



Sedex Members Ethical Trade Audit Report

Version 6.1



Audit Details				
Sedex Company Reference: <i>(only available on Sedex System)</i>	ZC1078239	Sedex Site Reference: <i>(only available on Sedex System)</i>	ZS1018367	
Business name (Company name):	The Source Design Collections			
Site name:	The Source Design Collections			
Site address:	#96,Hu Li Industrial Park, Mei Xi Road Tong An District, Xiamen Xiamen 361100 CN	Country:	CN	
Site contact and job title:	Jennifer Yao / HR Supervisor			
Site phone:	0592-6290098	Site e-mail:	jennifer@thesource.com.cn	
SMETA Audit Pillars:	<input checked="" type="checkbox"/> Labour Standards	<input checked="" type="checkbox"/> Health and Safety (plus Environment 2-Pillar)	<input checked="" type="checkbox"/> Environment 4-pillar	<input checked="" type="checkbox"/> Business Ethics
Date of Audit:	2023-11-01			

Audit Company Name:
BUREAU VERITAS CPS - ASIA

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

Audit Content:

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

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

2-Pillar SMETA Audit

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

4-Pillar SMETA

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

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

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

SMETA Declaration

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

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

Auditor Team			
Lead Auditor:	Jack Yang	APSCA Number:	21701903
Additional Auditors:	Sarah Shao		21701307
	Nick Lin		21701225
Date of declaration:	2023-11-01		

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.

Site Representation	
Full Name:	Jennifer Yao
Title:	HR Supervisor
Date of declaration:	2023-11-01
Comments: <i>Any exceptions to this must be recorded here (e.g. different sample size): Sampled wage records from the past 5 months were provided for review (5 months only since the operation for digital thermometer just started last Sep 2020). The audit took 2.0 man-days (9AM-6PM per day). Audit time was extended until 8PM due to the extent of documentation; this was agreed upon with the factory representatives</i>	
Nil	

Summary of Findings

Issue <small>(please click on the issue title to go direct to the appropriate audit results by clause)</small>	Area of Non-Conformity		Number of issues			Findings
	ETI	Local Law	NC	Obs	GE	
0A - Universal rights covering UNGP			0	0	0	
0B - Management systems and code implementation			0	0	0	
1 - Freely chosen employment			0	0	0	
2 - Freedom of association and right to collective bargaining are respected			0	0	0	
3 - Working conditions are safe and hygienic	3.1	§1	1	0	0	NC - ZAF600231438
4 - Child labour shall not be used			0	0	0	
5 - Living wages are paid			0	0	0	
6 - Working hours are not excessive	6.1	§2	1	0	0	NC - ZAF600223026
7 - No discrimination is practiced			0	0	0	
8 - Regular employment is provided			0	0	0	
8A - Subcontracting and homeworking			0	0	0	
9 - No harsh or inhumane treatment is allowed			0	0	0	
10A - Entitlement to work and immigration			0	0	0	
10B2 - Environment 2-pillar			0	0	0	
10B4 - Environment 4-pillar			0	0	0	
10C - Business ethics 4-pillar			0	0	0	

Local Law Issues

Issue	Description
§1	In accordance with Article 2-7 of Warning Sign in the Guidelines for Safety Signs and Usage GB 2894-2008, the electric shock warning sign should be marked on electricity devices and circuit where electric shock may happen. 6.2 The material of signs: Safety signs should be made of durable material. The materials which will be deformed or deteriorated when wet and flammable material are generally shall preferably not be used. The insulation material should be used at workplace where there is risk of electric shock. 根据《安全标志及使用导则(GB 2894-2008)》警示标志2-7, 当心触电警示标志应安装在有可能发生触点危险的电器设备和线路, 如: 配电室、开关等。6.2 标志牌的材质: 安全标志牌应采用坚固耐用的材料制作, 一般不宜使用遇水变形、变质或易燃的材料。有触电危险的作业场所应使用绝缘材料。

§2	<p>In accordance with Article 41 of the Labor Law of the PRC, after consultation with the trade union and employees, the employer may extend working hours due to its production or business needs, but the extended working hours shall not generally exceed one hour a day; in special circumstances that require an extension of working hours, the extended working hours shall not exceed 3 hours a day and 36 hours a month on condition that the health of employees is guaranteed. 根据《中华人民共和国劳动法》第41条：用人单位由于生产经营需要，经与工会和劳动者协商后可以延长工作时间，一般每日不得超过一小时；因特殊原因需要延长工作时间的，在保障劳动者身体健康的条件下延长工作时间每日不得超过三小时，但是每月不得超过三十六小时。</p>
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Site Details

Site Details			
Company Name	The Source Design Collections		
Site Name	The Source Design Collections		
GPS location (if available)	GPS Address:	GPS Address: #96, Huli Industrial Park, Meixi Road, Tongan District, Xiamen City, Fujian Province 福建省厦门市同安区美溪道湖里工业园96号	
	Coordinates:	Latitude: 24°38'57"N, Longitude: 118°9'15"E	
Applicable business and other legally required licence numbers and documents, for example, business license number, liability insurance, any other required government inspections	Business license number: 9135021276172605X1, Valid from August 10, 2004 to August 9, 2024		
Products/Activities at site, for example, garment manufacture, electricals, toys, grower, cutting, sewing, packing etc	Bath & Body Care Products/Bath & Body Gift Set		
Site description: (Include size, location, and age of site. Also, include structure and number of buildings)	The Source Design Collections was established on August 10, 2004 and located at #96, Huli Industrial Park, Meixi Road, Tongan District, Xiamen City, Fujian Province, China. The factory rent one 5-storey production building from its landlord named "Xiamen Xin Fang Hu Le Qun Investment Co., Ltd" that was in Chinese was "厦门鑫枋湖乐群投资有限公司" with a total construction area of 12,295 square meters. No dormitory, canteen or transportation was provided in the factory.		
Structure and number of buildings	Building Name:		Production Building
	Floor	Description	Remark
	1F	Warehouse	None
	2F	Warehouse/Packin g Workshop	None
	3F	Mixing Workshop/Filling Workshop/Labellin g Workshop	None
	4F	Warehouse	None
	5F	Office/Warehouse	None
Visible structural integrity issues (large cracks) observed?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: No visibly cracks were observed in the factory during the factory tour.		
Does the site have a structural engineer evaluation?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: The site did not have a structural engineer evaluation.		

Site function	<input type="checkbox"/> Agent <input type="checkbox"/> Finished Product Supplier <input type="checkbox"/> Homeworker <input type="checkbox"/> Pack house <input type="checkbox"/> Service Provider	<input checked="" type="checkbox"/> Factory Processing/Manufacturer <input type="checkbox"/> Grower <input type="checkbox"/> Labour Provider <input type="checkbox"/> Primary Producer <input type="checkbox"/> Sub-contractor
Months of peak season		
Process overview	Products: Bath & Body Care Products/Bath & Body Gift Set. Main production processes: mixing, filling, labelling, and packing. Number of production lines: One. Main equipment used: mixing machines, filling machines, and labelling machines.	
What form of worker representation is there on site?	<input type="checkbox"/> Union <input type="checkbox"/> Other	<input checked="" type="checkbox"/> Worker Committee <input type="checkbox"/> None
Please give details:	Two workers' representatives were elected by all employees in this factory.	
Is there any night production work at the site?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Are there any on site provided worker accommodation buildings	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details:	
Are there any off site provided worker accommodation buildings	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details:	
Were all site provided accommodation buildings included in this audit	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: N/A. No accommodation was provided in this factory.	

Audit Parameters			
Time in and time out	Day 1		
	In	08:30	
	Out	17:30	
Audit type:	PERIODIC		
Was the audit announced?	ANNOUNCED		
Was the Sedex SAQ available for review?	Yes		
Any conflicting information SAQ/Pre-Audit Info to Audit findings?	No		
Who signed and agreed CAPR	Jennifer Yao / HR Supervisor		
Is further information available	No		

Audit attendance	Management	Worker Representatives	
	Senior management	Worker Committee representatives	Union representatives
A: Present at the opening meeting?	Yes	Yes	No
B: Present at the audit?	Yes	Yes	No
C: Present at the closing meeting?	Yes	Yes	No
<i>Reason for absence at the opening meeting</i>	None		
<i>Reason for absence during the audit</i>	None		
<i>Reason for absence at the closing meeting</i>	None		

Worker Analysis

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

Worker Analysis								
	Local			Migrant*			Home workers	Total
	Permanent	Temporary	Agency	Permanent	Temporary	Agency		
Worker numbers – male	9	0	0	38	0	0	0	47
Worker numbers – female	42	0	0	27	0	0	0	69
Total	51	0	0	65	0	0	0	116
Number of Workers interviewed – male	3	0	0	9	0	0	0	12
Number of Workers interviewed – female	1	0	0	13	0	0	0	14
Total – interviewed sample size	4	0	0	22	0	0	0	26

Nationalities Structure		
Nationality of Management	Chinese	
Please list the nationalities of all workers, with the three most common nationalities listed first.	Nationality 1: CHINESE	approx %: 100%
Was this list completed during peak season?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: N/A. There was no obvious peak season in this factory.	
Worker remuneration	Workers on piece rate:	0%
	Paid hourly:	0%
	Salaried:	100%
Payment cycle	Paid daily:	0%
	Paid weekly:	0%
	Paid monthly:	100%
	Other:	0%
	Details for other:	N/A

Worker Interview Summary	
Were workers aware of the audit?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Were workers aware of the code?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Number of group interviews:	4 groups of 5
Number of individual interviews:	Male: 2 Female: 4
All groups of workers are included in the scope of this audit such as; Direct employees, Casual and agency workers, Workers employed by service providers such as security and catering staff as well as workers supplied by other contractors.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details:
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
In general, what was the attitude of the workers towards their workplace?	<input checked="" type="checkbox"/> Favorable <input type="checkbox"/> Non-favourable <input type="checkbox"/> Indifferent
What was the most common worker complaint?	None
What did the workers like the most about working at this site?	Compensation, benefits, and working conditions.
Any additional comment(s) regarding interviews:	None
Attitude of workers to hours worked:	Acceptable
Is there any worker survey information available?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details:

Attitude of workers:
30 employees were selected for private and confidential interviews. In the interview process, they were frankly; no coaching by management was noted. All sampled employees stated that the working condition in the factory was good; they could access to washing rooms and drinking water during working hours without restriction. All of them stated that they were voluntary to work overtime. No discrimination was noted. Occupational health and safety training including fire safety, machine safety, chemicals safety, first aid were provided regularly. Fire drills were conducted at least twice per year.
Attitude of worker's committee/union reps:
The workers' representatives said that their management was kindly and friendly to them. The working conditions were comfortable in this factory. No negative comment was raised.
Attitude of managers:
Factory management were cooperative and provided full access to the factory site, documents and employee interviews during the audit process.

0A - Universal Rights covering UNGP
[Summary of Findings]

0A: Compliance Requirements

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:

Factory had a policy, endorsed at the highest level, covering human rights impacts and issues, and communicated to all appropriate parties, including its own suppliers. And Ms. Jennifer Yao /HR Supervisor, was responsible for implementing standards concerning Human rights.

Evidence examined:

Factory social compliance handbook and procedure including human right policy and procedure review and factory management interview.

Any other comments:

None

Policy statement that expresses commitment to respect human rights?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The factory had established written social compliance handbook including the policies and procedures that they expressed commitment to respect human rights.
Are the policies included in workers' manuals?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The policies were included in workers' manuals.
Does the business have a designated person responsible for implementing standards concerning Human Rights?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: Ms. Jennifer Yao, Job title: HR Supervisor
Does the business have a transparent system in place for confidentially reporting, and dealing with human rights impacts without fear of reprisals towards the reporter?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The factory encouraged employees to raise a complaint through suggestion box or directly to the senior manager or to workers' representatives.

Does the grievance mechanism meet UNGP expectations? (Legitimate, Accessible, Predictable, Equitable, Transparent, Rights-compatible, a source of continuous learning and based on stakeholder engagement)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Does the business demonstrate effective data privacy procedures for workers' information, which is implemented?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The audited factory has a locked room with cabinets to store workers personnel records, including personal files and labour contracts. Workers can access their personnel records if they request it. Only authorized person can access the personnel records for necessary.	
Measuring Workplace Impact		
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	5.81%
	This year	5.23%
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 1st day of 90 day period + number of employees on the last day of the 90 day period) / 2])	5.45%	
Annual % absenteeism(Number of days lost through job absence in the year / [(number of employees on 1st day of the year + number employees on the last day of the year) / 2] * number available workdays in the year)	Last year	1.0%
	This year	2.0%
Quarterly (90 days) % absenteeism(Number of days lost through job absence in the period / [(Number of employees on 1st of the period + Number of employees on the last day of the period / 2] * Number of available workdays in the month)	1.8%	
Are accidents recorded?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: Designated person was assigned to record the accident happened in this factory. No accident occurred during last 12 months.	
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	0.0%
	This year	0.0%
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%	

Lost day work cases per 100 workers($[(\text{Number of lost days due to work accidents and work related injuries} \times 100) / \text{Number of total workers}]$)	Last year	0.0%
	This year	0.0%
% of workers that work on average more than 48 standard hours / week in the last 6 / 12 months	6 month	0.0%
	12 month	0.0%
% of workers that work on average more than 60 total hours / week in the last 6 / 12 months	6 month	0.0%
	12 month	0.0%

0B - Management Systems and code Implementation
[Summary of Findings]

0B: Compliance Requirements

0.B.1 Suppliers are expected to implement and maintain systems for delivering compliance to this Code.
0.B.2 Suppliers shall appoint a senior member of management who shall be responsible for compliance with the Code.
0.B.3 Suppliers are expected to communicate this Code to all employees.
0.B.4 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.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:

Factory had established social compliance management policies and procedures. Ms. Jennifer Yao /HR Supervisor, was responsible for the management of this items of the code. And all these policies and procedures were communicated to all employees through training. Meanwhile, the factory had communicated this code and social accountability requirements to their suppliers.

Evidence examined:

Social accountability management policies and procedures review, factory management interview and training records on ETI Code, supplier list, assessment record and communication records with the suppliers.

Any other comments:

None

Management Systems

In the last 12 months, has the site been subject to any fines/prosecutions for non-compliance to any regulations?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: The site had not been subject to any fines / prosecutions for non-compliance to any regulations.
Do policies and/or procedures exist that reduce the risk of forced labour, child labour, discrimination, harassment & abuse?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: Policies on forced labour, child labour, discrimination, harassment & abuse were established and related risk assessments were conducted regularly.
If Yes, is there evidence (an indication) of effective implementation? Please give details.	Policies were communicated to workers via poster and annual training. Workers interviewed stated no forced labour, no child labour, no discrimination, and no harassment or abuse was found.
Have managers and workers received training in the standards for forced labour, child labour, discrimination, harassment & abuse?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: Managers and workers had received training in the standards for forced labour, discrimination, harassment & abuse. Relevant training records were provided for review.

If Yes, is there evidence (an indication) that training has been effective e.g. training records etc.? Please give details	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: Relevant training records were provided for review. Workers interviewed stated no forced labour, no child labour, no discrimination, and no harassment or abuse was found.
Does the site have any internationally recognised system certifications e.g. ISO 9000, 14000, OHSAS 18000, SA8000 (or other social audits)?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: ISO22716:2007, Certificate Issue Date: 19 May, 2023, Certificate Expiry Date: 26 May, 2026
Is there a Human Resources manager/department?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Ms. Jennifer Yao/ HR Supervisor
Is there a senior person /manager responsible for implementation of the code?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: Ms. Jennifer Yao/ HR Supervisor
Is there a policy to ensure all worker information is confidential?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The policy to protect worker information was established.
Is there an effective procedure to ensure confidential information is kept confidential?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: Confidential information such as workers' wages and workers' personnel files were only accessed by authorized person.
Are risk assessments conducted to evaluate policy and procedure effectiveness?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: Risk assessment was conducted annually to evaluate the effectiveness of policies and procedures.
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: Risk assessments were conducted by the qualified audit team and audit reports were reviewed by management, and then corrective and preventive actions were taken.
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: Suppliers management policy and procedure were established in the factory. The facility assessed its own suppliers on labour standards yearly.
Land Rights	

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: All required land rights licenses were provided. Like the report of inspection for completed building construction projects and the certificate of inspection for completed building construction projects etc.
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 type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: N/A. No local law required in China.
Does the site have a written policy and procedures specific to land rights?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The factory had established a written policy and procedures specific to land rights.
Is there evidence that facility/site compensated the owner/lessor for the land prior to the facility being built or expanded?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: N/A. The audited factory rented the production from its landlord and did not need to compensate its landlord for the land.
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: N/A. This was conducted by the local governmental authority. The production building was rented from the landlord.
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: No evidence of illegal appropriation of land for facility building or expansion of footprint.

1 - Freely chosen Employment [Summary of Findings]

1: Compliance Requirements

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 procedure of employment was established in the factory. No forced, bonded or involuntary prison labour was noted and all sampled employees were not required to lodge "deposits" or their identity cards and were free to leave or resign after reasonable notice. And factory hired new employees through posters at the factory gate and advertisements on newspapers and referees of the existing workers.

Evidence examined:

26 employees' personnel files sampled and reviewed; factory policy, procedures and employee handbook review; factory management and employee interview.

Any other comments:

None

Is there any evidence of retention of original documents, e.g. passports/ID' (If yes, please give details and category of workers affected)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details:
Is there any evidence of a loan scheme in operation (If yes, please give details and category of workers affected)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details:
Is there any evidence of retention of wages / deposits (If yes, please give details and category of workers affected)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details:
Are there any restrictions on workers' freedom to terminate employment?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: According to local law, all workers could resign from this factory with the notice of one month in advance.
If any part of the business is UK based or registered there & has a turnover over £36m, is there a published a 'modern day slavery statement?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not Applicable Please give details: N/A
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 give details: Workers could leave the site freely at the end of the working days.

Does the site understand the risks of forced / trafficked / bonded labour in its supply chain	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable Please give details: The site conducted social accountability assessment annually to its supply chain.
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 give details: The factory had established the procedures to reduce the risk of forced / trafficked labour, and provide training to management including manager who was responsible for employee recruitment and workers on this procedure and also posted this procedure on the public board.

2 - Freedom of Association and Right to Collective Bargaining are Respected [Summary of Findings]

2: Compliance Requirements

2.1 Workers, without distinction, have the right to join or form trade unions of their own choosing and to bargain collectively.

2.2 The employer adopts an open attitude towards the activities of trade unions and their organisational activities.

2.3 Workers' representatives are not discriminated against and have access to carry out their representative functions in the workplace.

2.4 Where the right to freedom of association and collective bargaining is restricted under law, the employer facilitates, and does not hinder, the development of parallel means for independent and free association and bargaining.

Current Systems and Evidence Examined

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

Current Systems:

The factory established a written policy to recognize and respect the right of workers to exercise their lawful rights of free association and allow workers to elect their representatives. No trade union was established in this factory. Workers' representatives were selected by all employees in this factory. All workers would freely go to workers' representatives or management for any issues for concerns and complaints.

Evidence examined:

Factory policy review; factory management representation, employee and worker representative interview; Worker representative selection records and meeting records between worker representative and factory management.

Any other comments:

None

What form of worker representation/union is there on site? (Please add the name of the union or committee in the textbox)	<input type="checkbox"/> Union <input type="checkbox"/> Other	<input checked="" type="checkbox"/> Worker Committee <input type="checkbox"/> None
Other details:	Two workers' representatives were elected by all workers in this factory.	
Is it a legal requirement to have a union?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Is it a legal requirement to have a worker's committee?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
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 Please give details: Suggestion box/Workers could talk to their representatives directly.	
Is there evidence of free elections?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
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 Please give details: The factory provided meeting room to allow the workers' representatives committee to conduct related business.	

Name of union and union representative, if applicable:	No union was established in this factory.
Is there evidence of free elections?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not Applicable
If there is no union, is there a parallel means of consultation with workers e.g. worker committees?	Two workers' representatives were elected in this factory.
Is there evidence of free elections?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable
Are all workers aware of who their representatives are?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: Interviewed workers were aware of who were their representatives.
Were worker representatives freely elected?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Date of last election:	2023-02-22
Do workers know what topics can be raised with their representatives?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Were worker representatives/union representatives interviewed?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
If Yes, please state how many:	2.0
Please describe any evidence that union/worker's committee is effective? Specify date of last meeting; topics covered; how minutes were communicated etc.	Meetings were held between the worker representative and the factory management regularly. The last meeting held on September 15, 2023 and the topic was how to organize employees' activity in the Mid-Autumn Festival.
Are any workers covered by Collective Bargaining Agreement (CBA)?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

3 - Working Conditions are Safe and Hygienic [Summary of Findings]

3: Compliance Requirements

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:

Workers were received regular and recorded occupational health & safety training such as fire safety training, machine safety training, chemical safety training, first aid training, and etc. Fire facilities such fire extinguishers, fire alarm and fire hydrant were available in the factory. Fire drills were conducted twice per year. Clean toilet facilities, first aid kit and potable water were available in the factory.

Evidence examined:

Factory health and safety policies and procedure review, factory management, employee and worker representative interview; training records, fire drill records, health and safety certificates review; H&S inspection record; factory tour

Any other comments:

None

Does the facility have general and occupational Health & Safety policies and procedures that are fit for purpose and are these communicated to workers?

☒ Yes ☐ No

Please give details:

Health and Safety policies and procedures were established in the factory. Relevant training was provided to employees regularly.

Are the policies included in workers' manuals?

☒ Yes ☐ No

Please give details:

Health and Safety policies and procedures were established in worker's manual.


Are there any structural additions without required permits/inspections (e.g. floors added)?

☐ Yes ☒ No

Please give details:

There were no any structural additions without required permits/inspections.

Are visitors to the site informed on H&S and provided with personal protective equipment?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The visitors were informed on H&S. Personal protective equipment such as masks were provided to the visitors when enter the workshop.
Is a medical room or medical facility provided for workers?(This section is to list evidence to support system description (Documents examined & relevant comments. Include renewal/expiry date where appropriate))	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: Medical room was not provided. First aid kits were available on each floor of the production building.
Is there a doctor or nurse on site or there is easy access to first aider/ trained medical aid?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: 3 trained first aiders were available in this factory.
Where the facility provides worker transport – is it fit for purpose, safe, maintained and operated by competent persons e.g. buses and other vehicles?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: N/A. No transport was provided in this factory.
Is secure personal storage space provided for workers in their living space and is fit for purpose?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: N/A. No dormitory was provided by the factory.
Are H&S Risk assessments are conducted (including evaluating the arrangements for workers doing overtime e.g. driving after a long shift) and are there controls to reduce identified risk?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The factory had conducted the H&S risk assessments including evaluating the arrangements for workers doing overtime also they had made plans to reduce some identified risks.
Is the site meeting its legal obligations on environmental requirements including required permits for use and disposal of natural resources?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: Required permits were available for auditor review.
Is the site meeting its customer requirements on environmental standards, including the use of banned chemicals?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: No banned chemicals were used in this factory.

Non-Compliance		Evidence																													
[Back to findings summary]																															
<table><tr><th colspan="2">Non-Compliance</th></tr><tr><td>Status</td><td>OPEN</td></tr><tr><td>Reference</td><td>ZAF600231438</td></tr><tr><td>Clause</td><td>3 - Working Conditions are Safe and Hygienic</td></tr><tr><td>Issue Title</td><td>227 - Unmarked / incorrect labels / signage / instructions for electrics</td></tr><tr><td>Subcategory</td><td>Electrical risk</td></tr><tr><td>New or carried over?</td><td><input checked="" type="checkbox"/> New <input type="checkbox"/> Carried Over</td></tr><tr><td>Root cause</td><td><input checked="" type="checkbox"/> Training <input type="checkbox"/> System <input type="checkbox"/> Costs <input type="checkbox"/> Lack of workers <input type="checkbox"/> Other</td></tr><tr><td>Root cause - Other</td><td></td></tr><tr><td>Local law issue</td><td>In accordance with Article 2-7 of Warning Sign in the Guidelines for Safety Signs and Usage GB 2894-2008, the electric shock warning sign should be marked on electricity devices and circuit where electric shock may happen. 6.2 The material of signs: Safety signs should be made of durable material. The materials which will be deformed or deteriorated when wet and flammable material are generally shall preferably not be used. The insulation material should be used at workplace where there is risk of electric shock. 根据《安全标志及使用导则(GB 2894-2008)》警示标志2-7, 当心触电警示标志应安装在有可能发生触电危险的电器设备和线路, 如: 配电室、开关等。6.2 标志牌的材质: 安全标志牌应采用坚固耐用的材料制作, 一般不宜使用遇水变形、变质或易燃的材料。有触电危险的作业场所应使用绝缘材料。</td></tr><tr><td>ETI code</td><td>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.</td></tr><tr><td>Explanation to the non compliance</td><td>It was noted that 1 out of 6 electrical box in the mixing workshop was not posted with warning sign. 审核发现搅拌车间1/6个电开关箱没有张贴警示标志。</td></tr><tr><td>Follow up method</td><td><input type="checkbox"/> Follow up audit <input type="checkbox"/> Desktop audit</td></tr><tr><td>Timescale</td><td><input type="checkbox"/> Immediate <input checked="" type="checkbox"/> 30 days <input type="checkbox"/> 60 days <input type="checkbox"/> 90 days <input type="checkbox"/> 120 days <input type="checkbox"/> 180 days <input type="checkbox"/> <input type="checkbox"/></td></tr></table>			Non-Compliance		Status	OPEN	Reference	ZAF600231438	Clause	3 - Working Conditions are Safe and Hygienic	Issue Title	227 - Unmarked / incorrect labels / signage / instructions for electrics	Subcategory	Electrical risk	New or carried over?	<input checked="" type="checkbox"/> New <input type="checkbox"/> Carried Over	Root cause	<input checked="" type="checkbox"/> Training <input type="checkbox"/> System <input type="checkbox"/> Costs <input type="checkbox"/> Lack of workers <input type="checkbox"/> Other	Root cause - Other		Local law issue	In accordance with Article 2-7 of Warning Sign in the Guidelines for Safety Signs and Usage GB 2894-2008, the electric shock warning sign should be marked on electricity devices and circuit where electric shock may happen. 6.2 The material of signs: Safety signs should be made of durable material. The materials which will be deformed or deteriorated when wet and flammable material are generally shall preferably not be used. The insulation material should be used at workplace where there is risk of electric shock. 根据《安全标志及使用导则(GB 2894-2008)》警示标志2-7, 当心触电警示标志应安装在有可能发生触电危险的电器设备和线路, 如: 配电室、开关等。6.2 标志牌的材质: 安全标志牌应采用坚固耐用的材料制作, 一般不宜使用遇水变形、变质或易燃的材料。有触电危险的作业场所应使用绝缘材料。	ETI 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.	Explanation to the non compliance	It was noted that 1 out of 6 electrical box in the mixing workshop was not posted with warning sign. 审核发现搅拌车间1/6个电开关箱没有张贴警示标志。	Follow up method	<input type="checkbox"/> Follow up audit <input type="checkbox"/> Desktop audit	Timescale	<input type="checkbox"/> Immediate <input checked="" type="checkbox"/> 30 days <input type="checkbox"/> 60 days <input type="checkbox"/> 90 days <input type="checkbox"/> 120 days <input type="checkbox"/> 180 days <input type="checkbox"/> <input type="checkbox"/>	<div><p>NC Electrical Box not Posted with Warning Sign.JPG</p></div>
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	365 days	Other	
Actions	It is recommended that management adopt practices and controls to ensure that all electricity devices are marked to avoid electric shock. 建议工厂对整个工厂的开关箱安装警示标志。		

4 - Child Labour Shall Not Be Used [Summary of Findings]

4: Compliance Requirements

4.1 There shall be no new recruitment of child labour.

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

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

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

Current Systems and Evidence Examined

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

Current Systems:

The factory had established the written procedure that persons less than 16 years old were prohibited to recruit. And young persons under 18 shall not be employed at night or in hazardous conditions. All young workers shall be registered with the local labour administration authorities and provided with regular health examination. No child labour or young worker was hired in this factory.

Evidence examined:

Factory policy and procedure review; factory management, employee and worker representative interview; personnel files including ID copies review.

Any other comments:

None

Legal age of employment:	16
Age of youngest worker found:	19
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
Percentage of under 18's at this site (of total workers)	0.0%
Are workers under 18 subject to hazardous work assignments?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: N/A. No young worker was hired in this factory.

5 - Living Wages are Paid [Summary of Findings]

5: Compliance Requirements

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

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

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

Current Systems and Evidence Examined

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

Current Systems:

1. According to the factory policy, the factory had established procedure to make sure the employees minimum wage meets the local minimum wage. All employees' wages were calculated by monthly rate and paid in cash within 15 days after a payment cycle. Employees were paid at least RMB 2,030 per month, which was equal to the local minimum wage of RMB 2,030 per month effective from April 1, 2022.

2. There were 185 employees including 13 employees who had reached the ages of retirement in October 2023 that could not participate in the local social insurance. According to the social insurance payment receipt provided by the factory management, it was noted that 172 out of 172 (100%) employees were provided with pension, unemployment, accident, medical, and maternity insurance in October 2023. Further, the factory provided a commercial accident insurance to 149 employees including the 13 rehired employees who had reached the ages of retirement with a valid period from April 1, 2023 to March 31, 2024.

3. According to the provided payroll and attendance records that all sampled employees were compensated 150% of normal wages for overtime on weekdays and 200% of normal wages for overtime on rest days, which was in compliance with legal requirement. No overtime on statutory holidays was noted.

Evidence examined:

Factory policy and procedures review; factory management, workers and workers' representatives' interview; Payroll and time records, production records, leave application sheet review

Any other comments:

None

Summary Information

Criteria	Local Law	Actual at the Site	Is this part of a Collective Bargaining Agreement?
Standard/Contracted work hours: (Maximum legal and actual required working hours excluding overtime, please state if possible per day, week, and month)	Legal Maximum Per Day: 8.0 Per Week: 40.0 Per Month: null	Actual Per Day: 8.0 Per Week: 40.0 Per Month: null	NO
Overtime hours: (Maximum legal and actual overtime hours, please state if possible per day, week, and month)	Legal Maximum Per Day: 3.0 Per Week: null Per Month: 36.0	Actual Per Day: 3.0 Per Week: 14.0 Per Month: 54.0	NO

Wage for standard/contracted hours: (Minimum legal and actual minimum wage at site, please state if possible per hr, day, week, and month)	Legal Maximum Per Day: 93.33 Per Week: 466.67 Per Month: 2030.0	Actual Per Day: 93.33 Per Week: 466.67 Per Month: 2030.0	NO
Overtime wage: (Minimum legal and actual minimum overtime wage at site, please state if possible per hr, day, week, and month)	Legal Maximum Per Day: null Per Week: null Per Month: null	Actual Per Day: null Per Week: null Per Month: null	NO
Wages Analysis:			
Were accurate records shown at the first request?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
Sample Size Checked (State number of worker records checked and from which weeks/months – should be current, peak, and random/low. Please see SMETA Best Practice Guidance and Measurement Criteria)	26 samples from January 2023, 26 samples from August 2023, 26 samples from the most recent paid month September 2023		
Are there different legal minimum wage grades? If Yes, please specify all.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
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"/> Not Applicable Please give details:		
For the lowest paid production workers, are wages paid for standard/contracted hours (excluding overtime) below or above the legal minimum?	<input type="checkbox"/> Below legal min <input checked="" type="checkbox"/> Meet <input type="checkbox"/> Above		
Lowest actual wages found: Note: full time employees and please state hour / week / month etc.	RMB 2030 per month		
Please indicate the breakdown of workforce per earnings	0.0% of workforce earning under minimum wage 100.0% of workforce earning minimum wage 0.0% of workforce earning above minimum wage		
Bonus Scheme found: Please specify details:	Bonus Scheme found: Position allowance were paid to the employees based on their positions and skills. Full attendance allowance of RMB 100 per month were provided to all employees with full attendance in a month. Accommodation allowance of RMB 400 per month were provided to all employees. Production bonus were provided to the employees based on their production quantity and quality. Note: type of employee (e.g. full time, temp, etc.) and please state which units e.g. /hour /week /month etc.		
What deductions are required by law e.g. social insurance? Please state all types:	Social insurance and personal income tax.		
Have these deductions been made?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
Please list all deductions that have been made.	Social insurance and Personal income tax		
Please list all deductions that have not been made.	N/A		
Were appropriate records available to verify hours of work and wages?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
Were any inconsistencies found? (if yes describe nature)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		

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: Time records reflected all time worked.
Is there a defined living wage: This is not normally minimum legal wage. If answered yes, please state amount and source of info: Please see SMETA Best Practice Guidance and Measurement Criteria.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details:
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 <input type="checkbox"/> Other – please give details:
Are there periodic reviews of wages? If Yes give details (include whether there is consideration to basic needs of workers plus discretionary income).	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: Amount of wages had taken basic needs and discretionary income into consideration. Periodic review was conducted.
Are workers paid in a timely manner in line with local law?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Is there evidence that equal rates are being paid for equal work:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: All employees were paid by monthly rate. Female employees received the same pay rate of male employees on the same position and of same grade.
How are workers paid:	<input checked="" type="checkbox"/> Cash <input type="checkbox"/> Cheque <input type="checkbox"/> Bank Transfer <input type="checkbox"/> Other

6 - Working Hours are not Excessive [Summary of Findings]

6: Compliance Requirements

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:

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:

There was only one shift from 08:00 to 17:00 with one hour of lunch break from 12:00 to 13:00. Auditors reviewed the attendance records of 78 employees (26 samples from January 2023, 26 samples from August 2023 and 26 samples from the most recent paid month September 2023). It was noted that employees' maximum overtime working hours were 3 hours per day and 54 hours per month, the maximum weekly hours were 54 hours. And the longest consecutively working days were 6 days.

Evidence examined:

Working hour policy, time records and production records review; factory management, employee and worker representative interview

Any other comments:

None

Working hours' analysis

Systems & Processes

What timekeeping systems are used?	Fingerprint Recognition System
------------------------------------	--------------------------------

Is sample size same as in wages section?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details:
--	---

Are standard/contracted working hours defined in all contracts/employment agreements? (If no, please give details including % and which type of workers do NOT have standard hours defined in contracts/employment agreements.)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
---	---

Are there any other types of contracts/employment agreements used?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
--	---

Do any standard/contracted working hours defined in contracts/employment agreements exceed 48 hours per week? (If yes, please detail hours, %, types of workers affected and frequency.)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Are workers provided with at least 1 day off in every 7-day-period, or 2 in 14-day-period?	<input checked="" type="checkbox"/> 1 in 7 days <input type="checkbox"/> 2 in 14 days <input type="checkbox"/> 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	
Were standard working hours over 48 hours per week found? (If yes, % of workers & frequency)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No % of workers: null% Frequency:
Any local waivers/local law or permissions which allow averaging/annualised hours for this site? (If yes, please give details.)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Overtime Hours worked	
Actual overtime hours worked in sample (State per day/week/month)	Highest OT hours: 2 hours per day, 14 hours per week, 36 hours per month in January 2023; 3 hours per day, 14 hours per week, 54 hours per month in August 2023; 2 hours per day, 14 hours per week, 48 hours per month in September 2023.
Combined hours (standard or contracted + overtime hours = total) over 60 found?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: The maximum working hours per week was 54 hours.
Approximate percentage of total workers on highest overtime hours:	65.0%
Is overtime voluntary? (Please detail evidence e.g. Wording of contract / employment agreement / handbook / worker interviews / refusal arrangements)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Conflicting Information Please give details: Workers worked overtime voluntarily.
Overtime premium	
Are the correct legal overtime premiums paid? (Please give details of normal day overtime premium as a % of standard wages)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A - there is no legal requirement to OT premium Please give details: 150% of normal wages were paid for overtime working hours worked on weekdays; 200% of normal wages were paid for overtime working hours on rest days.
Is overtime paid at a premium?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Overtime wages were paid every month for 150% of normal wages for overtime working hours worked on weekdays and 200% of normal wages for overtime working hours on rest days.

<p>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 checked="" type="checkbox"/> Other	<input type="checkbox"/> Consolidated pay	<input type="checkbox"/> Collective Bargaining agreements
<p>Please give details</p>	<p>N/A</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. (Please explain any checked boxes above e.g. detail of consolidated pay / CBA or Other)</p>	<input type="checkbox"/> Overtime is voluntary <input type="checkbox"/> Site can demonstrate exceptional circumstances	<input type="checkbox"/> Onsite Collective bargaining allows 60+ hours/week is voluntary <input checked="" type="checkbox"/> Other reasons (please specify)	<input type="checkbox"/> Safeguards are in place to protect worker's health and safety
<p>Please give details</p>	<p>N/A</p>		
<p>Please explain any checked boxes above e.g. detail of consolidated pay / CBA or other</p>	<p>N/A</p>		
<p>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 Overtime hours are being used for increasing order volumes.		
<p>If sufficient workers cannot be hired, are new working time arrangements explored to ensure that overtime is the exception rather than the rule?</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		

Non-Compliance		Evidence																										
[Back to findings summary]																												
<table><tr><th colspan="2">Non-Compliance</th></tr><tr><td>Status</td><td>OPEN</td></tr><tr><td>Reference</td><td>ZAF600223026</td></tr><tr><td>Clause</td><td>6 - Working Hours are not Excessive</td></tr><tr><td>Issue Title</td><td>469 - Working hours exceed what is allowed by law or collective bargaining agreement - systemic</td></tr><tr><td>Subcategory</td><td>Excessive hours</td></tr><tr><td>New or carried over?</td><td><input type="checkbox"/> New <input checked="" type="checkbox"/> Carried Over</td></tr><tr><td>Raised by audit</td><td>ZAA421626298</td></tr><tr><td>Root cause</td><td><input type="checkbox"/> Training <input checked="" type="checkbox"/> System <input type="checkbox"/> Costs <input checked="" type="checkbox"/> Lack of workers <input type="checkbox"/> Other</td></tr><tr><td>Root cause - Other</td><td></td></tr><tr><td>Local law issue</td><td>In accordance with Article 41 of the Labor Law of the PRC, after consultation with the trade union and employees, the employer may extend working hours due to its production or business needs, but the extended working hours shall not generally exceed one hour a day; in special circumstances that require an extension of working hours, the extended working hours shall not exceed 3 hours a day and 36 hours a month on condition that the health of employees is guaranteed. 根据《中华人民共和国劳动法》第41条：用人单位由于生产经营需要，经与工会和劳动者协商后可以延长工作时间，一般每日不得超过一小时；因特殊原因需要延长工作时间的，在保障劳动者身体健康的条件下延长工作时间每日不得超过三小时，但是每月不得超过三十六小时。</td></tr><tr><td>ETI code</td><td>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.</td></tr><tr><td>Explanation to the non compliance</td><td>Description of Previous Non-Compliance: It was noted that 71 out of 78 sample population employees worked in excess of the statutory overtime hour limits. A review of 78 sample population employees' time records (26 samples from February 2022, 26 samples from July 2022, and 26 samples from the most recent paid month September 2022) yielded the following: • 22 out of 26 sample population employees worked in excess of 36 overtime hours per month (i.e. 38 to 40 hours) in February 2022; • 26 out of 26 sample population employees worked in excess of 36 overtime hours per month (i.e. 50 to 58 hours) in July 2022; • 23 out of 26 sample population employees worked in</td></tr></table>			Non-Compliance		Status	OPEN	Reference	ZAF600223026	Clause	6 - Working Hours are not Excessive	Issue Title	469 - Working hours exceed what is allowed by law or collective bargaining agreement - systemic	Subcategory	Excessive hours	New or carried over?	<input type="checkbox"/> New <input checked="" type="checkbox"/> Carried Over	Raised by audit	ZAA421626298	Root cause	<input type="checkbox"/> Training <input checked="" type="checkbox"/> System <input type="checkbox"/> Costs <input checked="" type="checkbox"/> Lack of workers <input type="checkbox"/> Other	Root cause - Other		Local law issue	In accordance with Article 41 of the Labor Law of the PRC, after consultation with the trade union and employees, the employer may extend working hours due to its production or business needs, but the extended working hours shall not generally exceed one hour a day; in special circumstances that require an extension of working hours, the extended working hours shall not exceed 3 hours a day and 36 hours a month on condition that the health of employees is guaranteed. 根据《中华人民共和国劳动法》第41条：用人单位由于生产经营需要，经与工会和劳动者协商后可以延长工作时间，一般每日不得超过一小时；因特殊原因需要延长工作时间的，在保障劳动者身体健康的条件下延长工作时间每日不得超过三小时，但是每月不得超过三十六小时。	ETI code	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.	Explanation to the non compliance	Description of Previous Non-Compliance: It was noted that 71 out of 78 sample population employees worked in excess of the statutory overtime hour limits. A review of 78 sample population employees' time records (26 samples from February 2022, 26 samples from July 2022, and 26 samples from the most recent paid month September 2022) yielded the following: • 22 out of 26 sample population employees worked in excess of 36 overtime hours per month (i.e. 38 to 40 hours) in February 2022; • 26 out of 26 sample population employees worked in excess of 36 overtime hours per month (i.e. 50 to 58 hours) in July 2022; • 23 out of 26 sample population employees worked in
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	<p>excess of 36 overtime hours per month (i.e. 42 to 44 hours) in September 2022, which was not in compliance with the legal requirement. Periodic Audit on November 1, 2023: It was noted that 49 out of 78 sample employees worked in excess of the statutory overtime hour limits. A review of 78 sample time records (26 samples from January 2023, 26 samples from August of 2023, and 26 samples from current paid month September 2023) yielded the following: • 26 out of 26 sample population employees worked in excess of 36 overtime hours per month (i.e. 42-54 hours) in August 2023, which was not in compliance with the legal requirement; • 23 out of 26 sample population employees worked in excess of 36 overtime hours per month (i.e. 38-48 hours) in September 2023, which was not in compliance with the legal requirement. 根据厂方提供的工时记录，审核员发现员工加班时间超出了法定标准。审核员从厂方提供的工时记录中抽取78个样本(其中从2023年1月抽取26个，从2023年8月抽取26个，从最近已发工资月份2023年9月抽取26个)，发现共有49名员工加班时间超出了法定标准，具体为：• 26/26名员工在2023年8月的加班时间为42-54小时，超过每月加班时间不能超过36小时的法律规定；• 23/26名员工在2023年9月的加班时间为38-48小时，超过每月加班时间不能超过36小时的法律规定。</p>		
Follow up method	<input type="checkbox"/> Follow up audit <input type="checkbox"/> Desktop audit		
Timescale	<input type="checkbox"/> Immediate <input type="checkbox"/> 30 days <input checked="" type="checkbox"/> 60 days <input type="checkbox"/> 90 days <input type="checkbox"/> 120 days <input type="checkbox"/> 180 days <input type="checkbox"/> 365 days <input type="checkbox"/> Other		
Actions	<p>It is recommended that factory management adopt practices and controls to ensure that employee overtime hours do not exceed the statutory limits. 建议工厂确保员工的加班时间符合法律要求。</p>		

7 - No Discrimination is Practiced [Summary of Findings]

7: Compliance Requirements

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:

Based on the review of factory regulations and employee private interview, no discrimination was noted regarding hiring, job assignment, wages, bonus, allowance, promotion, discipline, work assignment, gender, age and nationality. All sampled employees interviewed stated that they were treated fairly and compensated the same wage for the same job.

Evidence examined:

Factory policy and procedure review; factory management, worker and worker representative interview; payroll record, training record, and etc. review.

Any other comments:

None

Gender breakdown of Management + Supervisors (Include as one combined group)	Male: 30.0%	Female: 70.0%
Number of women who are in skilled or technical roles (e.g. where specific qualifications are needed i.e. machine engineer / laboratory analyst)	5 female workshop leaders.	
Is there any evidence of discrimination based on race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation?	<input type="checkbox"/> Hiring <input type="checkbox"/> Promotion	<input type="checkbox"/> Compensation <input type="checkbox"/> Termination or retirement <input type="checkbox"/> Access to training <input checked="" type="checkbox"/> No evidence of discrimination found
Please give details	No discrimination was noted. Management treated all employees equally.	
Professional Development		
What type of training and development are available for workers?	Working skills, fire safety, machine safety, first aid skills, and etc.	
Are HR decisions e.g. promotion, training, compensation based on objective, transparent criteria? (If no, please provide details)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	

8 - Regular Employment Is Provided [Summary of Findings]

8: Compliance Requirements

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:

Work performed was on the basis of recognized employment relationship established through national law and practice. And there is no home working from the site. The factory had signed the labour contract with all sampled workers, which was confirmed through the employee Interview and document review.

Evidence examined:

Factory policy and procedure review; factory management, employee and worker representative interview; labour contract review

Any other comments:

None

Responsible Recruitment

All Workers

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

☒ Terms & Conditions presented
☒ Same as actual conditions

☒ Understood by workers

Did workers pay any fees, taxes, deposits or bonds for the purpose of recruitment/placement? (If yes, please describe details and specific category(ies) of workers affected)

☐ Yes ☒ No

Migrant Workers

Type of work undertaken by migrant workers:

All production processes and office work.

Please give details about recruitment agencies for migrant workers:	Number of (in country) recruitment agencies used: 0 Number of (outside of local country) recruitment agencies used: 0
Are migrant workers' voluntary deductions (such as for remittances) confirmed in writing by the worker and is evidence of the transaction supplied by the facility to the worker?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: No any deduction was made for migrant workers.
Is there any observation on this finding?	None
Are any migrant workers in skilled, technical or management roles? (This should include all migrant workers including permanent workers, temporary and/or seasonal workers)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No There were 8 migrant workers in technical roles and 6 migrant workers in management roles.
Non-employee workers	
Recruitment Fees	
Are there any fees?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Agency Workers (if applicable) (Workers sourced from a local agent who are not directly paid by the site, but paid by the agency. Usually the agencies are paid by the site and the wages of the individual workers are paid by the agency.)	
Number of agencies used (average):	0
Please provide the names of agencies if applicable	N/A
Were agency workers' age / pay / hours included within the scope of this audit?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Were sufficient documents for agency workers available for review?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is there a legal contract agreement with all agencies?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: N/A. No agency workers were used.
Does the site have a system for checking labour standards of agencies?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: N/A. No agency workers were used.
Contractors (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.)	
Any contractors on site?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: No contractor was used by this factory.
Do all contractor workers understand their terms of employment?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: N/A. No contractor was used by this factory.

8A - Sub-Contracting and Homeworking
[Summary of Findings]**8A: Compliance Requirements**

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

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

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:

No homeworking was noted during this audit and no subcontracted factory was used by the auditee.

Evidence examined:

Site tour, management and worker interviews, document review.

Any other comments:

None

Summary of sub-contracting – if applicableIs there any sub-contracting at this site? ☐ Yes ☒ No**Summary of homeworking – if applicable**Is homeworking used at this site? ☐ Yes ☒ No

9 - No Harsh or Inhumane Treatment is Allowed
[Summary of Findings]

9: Compliance Requirements

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.

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

Based on documents review and employee private interview, the factory established a written policy to prohibit harassment, abuse and corporal punishment, which stated that the factory prohibited the management to harass or abuse the employees. And the factory had communicated the policy to all employees through training and posters in the workshops.

Evidence examined:

Factory policy and procedure review; factory management, worker and worker representative interview

Any other comments:

None

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?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: There was anonymous and open channels available for reporting any violations of Labour standards and H&S to a 3rd party.
If yes, are workers aware of these channels and have access? Please give details.	All the interviewed workers were aware of the grievance mechanism such as using hotline, suggestion box, email, web chat, or talking directly to their representatives.
If yes, what type of mechanism is used e.g. hotline, whistle blowing mechanism, comment box etc. Please give details.	Using hotline, suggestion box, email, web chat, or talking directly to their representatives.
Which of the following groups is there a grievance mechanism in place for?	<input checked="" type="checkbox"/> Worker <input checked="" type="checkbox"/> Communities <input checked="" type="checkbox"/> Suppliers <input type="checkbox"/> Other
Please provide grievance mechanism details	Hotline, email box, suggestion box and web chat.
Are there any open disputes?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details:
Does the site encourage its business partners (e.g. suppliers) to provide individuals and communities with access to effective grievance mechanisms (e.g. helplines or whistle blowing mechanism)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details:

Is there a published and transparent disciplinary procedure?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details:
If yes, are workers aware of these the disciplinary procedure?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details:
Does the disciplinary procedure allow for deductions from wages (fines) for disciplinary purposes (see wages section)?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details:

10A - Entitlement to Work and Immigration [Summary of Findings]

10A: Compliance Requirements

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

10.A.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:

It was noted that the factory recruited workers through poster at the factory gate and introduction of existed workers and established the procedure for screening through checking the original identification certificates.

Evidence examined:

Factory policy and procedure review; factory management, employee and worker representative interview; factory tour.

Any other comments:

None

10B4 - Environment 4-Pillar [Summary of Findings]

10B4: Compliance Requirements

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

10.B4.2 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.

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

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

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

10.B4.6 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).

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

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

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

10B4: Guidance for Observations

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

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

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

Current Systems and Evidence Examined

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

Current Systems:

The factory had established written policies and procedures on Environment Protection. Environmental impact assessment was conducted and the environmental license was obtained.

Evidence examined:

Factory environmental policy and procedure; factory management, worker and worker representative interview

Any other comments:

None

Environmental Analysis

Is there a manager responsible for Environmental issues (Name and Position):

Ms. Jennifer Yao/HR Supervisor

Has the site conducted a risk assessment on the environmental impact of the site, including implementation of controls to reduce identified risks?

☒ Yes ☐ No

Please give details:

Risk assessment on the environmental impact was conducted in the factory regularly.

Does the site have a recognised environmental system certification such as ISO 14000 or equivalent?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: No environmental system certification was obtained.
Does the site have an Environmental policy?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
If yes, is it publicly available?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
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: The environmental policy had addressed the key impacts from their operations and their commitment to improvement.
Does the site have a Biodiversity policy?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Is there any other sustainability systems present such as Chain of Custody, Forest Stewardship Council (FSC), Marine Stewardship Council (MSC) etc.?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: There was no any other sustainability system present in this factory.
Have all legally required permits been shown?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: Environmental impact assessment report.
Is there a documentation process to record hazardous chemicals used in the manufacturing process?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not Applicable Please give details: No hazardous chemicals were used in the manufacturing process.
Is there a system for managing client's requirements and legislation in the destination countries regarding environmental and chemical issues?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The factory had set up the policy and procedure to meet the client's requirement that regarding the environmental and chemical issues.
Facility has reduction targets in place for environmental aspects e.g. water consumption and discharge, waste, energy and green-house gas emissions:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: Per document review, facility had reduction targets in place for environmental aspects e.g. water consumption and discharge, waste, energy and green-house gas emissions.
Facility has evidence of waste recycling and is monitoring volume of waste that is recycled.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The packing wastes such as papers and plastic were recycled and records were provided for review.
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: Monitoring records for water and energy were provided for review.

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: Internal audit reports for the suppliers were provided for review.	
Usage/Discharge analysis		
Criteria	Previous year: 2022	Current year: 2023
Electricity Usage: Kw/hrs	709448	637864
Renewable Energy Usage: Kw/hrs	0	0
Gas Energy Usage: Kw/hrs	0	0
Has site completed any carbon Footprint Analysis?	No	No
If Yes, please state result		
Water Sources	Municipal water	Municipal water
Water Volume Used	22514	15635
Water Discharged	Municipal waste water pipes	Municipal waste water pipes
Water Volume Discharged	8620	7235
Water Volume Recycled	0	0
Total waste produced	13.80 tons	12.56 tons
Total hazardous waste produced	2.60 tons	2.24 tons
Waste to recycling	0.60 tons	0.55 tons
Waste to landfill	0	0
Waste to other	0	0
Total Product Produced	7000000 pieces	6000000 pieces

10C - Business Ethics – 4-Pillar Audit [Summary of Findings]

10C: Compliance Requirements

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

10.C.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.

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

10.C.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.

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

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

10.C.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

10.C.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.

10.C.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:

Policies and procedures on business ethics was established. Ms. Jennifer Yao/HR Supervisor was responsible for monitoring this issue. Training on business ethics was provided regularly.

Evidence examined:

Written policy and procedure of business ethics, training on anti-bribery policy records, management commitment on anti-bribery policy.

Any other comments:

None

Does the facility have a Business Ethics Policy and is the policy communicated and applied internally, externally or both, as appropriate?

☒ Internal Policy

☒ Policy for third parties including suppliers

Please give details:

Factory had established the business ethics policy, including anti-bribery, anti-corruption, or any type of fraudulent Business Practice for internal and their suppliers

Does the site give training to relevant personnel (e.g. sales and logistics) on business ethics issues?

☒ Yes ☐ No

Please give details:

Ms. Jennifer Yao/HR Supervisor was assigned to responsible for business ethics policy.

Is the policy updated on a regular (as needed) basis?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The business ethics policy and procedure were reviewed and updated by management team yearly.
Does the site require third parties including suppliers to complete their own business ethics training	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The factory had communicated with their suppliers to provided training on business ethics to their employees regularly.

Attachments



Toilets.JPG



Suggestion Box.JPG



Water Drinking Area.JPG



Raw Materials Warehouse.JPG



Packing Workshop.JPG



Production Building.JPG



NC Electrical Box not Posted with Warning Sign.JPG



Labelling Workshop.JPG



Fire Hydrant.JPG



Mixing Workshop.JPG



First Aid Kit.JPG



Fire Hydrant Testing.JPG



Fire Extinguishers.JPG



Fire Alarm.JPG



Fire Alarm Button.JPG



Finished Goods Warehouse.JPG



Fingerprint Recognition System.JPG



Filling Workshop.JPG



Factory Name and Main Gate.JPG



Factory Address.JPG



Emergency Lights Testing.JPG



Emergency Lights and Exit Sign.JPG



Emergency Evacuation Map.JPG



BSCI COC.JPG



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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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