment is allowed, etc.

The appointment letter of management representative (Mr. Huang Sihua / General Manager) for implementing standards concerning Human rights was also provided for review.

The facility provided the stakeholders situation for review.

The facility provided the assessment report for measuring the direct, indirect, and potential impacts on stakeholders (rights holders) human rights to the auditor for review.

The facility established a transparent system in place for confidentially reporting, and dealing with human rights impacts without fear of reprisals towards the reporter by means of suggestion box, making the contact way of General Manager and Manager in bulletin board and public areas in the facility, and the facility protects the reporter never disclosing any individual information about the reporter to any individuals.

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

Details:

1. Documentation files were reviewed. It stipulates complying with Human Rights, written policies and procedure that being provided individually to employees.
2. Letter of Authorization on implementing Human Rights
3. Impact for Human Rights assessment report

4. Management interview and employee interview

Any other comments: Nil

<p>A: Policy statement that expresses commitment to respect human rights?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details (mainly applicable for the parent company): The facility had posted the policy about respecting Human Rights in the bulletin board, including Child labour shall not be used, Forced Labour shall not be used, No discrimination is practised, No harsh or inhumane treatment is allowed, etc.</p>
<p>B: Does the business have a designated person responsible for implementing standards concerning Human Rights?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: Name: Mr. Huang Sihua Job title: General Manager</p>
<p>C: Does the businesses have a transparent system in place for confidentially reporting, and dealing with human rights impacts without fear of reprisals towards the reporter?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The facility established a transparent system in place for confidentially reporting, and dealing with human rights impacts without fear of reprisals towards the reporter by means of suggestion box, making the contact way of General Manager and Manager in bulletin board and public areas in the facility, and the facility protects the reporter never disclosing any individual information about the reporter to any individuals.</p>
<p>D: Does grievance mechanism meet with UNGP requirement of e.g. (Legitimate, Accessible, Predictable, Equitable, Transparent, Rights-compatible, a source of continuous learning and based on stakeholder engagement)?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If no, please give details:</p>
<p>E: Does the business demonstrate effective data privacy procedures for workers' information, which is implemented?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: the facility established an effective data privacy procedure for workers' information to protect the workers' privacy information.</p>

Findings		
<p>Finding: Observation <input type="checkbox"/></p> <p>Description of observation: N/A</p>	<p>Company NC <input type="checkbox"/></p>	<p>Objective evidence observed: N/A</p>

<p>Local law or ETI/Additional elements / customer specific requirement: N/A</p> <p>Comments: Nil</p>	
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<p style="text-align: center;">Good examples observed:</p>	
<p>Description of Good Example (GE): None observed.</p>	<p>Objective Evidence Observed: N/A</p>

Measuring Workplace Impact

Workplace Impact		
A: Annual worker turnover: Number of workers leaving in last 12 months as a % of average total number of workers on site over the year (annual worker turnover)	Last year: __6__ %	This year __11__ %
B: Current % quarterly (90 days) turnover: Number of workers leaving from the first of the 90 day period through to the last day of the 90 day period / [(number of employees on the 1 st day of 90 day period + number of employees on the last day of the 90 day period) / 2]	8%	
C: Annual % absenteeism: Number of days lost through job absence in the year / [(number of employees on 1 st day of the year + number employees on the last day of the year) / 2] * number available workdays in the year	Last year: __4__ %	This year __8__ %
D: Quarterly (90 days) % absenteeism: Number of days lost through job absence in the period / [(Number of employees on 1 st of the period + Number of employees on the last day of the period) / 2] * Number of available workdays in the month	3%	3%
E: Are accidents recorded?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: there was no accidents in the past one year.	
F: Annual Number of work related accidents and injuries per 100 workers: [(Number of work related accidents and injuries * 100) / Number of total workers]	Last year: 0 Number: 0	This year: 0 Number: 0
G: Quarterly (90 days) number of work related accidents and injuries per 100 workers: [(Number of work related accidents and injuries * 100) / Number of total workers]	0	0
H: Lost day work cases per 100 workers: [(Number of lost days due to work accidents and work related injuries * 100) / Number of total workers]	Last year: 0	This year: 0
I: % of workers that work on average more than 48 standard hours / week in the last 6 / 12 months:	6 months __16__% workers	12 months __25__% workers
J: % of workers that work on average more than 60 total hours / week in the last 6 / 12 months:	6 months __0__% workers	12 months __0__% workers

0B: Management system and Code Implementation

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

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

Current Systems and Evidence Examined

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

Current systems:

According to the documents review the facility had established a system to deliver compliance to the code which included child labour prohibition system and overtime work control system etc.
 The facility had posted the ETI code in the workshop, but did not communicate this ETI Base Code to all employees. For details please refer to NC - 0B: Management system and Code Implementation: No.1. On the other hand, the facility also could not provide positive evidence to indicate that they had communicated client Code to their own suppliers and carried out audits to them on social accountability. For details please refer to NC - 0B: Management system and Code Implementation: No.2. And the facility did not complete the SAQ at the time of audit. For details please refer to NC - 0B: Management system and Code Implementation: No.3.
 The appointment letter of management representative (Ms. Liu Donghua / HR Director) for management of ETI compliance was also provided for review.
 And auditor crosschecked attendance records provided by management with related production records collected from workshops and interview 10 sample workers. No inconsistency was noted.
 Totally, in Section 0B: Management system and Code Implementation, there were three non-compliances found. For details please refer to the contents of Non-compliances.

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

Details:

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

Any other comments:
 Nil

Management Systems:

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

Yes
 No
 Please give details: N/A

<p>B: Do policies and/or procedures exist that reduce the risk of forced labour, child labour, discrimination, harassment & abuse?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: the facility established procedures that reduce the risk of forced labour, child labour, discrimination, harassment & abuse.</p>
<p>C: If Yes, is there evidence (an indication) of effective implementation? Please give details.</p>	<p>Yes, in the past 12 months there was no forced labour, child labour, discrimination, harassment & abuse happened and the HR department strengthened and normalized the recruitment procedures and behavior in case of child labour, forced labour, discrimination, harassment & abuse</p>
<p>D: Have managers and workers received training in the standards for forced labour, child labour, discrimination, harassment & abuse?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: the facility operated training in the standards for forced labour, child labour, discrimination, harassment & abuse on managers and workers every three months.</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 Please give details: the facility provided training records for review and through employee interview, the workers knew well about it.</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 Please give details:</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 Please give details: there was 1 human resource people. Ms. Liu Donghua / HR Director is in charge of HR department.</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 Please give details: Ms. Liu Donghua / HR Director</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 Please give details: the facility established a policy to ensure all worker information is confidential.</p>
<p>J: Is there an effective procedure to ensure confidential information is kept confidential</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: through employee interview, they showed their confidential information is kept confidential.</p>
<p>K: Are risk assessments conducted to evaluate policy and procedure effectiveness?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>

	Please give details: the risk assessment was conducted through H&S committee and internal audit team on 10 May, 2018.
L: Does the facility have a process to address issues found when conducting risk assessments, including implementation of controls to reduce identified risks?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: the facility established a process to address issues found when conducting risk assessments, including implementation of controls to reduce identified risks.
M: Does the facility have a policy/code which require labour standards of its own suppliers?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: the facility established a policy/code which requires labour standards of its own suppliers.
Land rights	
N: Does the site have all required land rights licenses and permissions (see SMETA Measurement Criteria)?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: the facility kept the copies of all required land rights licenses and permissions which belonged to the landlord.
O: Does the site have systems in place to conduct legal due diligence to recognize and apply national laws and practices relating to land title?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: the facility established a system to conduct legal due diligence to recognize and apply national laws and practices relating to land title.
P: Does the site have a written policy and procedures specific to land rights. If yes, does it include any due diligence the company will undertake to obtain free, prior and informed consent, (FPIC) even if national/local law does not require it	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes, how does the company obtain FPIC: N/A
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 Details: the facility provided the leasing agreement for review.
R. Does the Facility demonstrate that alternatives to a specific land acquisition were considered to avoid or minimize adverse impacts?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details:
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 Please give details: N/A

Non-compliance:	
<p>1. Description of non-compliance: <input checked="" type="checkbox"/> NC against ETI/Additional Elements <input type="checkbox"/> NC against Local Law <input type="checkbox"/> NC against customer code: It was noted that through document review, management interview and employee interview the facility did not communicate this ETI Base Code to all employees.</p> <p>Local law and/or ETI/Additional Elements requirement: In accordance with SMETA Additions: 0.B.4 Suppliers are expected to communicate this Code to all employees.</p> <p>Recommended corrective action: It was recommended that the facility should train all employees on the ETI Base Code. (Recommended Completion Timescale: 60 days)</p>	<p>Objective evidence observed: 1. Per document review, management interview and employee interview</p>
<p>2. Description of observation: <input checked="" type="checkbox"/> NC against ETI/Additional Elements <input type="checkbox"/> NC against Local Law <input type="checkbox"/> NC against customer code: It was noted that through management interview and document review the facility could not provide positive evidence to indicate that they had communicated client Code to their own suppliers and carried out audits to them on social accountability.</p> <p>Local law or ETI/Additional elements requirement: ETI requirement: In accordance with ETI base code 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.</p> <p>Comments: It is recommended that the facility should communicate client Code to their own suppliers and carry out to them on social accountability. (Recommended Completion Timescale: 60 days)</p>	<p>Objective evidence observed: 2. Per management interview and document review</p>
<p>3. Description of non-compliance: <input checked="" type="checkbox"/> NC against ETI/Additional Elements <input type="checkbox"/> NC against Local Law <input type="checkbox"/> NC against customer code: It was noted that through document review and management interview, the facility did not complete the SAQ at the time of audit.</p> <p>Local law and/or ETI/Additional Elements requirement: ETI requirement: In accordance with SMETA Additions: 0.B.1 Suppliers are expected to implement and maintain systems for delivering compliance to this Code.</p> <p>Recommended corrective action: It is recommended that the facility should complete the appropriate section of the SAQ and make it available to the auditor. (Recommended Completion Timescale: 90 days)</p>	<p>Objective evidence observed: 3. Per document review and management interview</p>

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

Comments: N/A	
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Good Examples observed:	
Description of Good Example (GE): None observed.	Objective evidence observed: N/A

1: Freely Chosen Employment

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

ETI

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

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

Current Systems and Evidence Examined

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

Current systems:

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

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

Details:

- Personnel files (all were checked)
- Resignation records
- Factory rules
- Employee handbook
- Management and worker interview

Any other comments:

Nil

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

- Yes
- No

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

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

- Yes
- No

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

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

Non-compliance:	
<p>1. Description of non-compliance: <input type="checkbox"/> NC against ETI <input type="checkbox"/> NC against Local Law: <input type="checkbox"/> NC against customer code: None observed.</p> <p>Local law and/or ETI requirement N/A</p> <p>Recommended corrective action: N/A</p>	<p>Objective evidence observed: (where relevant please add photo numbers) N/A</p>

Observation:	
Description of observation: None observed. Local law or ETI requirement: N/A Comments: N/A	Objective evidence observed: N/A

Good Examples observed:	
Description of Good Example (GE): None observed.	Objective evidence observed: N/A

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

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

ETI

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

Current Systems and Evidence Examined

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

Current systems:

1. There was no trade union in the factory. 1 worker representative was elected on 18 April, 2018. The periodical communication meeting between the management and employee representative are conducted quarterly and meeting minutes retained for review.
2. The facility has established a mechanism to facilitate feedback from workers, workers could raise their concerns through employee representative, their supervisors, HR department, and anonymous compliant could be raised via suggestion box.

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

Details:

Based on the election evidence and records, meeting records < Communication meeting of management and employees>, the meeting should conduct quarterly, the factory has retain the meeting records.

The worker representative was elected by staffs voluntary.

Worker interview

Worker representative interview

Management interview

Any other comments:

Nil

<p>A: What form of worker representation/union is there on site?</p>	<p><input type="checkbox"/> Union (name) <input checked="" type="checkbox"/> Worker Committee: 1 worker representative was elected on 18 April, 2018 <input type="checkbox"/> Other (specify) <input type="checkbox"/> None</p>
<p>B: Is it a legal requirement to have a union?</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>

C: Is it a legal requirement to have a worker's committee?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
D: Is there any other form of effective worker/management communication channel? (Other than union/worker committee e.g. H&S, sexual harassment)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Describe: The E-mail address and telephone number of top management were posted in and workshop area and workers can address their complaints by E-mail and telephone calls. Is there evidence of free elections? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
E: Does the supplier provide adequate facilities to allow the Union or committee to conduct related business?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: the facility offer meeting room for worker committee holding meeting, offer activity centre to operate some forum between worker representatives and workers.	
F: Name of union and union representative, if applicable:	N/A	Is there evidence of free elections? <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A
G: If there is no union, is there a parallel means of consultation with workers e.g. worker committees?	Worker committee	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	Mr. Chen Weiping
I: Were worker representatives freely elected?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Date of last election: 18 April, 2018
J: Do workers know what topics can be raised with their representatives?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Topics about working issues, life issues, etc
K: Were worker representatives/union representatives interviewed?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If Yes , please state how many: 1 worker representative was interviewed.	
L: Please describe any evidence that union/worker's committee is effective? Specify date of last meeting; topics covered; how minutes were communicated etc.	1 worker representative was elected by employees themselves without any interference by management in the factory on 18 April, 2018, the facility provided the ballot result of candidates for review. The last communication meeting was held on 4 November, 2018 with topic of safety management training and lasting for about one hour. Meeting minutes was shared with all workers through posting on the board.	
M: Are any workers covered by Collective Bargaining Agreement (CBA)?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
If Yes , what percentage by trade Union/worker representation	___% workers covered by Union CBA N/A	___% workers covered by worker rep CBA N/A

If Yes , does the Collective Bargaining Agreement (CBA) include rates of pay?	<input type="checkbox"/> Yes <input type="checkbox"/> No N/A
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Non-compliance:	
1. Description of non-compliance: <input type="checkbox"/> NC against ETI <input type="checkbox"/> NC against Local Law <input type="checkbox"/> NC against customer code: None observed. Local law and/or ETI requirement: N/A Recommended corrective action: N/A	Objective evidence observed: (where relevant please add photo numbers) N/A

Observation:	
Description of observation: None observed. Local law or ETI requirement: N/A Comments: N/A	Objective evidence observed: N/A

Good Examples observed:	
Description of Good Example (GE): None observed.	Objective evidence observed: N/A

3: Working Conditions are Safe and Hygienic

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

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

ETI

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

Current Systems and Evidence Examined

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

Current systems:

1. A health and safety committee is made up of managers, supervisors and employees/workers. The committee meetings regularly discuss health and safety risks in the production site, organise training, analyse accident records and agree potential solutions to minimise risks and protect workers.
2. Mr. Huang Sihua / General Manager was appointed responsible for H&S issues in the factory.
3. The management understood the principles of risk assessment on health and safety and the assessment reports retained for review.
4. The health and Safety policy/manual/procedures were checked and communicated to employees. They are sufficient for the level of risk inherent in the industry.
5. All necessary permits and certificates relevant to that company of operation are available, construction and safety inspection certificate, etc.
6. The necessary protective equipment is provided free of charge as risk assessment and replaced on a regular basis.
7. For the electricity management, there was sufficient space around the electric installation and electric wire, the distribution wires in the warehouse were placed in metal or flame-retardant plastic pipes for protection, and electric shock warning signs were marked on electricity devices and circuit where electric shock may happen which were made of durable material. But through facility tour and management interview it was found that one electrical control panel on the production workshop was not equipped with inner cover. For details please refer to NC - Safety and Hygienic Conditions: No.3.
8. The dangerous machine has safety check and maintenance records are retained, but there was no warning sign was posted next to the installing needle machine in assembly workshop to remind the risk of puncture wound. For details please refer to NC - Safety and Hygienic Conditions: No.2.
9. Chemicals were (e.g. thinner, lubricating oil) used, and safety devices such as explosive prevention and anti-leakage for its dangerous chemical material stored in warehouse were available. Workers in the chemical store confirmed that they had been trained on correct handling procedures as well as what to do in an emergency. But for the MSDS management, there was non-compliance existed. For details please refer to NC - Safety and Hygienic Conditions: No.1.
10. Sufficient fire-fighting equipments were in place and maintained in a good condition. Total twice fire drills were conducted and once involves setting off the fire alarm without warning anyone to assure that all workers understand how to escape from the buildings 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 25 September, 2018. But for warehouse fire-fighting management, there was non-compliance existed. That was, goods which were flammable materials leaned against wall in raw material warehouse. For details please refer to NC - Safety and Hygienic

Conditions: No.4.

- 11. All necessary certificates for operators were available, e.g. electrician certificate and operator certificate for cargo lift.
- 12. Adequate toilet was provided, and the hygiene condition of toilets was acceptable. Water was provided for workers and the factory obtained the testing report of drinking water.
- 13. Employees were trained on machine safety, chemical safety, etc. and training material was reviewed.
- 14. Neither dormitory nor canteen was provided to workers.
- 15. There was 1 first aider trained in the facility and all necessary medical supplies in first-aid kit were adequate.
- 16. Totally, in Section 3: Working Conditions are Safe and Hygienic, there were four non-compliances found. For details please refer to the contents of Non-compliances.

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

Details:

- Health and safety policy
- Health and safety committee meeting minutes
- Training records and certificates
- Fire equipment maintenance records
- Fire drill records
- Government licenses and checks on air quality and noise level
- Building structure safety certificate
- Trained first aider register
- Accident reports
- Chemical list and MSDS for each chemical
- Interviews with H&S manager
- Interviews with workers and H&S committee members

Any other comments:

Nil

<p>A: Does the facility have general and occupational Health & Safety policies and procedures that are fit for purpose and are these communicated to workers?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Please give details: the facility established Health & Safety and occupational Health & Safety policies and procedures that are fit for purpose and trained the employees every three months.</p>
<p>B: Are the policies included in workers' manuals?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Please give details: the policies are included in worker's manual.</p>
<p>C: Are there any structural additions without required permits/inspections (e.g. floors added)?</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>Please give details: N/A</p>
<p>D: Are visitors to the site informed on H&S and provided with personal protective equipment</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>

	<p>Please give details: the facility posted the PPE wearing prompt on the walls where visitors needed to wear PPE.</p> <p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p> <p>Please give details: N/A</p>
<p>E: Is a medical room or medical facility provided for workers?</p> <p>If yes, do the room(s) meet legal requirements and is the size/number of rooms suitable for the number of workers.</p>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>Please give details: there was 1 first aider trained in the facility.</p>
<p>F: Is there a doctor or nurse on site or there is easy access to first aider/trained medical aid?</p>	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p> <p>Please give details: all workers live near to the facility.</p>
<p>G: Where the facility provides worker transport - is it fit for purpose, safe, maintained and operated by competent persons e.g. buses and other vehicles?</p>	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p> <p>Please give details: the facility did not provide accommodation to workers.</p>
<p>H: Is secure personal storage space provided for workers in their living space and is it fit for purpose?</p>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>N/A</p> <p>Please give details: the H&S risk assessment was conducted through H&S committee and internal audit team on 10 May, 2018.</p>
<p>I: Are H&S Risk assessments conducted (including evaluating the arrangements for workers doing overtime e.g. driving after a long shift) and are there controls to reduce identified risk?</p>	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p> <p>N/A</p> <p>Please give details: the facility met legal obligations on environmental requirements including required permits for use and disposal of natural resources.</p>
<p>J: Is the site meeting its legal obligations on environmental requirements including required permits for use and disposal of natural resources?</p>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>Please give details: N/A</p>
<p>K: Is the site meeting its customer requirements on environmental standards, including the use of banned chemicals?</p>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>Please give details: N/A</p>

Non-compliance:

<p>1. Description of non-compliance: <input checked="" type="checkbox"/> NC against ETI <input checked="" type="checkbox"/> NC against Local Law <input type="checkbox"/> NC against customer code: It was noted that through site tour, management interview and employee interview no MSDS was provided for thinner used in assembly workshop.</p> <p>Local law and/or ETI requirement: In accordance with Article 27 of the Regulation For Chemical Usage Safety in Work Place: Staff and workers are entitled to receive: (1) Date and information in description of the specific characteristics, hazardous ingredients, and safety precaution marks of the chemicals to be used in the working premises, and instructions upon safety techniques, etc. (2) Information concerning the probability of occurrence of harm against safety and health of staff and workers caused by hazardous chemicals in the working process. (3) Trainings upon safety techniques, including trainings with regard to prevention and control, and danger-avoiding methods, handling of emergency cases, or emergency measures. (4) Labor protection articles in conformity to State stipulations. ETI Base Code 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.</p> <p>Recommended corrective action: It is recommended that the facility should provide MSDS for the chemical used in the facility. (Recommended Completion Timescale: 30 days)</p>	<p>Objective evidence observed: 1. Per site tour, management interview and employee interview</p>
<p>2. Description of non-compliance: <input checked="" type="checkbox"/> NC against ETI <input checked="" type="checkbox"/> NC against Local Law <input type="checkbox"/> NC against customer code: It was noted that through site tour, management interview and employee interview no warning sign was posted next to the installing needle machine in assembly workshop to remind the risk of puncture wound.</p> <p>Local law and/or ETI requirement: In accordance with Article 32 of Production Safety Law of the People’s Republic of China, Production and business units shall set up or affix conspicuous safety precaution signs at production and business places, facilities and equipment where factors of relatively grave danger exist. ETI Base Code 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.</p> <p>Recommended corrective action: It is recommended that the facility shall post clear warning signs wherever high-risk machines and equipments are installed. (Recommended Completion Timescale: 30 days)</p>	<p>Objective evidence observed: 2. Per site tour, management interview and employee interview Refer to the NC photo 1</p>

<p>3. Description of non-compliance: <input checked="" type="checkbox"/> NC against ETI <input checked="" type="checkbox"/> NC against Local Law <input type="checkbox"/> NC against customer code: It was noted that through site tour and management interview one electric control panel on the production workshop was not equipped with inner cover.</p> <p>Local law and/or ETI requirement: In accordance with the IEC 60439-1 Ed. 4.1 b: 2004, Low-voltage switchgear and control gear assemblies - Part 1: Type-tested and partially type-tested assemblies article 7.7-Internal separation of Assemblies by barriers or partition. One or more of the following conditions can be attained by dividing assemblies by means of partitions or barriers (metallic or non-metallic) into separate compartments or enclosed protected spaces: - Protection against contact with hazardous parts belonging to the adjacent function units. The degree of protection shall be at least IPXXB; - Protection against the passage of solid foreign bodies from one unit of assemblies to an adjacent unit. The degrees of protection should be at least IP2X; ETI Base Code 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 minimizing, so far as is reasonably practicable, the causes of hazards inherent in the working environment.</p> <p>Recommended corrective action: It is recommended that all electric control panels should be installed with inner cover. (Recommended Completion Timescale: 30 days)</p>	<p>Objective evidence observed: 3. Per site tour and management interview Refer to the NC photo 2</p>
<p>4. Description of non-compliance: <input checked="" type="checkbox"/> NC against ETI <input checked="" type="checkbox"/> NC against Local Law <input type="checkbox"/> NC against customer code: It was noted that through site tour, management interview and employee interview goods which were flammable materials leaned against wall in raw material warehouse.</p> <p>Local law and/or ETI requirement: In accordance with Article 18 of Rules for Warehouse Fire Prevention Safety Management: The goods in warehouse should be classified for storage. The area occupied by any single stack should not be greater than 100 square meters. Space shall be at least 1 meter between stacks; Space shall be at least 0.5 meter between stacks and the wall; Space shall be at least 0.3 meter between stacks and beams or posts. The width of main passages shall be at least 2 meters. ETI Base Code 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.</p> <p>Recommended corrective action: It is recommended that the facility should correctly place and pile the raw material in accordance with the legal regulations. (Recommended Completion Timescale: 30 days)</p>	<p>Objective evidence observed: 4. Per site tour, management interview and employee interview Refer to the NC photo 3</p>

Observation:	
<p>Description of observation: None observed</p>	<p>Objective evidence observed: N/A</p>

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

4: Child Labour Shall Not Be Used

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

ETI

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

Current Systems and Evidence Examined

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

Current systems:

- 1. The facility established written procedure or instruction to check each employees and candidate age.
- 2. The factory kept the age evidence such as copies of original Id cards or other evidence that has been produced.
- 3. The facility management knows how to check for fraudulent documents.
- 4. After checking records of hiring and terminations for the previous 12 month period to see, no child labor being sacked in the run-up to the audit. The youngest employee was over 22 years old.

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

Details:

The procedure of <Recruiting regulation> was available for review, the personnel files with ID copy were available for review, the contracts with all the employees were available for audit, and the roster had established by the factory.

Management interview

Worker interview

Any other comments:

Nil

A: Legal age of employment:	16 years old
B: Age of youngest worker found:	22 years old (the worker was born on 15 September, 1996 and joined on 29 February, 2016)
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? (Go to clause 3 – Health and Safety)	<input type="checkbox"/> Yes <input type="checkbox"/> No N/A

	If yes, please give details
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Non-compliance:	
<p>1. Description of non-compliance: <input type="checkbox"/> NC against ETI <input type="checkbox"/> NC against Local Law <input type="checkbox"/> NC against customer code: None observed</p> <p>Local law and/or ETI requirement: N/A</p> <p>Recommended corrective action: N/A</p>	<p>Objective evidence observed: <i>(where relevant please add photo numbers)</i> N/A</p>

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

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

5: Living Wages are Paid

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

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

ETI

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

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

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

Current Systems and Evidence Examined

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

Current systems:

The regular wage standard and overtime calculation was defined in labor contract and employee manual. Based on payrolls from October 2017 to September 2018, all employees were paid by hourly-rate and the payment exceeded local legal minimum wage.

The local minimum wage standard in Xiamen City, Fujian Province is RMB 1700 per month (equivalent to RMB 9.77 per hour) since 1st July, 2017. The actual lowest basic wage in the factory was RMB 2300 per month (equivalent to RMB 13.22 per hour) since 1st October, 2017.

Wages are paid on 30th of each month and pay slip is issued for each pay period.

No any illegal deduction (e.g. employment broker fees, fines etc.) or withholdings are made from wages.

The wages office was well organised with a good controlled set of processes which are understood by all employees.

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

Benefits of paid, annual leave, was given to all workers and child-bearing leave to appropriate workers.

Most of legally mandated allowances and benefits are provided to the employees. The factory provided five kinds of social insurance namely Endowment Insurance, Work-related Injury Insurance, Medical Insurance, Unemployment Insurance and Maternity Insurance to 23% (7 out of 30) employees. Meanwhile the facility provided commercial injury insurance to 10 employees from NEW CHINA LIFE INSURANCE COMPANY LTD with a valid period from 12 March, 2018 to 11 March, 2019 and 13 employees from NEW CHINA LIFE INSURANCE COMPANY LTD with a valid period from 5 November, 2018 to 4 November, 2019. For details please refer to NC – Living wages are paid: No.1.

Totally, in Section 5: Living Wages are Paid, there was one non-compliance found. For details please refer to the contents of Non-compliance.

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

Details:

- Document review
- Worker interview
- Management interview
- Local and national laws
- Wages and benefits policy

- Local legal minimum wage documents
- Payroll records from October 2017 to September 2018
- Leave records
- Social insurance and payment receipts from the local labour department
- Labour contracts for all employees
- Resignation records
- Payslips of all workers interviewed
- Hours records to check hourly rates and any overtime premiums

Any other comments:
Nil

Non-compliance:

1. Description of non-compliance:

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

It was noted that through document review, management interview and employee interview only 23% (7 out of 30) employees participated in Work-related Injury Insurance, Medical Insurance, Endowment Insurance, Unemployment Insurance and Maternity Insurance. Meanwhile the facility provided commercial injury insurance to 10 employees from NEW CHINA LIFE INSURANCE COMPANY LTD with a valid period from 12 March, 2018 to 11 March, 2019 and 13 employees from NEW CHINA LIFE INSURANCE COMPANY LTD with a valid period from 5 November, 2018 to 4 November, 2019.

Local law and/or ETI requirement:

In accordance with **the PRC Labour Law article 72**, employing unit and workers must participate in social insurance and pay social insurance premiums in accordance with the law; and according to article 73, labour shall enjoy social insurance benefits under the following circumstances: a) retirement, b) illness or injury, c) disability caused by work-related injury or occupational disease, d) unemployment; and e) child-bearing. Therefore, according to this national law, all five types of social insurance schemes mentioned above should be provided for all employees of a factory.

ETI Base Code 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.

Recommended corrective action:

It is recommended that the facility should ensure all employees participate in the all 5 types of social insurance schemes and therefore receive all of their statutory welfare to comply with the Law.
(Recommended Completion Timescale: 120 days)

Objective evidence observed:

1. Per document review, management interview and employee interview

Observation:

Description of observation:
None observed

Local law or ETI requirement:
N/A

Comments:
N/A

Objective evidence observed:
N/A

Good Examples observed:

Description of Good Example (GE):
None observed

Objective Evidence Observed:
N/A

Summary Information

Criteria	Local Law <i>(Please state legal requirement)</i>	Actual at the Site <i>(Record site results against the law)</i>	Is this part of a Collective Bargaining Agreement?
A: Standard/Contracted work hours: <i>(Maximum legal and actual required working hours excluding overtime, please state if possible per day, week, and month)</i>	Legal maximum: 8 hours per day and 40 hours per week	8 hours per day and 40 hours per week	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
B: Overtime hours: <i>(Maximum legal and actual overtime hours, please state if possible per day, week, and month)</i>	Legal maximum: Not exceed 3 hours per day and 36 hours per month	Maximum 2 overtime hours per day, 10 overtime hours per week and 36 overtime hours per month	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
C: wage for standard/contracted hours: <i>(Minimum legal and actual minimum wage at site, please state if possible per hr, day, week, and month)</i>	Legal minimum: The local minimum wage standard in Xiamen City, Fujian Province is RMB 1700 per month (equivalent to RMB 9.77 per hour) since 1 st July, 2017	The lowest basic wage in the factory was RMB 2300 per month (equivalent to RMB 13.22 per hour) since 1 st October, 2017	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
D: overtime wage: <i>(Minimum legal and actual minimum overtime wage at site, please state if possible per hr, day, week, and month)</i>	Legal minimum: 150% of employee normal rate for weekdays, 200% of employee normal rate for rest days, and 300% of employee normal rate for holidays.	150% of employee normal rate for weekdays, 200% of employee normal rate for rest days, and 300% of employee normal rate for holidays.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

Wages analysis: (Click here to return to Key Information)			
A: Were accurate records shown at the first request?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
If No , why not?	N/A		
B: Sample Size Checked <i>(State number of worker records checked and from which weeks/months – should be current, peak, and random/low. Please see SMETA Best Practice Guidance and Measurement Criteria)</i>	10 samples from January 2018 (randomly selected month) 10 samples from May 2018 (randomly selected month) 10 samples from September 2018 (current month)		
C: Are there different legal minimum wage grades? If Yes , please specify all.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If Yes , please give details:	
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	If No , please give details:	
E: For the lowest paid production workers, are wages paid for standard/contracted hours (excluding overtime) below or above the legal minimum?	Lowest actual wages found: <i>Note: full time employees and please state hour / week / month etc.</i>	The actual lowest basic wage in the facility was RMB 2300 per month (equivalent to RMB 13.22 per hour) which is above the legal minimum since 1 st October, 2017.	
F: Please indicate the breakdown of workforce per earnings:	<input type="checkbox"/> Below legal min <input type="checkbox"/> Meet <input checked="" type="checkbox"/> Above	___% of workforce earning under min wage ___% of workforce earning min wage _100_% of workforce earning above min wage	
G: Bonus scheme found: Please specify details:	Bonus Scheme found: <i>Note: full time employees and please state hour / week / month etc.</i>		
H: What deductions are required by law e.g. social insurance? Please state all types:	Personal contribution of social insurance, income tax		
I: Have these deductions been made? Please list all deductions that have/have not been made.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Please list all deductions that have been made.	1. social insurance 2. income tax Please describe:

		Please list all deductions that have not been made.	1. 2. Please describe:
J: Were appropriate records available to verify hours of work and wages?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
K: Were any inconsistencies found? (if yes describe nature)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Poor record keeping <input type="checkbox"/> Isolated incident <input type="checkbox"/> Repeated occurrence:	
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)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Please give details:	
M: Is there a defined living wage: <i>This is <u>not normally</u> minimum legal wage. If answered yes, please state amount and source of info: Please see SMETA Best Practice Guidance and Measurement Criteria.</i>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Please specify amount/time: N/A	
If yes, what was the calculation method used.		<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 N/A Other – please give details:	
N: Are there periodic reviews of wages? If Yes give details (include whether there is consideration to basic needs of workers plus discretionary income).	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Please give details: N/A	
O: Are workers paid in a timely manner in line with local law?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
P: Is there evidence that equal rates are being paid for equal work:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Please give details: through reviewed the payroll records of the past 12 months and employee interview, all the workers were paid based on their working hours for equal work.	

Q: How are workers paid:

- Cash
- Cheque
- Bank Transfer
- Other

If other, please explain:

6: Working Hours are not Excessive

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

ETI

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

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

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

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

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

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

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

Current Systems and Evidence Examined

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

Current systems:

Through employees' interview, overtime is voluntary.

The factory provided hour records from 1st October, 2017 to the audit day and wages records from October 2017 to September 2018.

Time cards are completed manually by workers and then entered into the electronic payroll system which calculates wages.

According to time records and worker interview basic working hours were 8 hours per day and a max 40 hours per week.

Total overtime was maximum 2 overtime hours per day, maximum 10 overtime hours per week and 36 overtime hours per month which was within the legal limit.

Ensure working hours, breaks, holidays and rest periods are in accordance with local law, also verified through production records review and employee interviews.

Look for management systems of working hours being in place that allow workers to volunteer to do overtime.

The working time is recorded by electronic attendance system and the factory detail IN/OUT for the beginning and end of morning, afternoon and overtime.

The normal working period is 5 days per week from Monday to Friday, 8 hours a day in one shift for office and other workshops. The normal working hour is 08:00 to 12:00, 13:00 to 17:00, with 1 hour of lunch break from 12:00 to 13:00.

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:

1. Employee interview
2. Management interview
3. Local and national laws
4. Factory policy on working hours
5. Attendance records from 1st October, 2017 to the audit day
6. Electronic time logging system
7. Sample pay slips with recorded hours all workers interviewed
8. Quality and production records to cross check hours
9. Workers contracts
10. Hours records from 1st October, 2017 to the audit day to establish highest and lowest hours

Any other comments:

Nil

Non-compliance:

1. Description of non-compliance:

NC against ETI NC against Local Law NC against customer

code:

None observed

Local law and/or ETI requirement:

N/A

Recommended corrective action:

N/A

Objective evidence observed:

(where relevant please add photo numbers)

N/A

Observation:

Description of observation:

None observed

Local law or ETI requirement:

N/A

Comments:

N/A

Objective evidence observed:

N/A

Good Examples observed:

Description of Good Example (GE): None observed	Objective Evidence Observed: N/A
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Working hours' analysis
Please include time e.g. hour/week/month
[\(Go back to Key information\)](#)

Systems & Processes

A. What timekeeping systems are used: time card etc.	Describe: Electronic time logging system				
B: Is sample size same as in wages section?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If no, please give details				
C: Are standard/contracted working hours defined in all contracts/employment agreements?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	If NO, please give details including % and which type of workers do NOT have standard hours defined in contracts/employment agreements. Please give details: N/A			
D: Are there any other types of contracts/employment agreements used?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If YES, please complete as appropriate:			
		<input type="checkbox"/> 0 hrs	<input type="checkbox"/> Part time	<input type="checkbox"/> Variable hrs	<input type="checkbox"/> Other
		If "Other", Please define:			
		N/A			
E. Do any standard/contracted working hours defined in contracts/employment agreements exceed 48 hours per week?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If yes, please detail hours, %, types of workers affected and frequency Please give details: N/A			
F: Are workers provided with at least 1 day off in every 7-day-period, or 2 in 14-day-period?	Please select all applicable: <input checked="" type="checkbox"/> 1 in 7 days <input type="checkbox"/> 2 in 14 days <input type="checkbox"/> No If 'No', please explain:		Is this allowed by local law? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
	Maximum number of days worked without a day off (in sample):				

		6
Standard/Contracted Hours worked		
G: Were standard working hours over 48 hours per week found?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If yes, % of workers & frequency:
H: Any local waivers/local law or permissions which allow averaging/annualised hours for this site?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If yes, please give details:
Overtime Hours worked		
I: Actual overtime hours worked in sample (State per day/week/month)	Highest OT hours:	36 hours per month in January 2018 (randomly selected month) 36 hours per month in May 2018 (randomly selected month) 36 hours per month in September 2018 (current month) 10 hours per week in January 2018 (randomly selected month) 10 hours per week in May 2018 (randomly selected month) 10 hours per week in September 2018 (current month) 2 hours per day in January 2018 (randomly selected month) 2 hours per day in May 2018 (randomly selected month) 2 hours per day in September 2018 (current 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	<i>Please detail evidence e.g. Wording of contract / employment agreement / handbook / worker interviews / refusal arrangements:</i> Through employee interview, the interviewees expressed that they worked overtime on voluntary basis.
Overtime Premiums		

<p>M: Are the correct legal overtime premiums paid?</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A – there is no legal requirement to OT premium	<p>Please give details of normal day overtime premium as a % of standard wages: normal day overtime premium as 150% of standard wages</p>
<p>N: Is overtime paid at a premium?</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<p>If yes, please describe % of workers & frequency: 150% of employee normal rate for weekdays, 200% of employee normal rate for rest days, and 300% of employee normal rate for holidays.</p>
<p>O: If the site pays less than 125% OT premium and this is allowed under local law, are there other considerations? Please complete the boxes where relevant.</p>	<input type="checkbox"/> No <input type="checkbox"/> Consolidated pay (May be standard wages above minimum legal wage, with no/low overtime premium) <input type="checkbox"/> Collective Bargaining agreements <input type="checkbox"/> Other N/A	<p>Please explain any checked boxes above e.g. detail of consolidated pay / CBA or Other</p>
	<p>N/A</p>	
	<p>P: If more than 60 total hours per week and this is legally allowed, are there other considerations? Please complete the boxes where relevant.</p>	<input type="checkbox"/> Overtime is voluntary <input type="checkbox"/> Onsite Collective bargaining allows 60+ hours/week <input type="checkbox"/> Safeguards are in place to protect worker's health and safety <input type="checkbox"/> Site can demonstrate exceptional circumstances <input type="checkbox"/> Other reasons (please specify) N/A
<p>N/A</p>		
<p>Q: Is there evidence that overtime hours are being used for extended periods to make up for labour shortages or increased order volumes?</p>		<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If yes, please give details: the facility provided the order lists and the overtime-working application form of workers for review.
<p>R: If sufficient workers cannot be hired, are new working time arrangements explored to ensure that overtime is the</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	

exception rather than the rule.	
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7: No Discrimination is Practiced

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

ETI

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

Current Systems and Evidence Examined

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

Current systems:

As informed by interviewed workers, most employees spoke highly of the factory owner. No worker was required to do the examination of the hepatitis B virus and HIV. Based on site tour and employee interviews, no any segregation of workers is due to accepted cultural norms and that equal opportunities still apply across all groups. Anti-discrimination procedure on hiring, compensation, promotion and access to training is available during the audit. Gender divisions did not exist in the factory; both female and male workers were distributed in all types of work. There was an internal grievance process. There was no evidence of sexual harassment.

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

Details:

The hiring and termination procedure, leave application records and employee handbook.
 Payrolls
 Attendance records
 Termination records
 Training records
 Employment contracts were provided for review and they showed that male and female employees were on the same pay grade.
 Management interview and employee interview

Any other comments:

Nil

A: Gender breakdown of Management + Supervisors (Include as one combined group)	Male: <u>17</u> % Female <u>83</u> %
B: Number of women who are in skilled or technical roles e.g. where specific qualifications are needed i.e. machine engineer / laboratory analyst:	#: 2 (design engineer)
C: Is there any evidence of discrimination based on race, caste,	<input type="checkbox"/> Hiring <input type="checkbox"/> Compensation

national origin, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation?:	<input type="checkbox"/> access to training <input type="checkbox"/> promotion <input type="checkbox"/> termination or retirement Nil
---	--

Professional Development

A: What type of training and development are available for workers?	technical training, career training, working post improvement training, etc.
---	--

B: Are HR decisions e.g. promotion, training, compensation based on objective, transparent criteria?	<input type="checkbox"/> Yes <input type="checkbox"/> No If no, please give details: N/A
--	---

Non-compliance:	
1. Description of non-compliance: <input type="checkbox"/> NC against ETI <input type="checkbox"/> NC against Local Law <input type="checkbox"/> NC against customer code: None observed Local law and/or ETI requirement: N/A Recommended corrective action: N/A	Objective evidence observed: (where relevant please add photo numbers) N/A

Observation:	
Description of observation: None observed Local law or ETI requirement: N/A Comments: N/A	Objective evidence observed: N/A

Good Examples observed:

Description of Good Example (GE): None observed	Objective Evidence Observed: N/A
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8: Regular Employment Is Provided

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

ETI

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

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

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:

All the labour contracts of employees were provided for review, as per the labour contract all employees were hired by the facility directly. None of contract labour or temporary worker was employed by the facility. 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:

1. Personnel files were checked and they all included a copy of employee's contract
2. Management interview and employee interview
3. The hiring and termination records.
4. Worker interview

Any other comments:

Nil

Non-compliance:

<p>1. Description of non-compliance: <input type="checkbox"/> NC against ETI <input type="checkbox"/> NC against Local Law <input type="checkbox"/> NC against customer code: None observed.</p> <p>Local law and/or ETI requirement: N/A</p> <p>Recommended corrective action: N/A</p>	<p>Objective evidence observed: (where relevant please add photo numbers) N/A</p>
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Observation:	
<p>Description of observation: None observed.</p> <p>Local law or ETI requirement: N/A</p> <p>Comments: N/A</p>	<p>Objective evidence observed: N/A</p>

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

Responsible Recruitment

All Workers	
<p>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?</p>	<p><input checked="" type="checkbox"/> Terms & Conditions presented <input checked="" type="checkbox"/> Understood by workers <input checked="" type="checkbox"/> Same as actual conditions</p> <p>If any are unchecked, please describe finding and specific category(ies) of workers affected: N/A</p>
<p>B: Did workers pay any fees, taxes, deposits or bonds for the purpose of recruitment/placement?</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>If yes, please describe details and specific category(ies) of workers affected: N/A</p>

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

Migrant Workers:	
<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 and where they do not intend to remain permanently or has purposely migrated on a temporary basis to another in-country region to seek and engage in a remunerated activity</i>	
A: Type of work undertaken by migrant workers:	N/A
B: Migrant worker recruitment	Total number of (in country recruitment agencies) used: Total number of (outside of local country) recruitment agencies used: N/A
C: Are migrant workers' voluntary deductions (such as for remittances) confirmed in writing by the worker and is evidence of the transaction supplied by the facility to the worker?	<input type="checkbox"/> Yes <input type="checkbox"/> No N/A Please describe finding: N/A Observations: N/A
D: Are any migrant workers in skilled, technical, or management roles <i>Migrant Workers (this should include all migrant workers including permanent workers, temporary and/or seasonal workers)</i>	<input type="checkbox"/> Yes <input type="checkbox"/> No N/A If yes number and example of roles: N/A

NON-EMPLOYEE WORKERS

Recruitment Fees:	
A: Are there any fees?	<input type="checkbox"/> Yes <input type="checkbox"/> No 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 – 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):	N/A 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 N/A
C: Were sufficient documents for agency workers available for review?	<input type="checkbox"/> Yes <input type="checkbox"/> No N/A
D: Is there a legal contract / agreement with all agencies?	<input type="checkbox"/> Yes <input type="checkbox"/> No N/A Please give details: N/A

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

8A: Sub-Contracting and Homeworking:

8A: Sub-Contracting and Homeworking (Click here to return to NC-table) (Click here to return to Key Information)
<p>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.</p> <p style="text-align: center;"><i>Note to auditor on homeworking:</i> Report on whether it is direct or via agents. How many workers, relationship with site and what control systems are in place.</p> <p style="text-align: center;"><i>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</i></p>

Current Systems and Evidence Examined
<p><i>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.</i></p>
<p>Current systems: As per the facility documents review, management and worker interview and factory tour, there was no subcontractor or home working used by facility currently. Therefore, no apparent concern was detected regarding this section.</p> <p>Evidence examined – to support system description (Documents examined & relevant comments. Include renewal/expiry date where appropriate): Site tour (Calculation on total production and estimated capacity) Materials in/out records Management interview Worker interview</p> <p>Details: Nil</p>

Non-compliance:	
<p>1. Description of non-compliance: <input type="checkbox"/> NC against ETI/Additional Elements <input type="checkbox"/> NC against Local Law <input type="checkbox"/> NC against customer code: None observed.</p> <p>Local law and/or ETI /Additional Elements requirement: N/A</p> <p>Recommended corrective action: N/A</p>	<p>Objective evidence observed: <i>(where relevant please add photo numbers)</i> N/A</p>

Observation:	
<p>Description of observation: None observed.</p>	<p>Objective evidence observed:</p>

Local law or ETI/Additional elements requirement: N/A Comments: N/A	N/A
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Good Examples observed:	
Description of Good Example (GE): None 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 N/A 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 N/A If Yes , summarise details: N/A
C: Number of sub-contractors/agents used:	0
D: Is there a site policy on sub-contracting?	<input type="checkbox"/> Yes <input type="checkbox"/> No If Yes , summarise details: the facility has established system and processes in place to manage sub-contracting, homeworking and external processing.
E: What checks are in place to ensure no child labour is being used and work is safe?	N/A

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 N/A If Yes , summarise details: N/A		
B: Number of homeworkers	Male: 0	Female: 0	Total: 0
C: Are homeworkers employed direct or through agents?	<input type="checkbox"/> Directly <input type="checkbox"/> Through Agents		If through agents, number of agents:

	N/A	N/A
D: Is there a site policy on homeworking?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
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 N/A 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

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

ETI

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

Additional elements:

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

<p>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 3rd party?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: E-mail address and telephone number of local labour bureau was posted in the public notice board and it was used as the reporting grievance to a 3rd party for any complaint from the employer.</p>
<p>B: If Yes, are workers aware of these channels and have access? Please give details.</p>	<p>Based on interview with workers, they understood how to use these channels.</p>
<p>C: If yes, what type of mechanism is used e.g. hotline, whistle blowing mechanism, comment box etc. Please give details.</p>	<p>Hotline, whistle blowing mechanism, suggestion box</p>
<p>D: Which of the following groups is there a grievance mechanism in place for?</p>	<p><input checked="" type="checkbox"/> Workers <input type="checkbox"/> Communities <input checked="" type="checkbox"/> Suppliers <input type="checkbox"/> Other Please give Details: As per management interview, document review and workers interview, there was a policy on Harsh Treatment, There is an internal process for grievance, which is an anonymous email address, where workers can report any grievances (harassment, bullying, discrimination etc.); any received complaint will be handled by management, without any reprisal for the worker in question.</p>
<p>E: Are there any open disputes?</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes, please give details: N/A</p>
<p>F: Does the site encourage its business partners (e.g., suppliers) to provide individuals and communities with access to effective grievance mechanisms (e.g. help lines or whistle blowing mechanism)</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If no, please give details: N/A</p>
<p>G: Is there a published and transparent disciplinary procedure?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If no, please explain: N/A</p>

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

Current Systems and Evidence Examined

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

Current systems:
 According to the documentation, the factory management had established a disciplinary procedure for workers' misbehaviour which included oral warning, written warning and finally termination and the site, had developed a training program for all employees on the procedure. Worker interview confirmed that workers were aware of the disciplinary procedure
 As per management interview, document review and workers interview, there was a policy on Harsh Treatment, There is an internal process for grievance, which is an anonymous email address, where workers can report any grievances (harassment, bullying, discrimination etc.); any received complaint will be handled by management, without any reprisal for the worker in question.
 No fines were made.
 Interviewing with the management HR responsible person, they understand the practice and grievance mechanism.

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

Details:
 The relevant policy on prevention of harassment and abuse
 Internal grievance procedure documentation.
 Training records
 Management interview and employee interview

Any other comments:
 Nil

Non-compliance:

<p>1. Description of non-compliance: <input type="checkbox"/> NC against ETI <input type="checkbox"/> NC against Local Law <input type="checkbox"/> NC against customer code: None observed</p> <p>Local law and/or ETI requirement: N/A</p> <p>Recommended corrective action: N/A</p>	<p>Objective evidence observed: (where relevant please add photo numbers) N/A</p>
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Observation:	
Description of observation: None observed Local law or ETI requirement: N/A Comments: N/A	Objective evidence observed: N/A

Good Examples observed:	
Description of Good Example (GE): None observed	Objective Evidence Observed: 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:

Per document review, factory management representation and worker interview, all workers in the factory were Chinese and 100% were local workers. All workers had the proper legal rights to work in this region. The youngest age was 22 years old. All of them were recruited directly by the factory and no agency was involved in factory's recruitment processes.

No agency staff or foreign worker was used by the factory.

All the employees were kept ID copies in the personnel file.

All the employees have signed the labour contract, they can obtain pay slip before they took wage, payrolls were provided for audit, and Electronic attendance lists were kept.

The factory recruit new worker only through posting recruiting advertisement and internet, some of workshop employees were introduced by fellow-villager, the workers have not paid any deposit when they were recruit in the factory.

There were not any deductions for items such as travel and equipment.

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

Details:

- Hiring procedure
- Personnel files
- Worker handbook
- Worker interview
- Management interview

Any other comments:

Nil

Non-compliance:

<p>1. Description of non-compliance:</p> <p><input type="checkbox"/> NC against ETI/Additional Elements <input type="checkbox"/> NC against Local Law</p> <p><input type="checkbox"/> NC against customer code:</p> <p>None observed</p> <p>Local law and/or ETI /Additional Elements requirement:</p> <p>N/A</p> <p>Recommended corrective action:</p> <p>N/A</p>	<p>Objective evidence observed:</p> <p><i>(where relevant please add photo numbers)</i></p> <p>N/A</p>
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Observation:	
<p>Description of observation:</p> <p>None observed</p> <p>Local law or ETI/Additional Elements requirement:</p> <p>N/A</p> <p>Comments:</p> <p>N/A</p>	<p>Objective evidence observed:</p> <p>N/A</p>

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

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

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

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

B.4. Compliance Requirements

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

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

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

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

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

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

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

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

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

B4. Guidance for Observations

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

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

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

Current Systems and Evidence Examined

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

Current systems:

Through onsite inspection, interviews and document review, no violation of environment pollution was observed. The factory management maintained all legally required environmental documents in place which proved that the production of the factory was in compliance with the related environmental regulations: including the report form of environmental impacts of the construction, Approval of environmental impact assessment document and the environmental protection check and acceptance were available and valid during this audit. The annual monitoring report for waste air and water showed the pollutant discharging was compliance with environmental law. Hazardous waste was treated by a qualified unit.

Based on workers interview, they were trained on environmental protection.

The factory had established an environmental policy, covering their environmental impact, which is communicated to all appropriate parties, including its own suppliers.

The factory was aware of the significant environmental impact of their site and its processes.

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.

The factory had sought to make continuous improvements in their environmental performance. The factory had a nominated Ms. Liu Donghua / HR Director responsible for co-ordinating the site's efforts to improve environmental performance. There were not any fines/prosecutions for noncompliance to environmental regulations identified.

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

Details:

- Environmental policy and procedures
- Environmental impact report form and approval
- Management interview
- Worker interview
- Hazardous waste entrust disposal contract
- Site tour
- Energy bills
- Water bill

Any other comments:
Nil

Non-compliance:

1. Description of non-compliance:

- NC against ETI/Additional Elements NC against Local Law
 NC against customer code:
 None observed

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

Recommended corrective action:
N/A

Objective evidence observed:
(where relevant please add photo numbers)
N/A

Observation:

Description of observation:
None

Local law or ETI/Additional elements requirement:
N/A

Comments:
N/A

Objective evidence observed:
N/A

Good examples observed:

Description of Good Example (GE):
None observed

Objective Evidence Observed:
N/A

Environmental Analysis <i>(Site declaration only – this has not been verified by auditor. Please state units in all cases below.)</i>	
A: Is there a manager responsible for Environmental issues (Name and Position):	Ms. Liu Donghua / HR Director
B: Has the site conducted a risk assessment on the environmental impact of the site, including implementation of controls to reduce identified risks?	<input type="checkbox"/> Yes <input type="checkbox"/> No Please give details: N/A
C: Does the site have a recognised environmental system certification such as ISO 14000 or equivalent? Please detail.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: N/A
D: Does the site have an Environmental policy? <i>(For guidance, please see Measurement criteria)</i>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If yes, is it publicly available? Yes
E: If yes, does it address the key impacts from their operations and their commitment to improvement?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: N/A
F: Does the site have a Biodiversity policy? <i>(For guidance, please see Measurement criteria)</i>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
G: Is there any other sustainability systems present such as Chain of Custody, Forest Stewardship Council (FSC), Marine Stewardship Council (MSC) etc.? Please detail. <i>(For guidance, please see Measurement criteria)</i>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: N/A
H: Have all legally required permits been shown? Please detail.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: the registration form of environmental impacts of the construction, approval of environmental impact assessment document and the environmental protection check and acceptance were available and valid during this audit.
I: Is there a documentation process to record hazardous chemicals used in the manufacturing process?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A Please give details: the facility has established chemicals record.
J: Is there a system for managing client's requirements and legislation in the destination countries regarding environmental and chemical issues?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: N/A
K: Facility has reduction targets in place for environmental aspects e.g. water consumption and discharge, waste, energy and green-house gas emissions	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: N/A

L: Facility has evidence of waste recycling and is monitoring volume of waste that is recycled.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: N/A	
M: Does the facility have a system in place for accurately measuring and monitoring consumption of key utilities of water, energy and natural resources that follows recognised protocols or standards	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: the facility measured and monitored the consumption of key utilities of water, energy and natural resources.	
N: Has the facility checked that any Sub-Contracting agencies or business partners operating on the premises have the appropriate permits and licences and are conducting business in line with environmental expectations of the facility?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: This is included in the site's internal management system.	
Usage/Discharge analysis		
Criteria	Previous year: Please state period: 2017 ~2017 (Jan ~ Dec)	Current Year: Please state period: 2018 ~ 2018 (Jan ~ Oct)
Electricity Usage: Kw/hrs	28,000 KWh	21,000 KWh
Renewable Energy Usage: Kw/hrs	0	0
Gas Usage: Kw/hrs	0	0
Has site completed any carbon Footprint Analysis?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If Yes , please state result		
Water Sources: Please list all sources e.g. lake, river, and local water authority.	<ul style="list-style-type: none"> • Local water authority • • 	<ul style="list-style-type: none"> • Local water authority • •
Water Volume Used: (m ³)	200 m ³	180 m ³
Water Discharged: Please list all receiving waters/recipients.	<ul style="list-style-type: none"> • To local sewage treatment station • • 	<ul style="list-style-type: none"> • To local sewage treatment station • •
Water Volume Discharged: (m ³)	200 m ³	180 m ³
Water Volume Recycled: (m ³)	0	0
Total waste Produced (please state units)	500 kg	500 kg

Total hazardous waste Produced: <i>(please state units)</i>	200 kg	160 kg
Waste to Recycling: <i>(please state units)</i>	300 kg	255 kg
Waste to Landfill: <i>(please state units)</i>	0	0
Waste to other: <i>(please give details and state units)</i>	0	0
Total Product Produced <i>(please state units)</i>	1,800,000 pcs	1,400,000 pcs

10C: Business Ethics – 4-Pillar Audit

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

To be completed for a 4-Pillar SMETA Audit

10C. Compliance Requirements

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

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

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

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

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

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

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

10C. Guidance for Observations

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

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

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

Current Systems and Evidence Examined

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

Current systems:

Mr. Huang Sihua / General Manager was the designated person responsible for implementing standards concerning Business Ethics, and that site practices were conducted without any corruption and/or bribery.

The company established a business ethics policy which was communicated to workers through posters and training.

The site had received and read the Business Ethics policy of the auditor/audit company.

There is an internal grievance process on site.

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

Details:

The company business ethics policy including

- Bribery

- Corruption

- Training records

Worker handbook
 Reports from Anonymous email account
 Management interview
 Worker interview

Any other comments:
 Nil

Non-compliance:	
<p>1. Description of non-compliance:</p> <p><input type="checkbox"/> NC against ETI/Additional Elements <input type="checkbox"/> NC against Local Law</p> <p><input type="checkbox"/> NC against customer code: None observed</p> <p>Local law and/or ETI/Additional Elements requirement: N/A</p> <p>Recommended corrective action: N/A</p>	<p>Objective evidence observed: <i>(where relevant please add photo numbers)</i> N/A</p>

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

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

<p>A: Does the facility have a Business Ethics Policy and is the policy communicated and applied internally, externally or both, as appropriate?</p>	<p><input checked="" type="checkbox"/> Internal Policy <input checked="" type="checkbox"/> Policy for third parties including suppliers</p> <p>Please give details: N/A</p>
<p>B: Does the site give training to relevant personnel (e.g. sales and logistics) on business ethics issues?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Please give details: the site provided training records about sales and logistics member on business ethics for review.</p>

<p>C: Is the policy updated on a regular (as needed) basis?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Please give details: N/A</p>
<p>D: Does the site require third parties including suppliers to complete their own business ethics training</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Please give details: N/A</p>

Other Findings Outside the Scope of the Code
N/A

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

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."

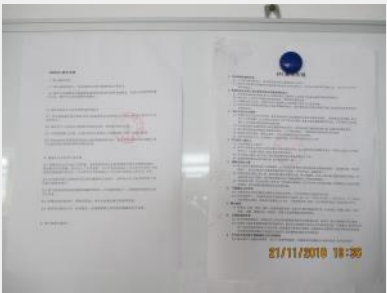

Not Applicable please x

Photo Form

<p>Business license</p>	<p>Factory gate</p>	<p>Factory name</p>
<p>Site address plate</p>	<p>Production building</p>	<p>Assembly workshop</p>
<p>Inspection workshop</p>	<p>Packing workshop</p>	<p>Raw material warehouse</p>
<p>Packing material warehouse</p>	<p>Finished-goods warehouse</p>	<p>Evacuation aisle marked</p>

<p>Normal pressure of fire extinguishers</p>	<p>Fire extinguishers</p>	<p>Fire hydrant</p>
<p>Evacuation aisle</p>	<p>Evacuation direction prompt</p>	<p>Evacuation plan displayed</p>
<p>Fire alarm</p>	<p>Exit and emergency light</p>	<p>First-aid kit</p>
<p>Drinking water</p>	<p>Clean toilet</p>	<p>Suggestion box</p>

		
<p>Electrical control panel</p>	<p>Waste storage area</p>	<p>Electronic working attendance machine</p>

		<p>N/A</p>
<p>ETI Base Code displayed</p>	<p>Hose reel testing</p>	<p>N/A</p>

Non-compliance photos:

		
<p>NC photo 1: no warning sign was posted next to the installing needle machine in assembly workshop to remind the risk of puncture wound.</p>	<p>NC photo 2: one electric control panel on the production workshop was not equipped with inner cover.</p>	<p>NC photo 3: goods which were flammable materials leaned against wall in raw material warehouse.</p>



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

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

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

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http://www.surveymonkey.com/s.aspx?sm=d3vYsCe48fre69DRgIY_2brg_3d_3d

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