




# Sedex Members Ethical Trade Audit Report

Version 6.0



Audit Details			
Sedex Company Reference: <i>(only available on Sedex System)</i>	ZC: Not provided as the factory is non-sedex member	Sedex Site Reference: <i>(only available on Sedex System)</i>	ZS: Not provided as the factory is non-sedex member
Business name (Company name):	Jiangmen City Jowin Lighting Co., Ltd		
Site name:	Jiangmen City Jowin Lighting Co., Ltd		
Site address: <i>(Please include full address)</i>	Building 2, No. 16, Beiyuan Road, Jianghai District, Jiangmen City, Guangdong Province	Country:	China
Site contact and job title:	Sam Xue/Deputy GM		
Site phone:	86-750-3755703	Site e-mail:	Tlt68@tltcn.com
SMETA Audit Type Pillars:	<input checked="" type="checkbox"/> Labour Standards	<input checked="" type="checkbox"/> Health & Safety	<input type="checkbox"/> Environment <input type="checkbox"/> Business Ethics
Date of Audit:	June 5, 2019		

<p><b>Audit Company Name &amp; Logo:</b> Bureau Veritas</p> 	<p><b>Report Owner (payee):</b> <i>(If paid for by the customer of the site please remove for Sedex upload)</i></p> <p>Jiangmen City Jowin Lighting Co., Ltd</p>
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Audit Conducted By					
Commercial	<input checked="" type="checkbox"/>	Purchaser	<input type="checkbox"/>	Retailer	<input type="checkbox"/>
Brand owner	<input type="checkbox"/>	NGO	<input type="checkbox"/>	Trade Union	<input type="checkbox"/>
Multi-stakeholder	<input type="checkbox"/>	Combined Audit (select all that apply)			

## Audit Content:

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

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

### 2-Pillar SMETA Audit

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

### 4-Pillar SMETA

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

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

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

## SMETA Declaration

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

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

Any exceptions to this must be recorded here (e.g. different sample size): This audit was carried out for the site directly and no retailer/brand was mentioned as a master client. So the section on unauthorised subcontracting was reviewed with a general sampling of the site's clients but no review against a policy in any retailer/brand auditing Service Level Agreement.

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

Lead auditor: Lisa Liu APSCA#21701419

Team auditor: Nil

Interviewers: Lisa Liu

Report writer: Lisa Liu

Report reviewer: Samantha Zeng

Audit Company Report Reference: 10191412032

Date of declaration: June 5, 2019

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

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



## Non-Compliance Table

Issue <i>(please click on the issue title to go direct to the appropriate audit results by clause) Note to auditor, please ensure that when issuing the audit report, hyperlinks are retained.</i>	Area of Non-Conformity <i>(Only check box when there is a non-conformity, and only in the box/es where the non-conformity can be found)</i>				Record the number of issues by line*:			Findings <i>(note to auditor, summarise in as few words as possible NCs, Obs and GE)</i>
	ETI Base Code	Local Law	Additional Elements	Customer Code	NC	Obs	GE	
0A <a href="#">Universal Rights covering UNGP</a>			<input type="checkbox"/>	<input type="checkbox"/>				Nil
0B <a href="#">Management systems and code implementation</a>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1			NC <ul style="list-style-type: none"> <li>Failed to provide the attendance records of canteen worker and inconsistency between production records and attendance records were noted.</li> </ul>
1. <a href="#">Freely chosen Employment</a>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>				Nil
2. <a href="#">Freedom of Association</a>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>				Nil
3. <a href="#">Safety and Hygienic Conditions</a>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>	5			NC <ul style="list-style-type: none"> <li>Rolling door used at safety exit</li> <li>Lack of emergency light</li> <li>Lack of exit sign</li> <li>Expired first aid personnel certificate</li> <li>No training/training certificate of main responsible person as legally required</li> </ul>
4. <a href="#">Child Labour</a>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>				Nil

5	<u>Living Wages and Benefits</u>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>	4			NC <ul style="list-style-type: none"> <li>Failed to provide the attendance records of canteen worker and inconsistency between production records and attendance records were noted.</li> <li>Insufficient social insurance coverage</li> <li>No national holiday wage for some workers</li> <li>No paid annual leave</li> </ul>
6	<u>Working Hours</u>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>	2			NC <ul style="list-style-type: none"> <li>Failed to provide the attendance records of canteen worker and inconsistency between production records and attendance records were noted.</li> <li>Overtime hours exceeded legal limit</li> </ul>
7	<u>Discrimination</u>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>				Nil
8	<u>Regular Employment</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				Nil
8A	<u>Sub-Contracting and Homeworking</u>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				Nil
9	<u>Harsh or Inhumane Treatment</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				Nil
10A	<u>Entitlement to Work</u>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				Nil
10B2	<u>Environment 2-Pillar</u>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	3			<ul style="list-style-type: none"> <li>No environmental impact appraisal documents;</li> <li>No registration or approval of environmental impact appraisal documents;</li> <li>No environmental check and acceptance report.</li> </ul>

10B4	Environment 4-Pillar		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				Not applicable
10C	Business Ethics		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				Not applicable

General observations and summary of the site:

Site Summary

- The product manufactured at this site is Decorative lamp.
- Overall responsibility for meeting the standards is taken by Mr. Xue Yeyun/Deputy GM.
- There are a total of 67 employees on site (31 males and 36 females).
- The youngest worker on site was 18 years old.
- There was no Union established at this factory, worker committee was in place.
- There is evidence of both male and female in management and among supervisor.
- There was no obvious peak season in the factory.
- Electric-plating and baking finishing processes were subcontracted.
- Total 10 workers were interviewed as 1 group of 4 and 6 individually.
- 10 Records to show wages and working hours were taken from April 2019, February 2019 and October 2018 respectively.
- Standard hours on site were in average 8 hours/day and 40 hours/week.
- All the sampled employees were properly paid for their working time and overtime on the payroll record.

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

## Site Details

Site Details																							
A: Company Name:	Jiangmen City Jowin Lighting Co., Ltd																						
B: Site name:	Jiangmen City Jowin Lighting Co., Ltd																						
C: GPS location: (if available)	GPS Address: Building 2, No. 16, Beiyuan Road, Jianghai District, Jiangmen City, Guangdong Province, China	Latitude: N22° 34' 16" Longitude: E113° 9' 32"																					
D: Applicable business and other legally required licence numbers and documents, for example, business license number, liability insurance, any other required government inspections	Business license No.: 91440700698108039N Valid from December 2, 2009 to December 2, 2039																						
E: Products/Activities at site, for example, garment manufacture, electricals, toys, grower, cutting, sewing, packing etc.	Decorative lamp																						
F: Site description: (Include size, location, and age of site. Also, include structure and number of buildings)	<p>Jiangmen City Jowin Lighting Co., Ltd was located in Building 2, No.16 Beiyuan Road, National High-tech Industrial Zone, Jianghai District, Jiangmen City, Guangdong Province, P.R. China. The facility was established on December 2, 2009 and had operated on current location since the established date.</p> <table border="1"> <thead> <tr> <th>Production Building no</th> <th>Description</th> <th>Remark, if any</th> </tr> </thead> <tbody> <tr> <td>Floor 1</td> <td>Warehouse of audited factory, public stores</td> <td></td> </tr> <tr> <td>Floor 2</td> <td>Warehouse of Jiangmen City Hongling Lighting Technology Co., Ltd</td> <td></td> </tr> <tr> <td>Floor 3</td> <td>Workshop of audited factory</td> <td></td> </tr> <tr> <td>Floor 4</td> <td>Jiangmen City Hongling Lighting Technology Co., Ltd</td> <td></td> </tr> <tr> <td>Floor 5</td> <td>Office and show room</td> <td></td> </tr> <tr> <td>Is this a shared building?</td> <td>Yes</td> <td></td> </tr> </tbody> </table> <p>A total of 67 employees are currently working in the facility, which include 40 production employees and 27 non-production employees.</p>		Production Building no	Description	Remark, if any	Floor 1	Warehouse of audited factory, public stores		Floor 2	Warehouse of Jiangmen City Hongling Lighting Technology Co., Ltd		Floor 3	Workshop of audited factory		Floor 4	Jiangmen City Hongling Lighting Technology Co., Ltd		Floor 5	Office and show room		Is this a shared building?	Yes	
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	<p>Migrant employees mostly come from other provinces in China, such as Guangxi, Hunan and Sichuan. All employees are hired by the facility directly.</p> <p>All employees worked one shift from 8:00-12:00, 14:00-18:00. The factory adopted finger scan time record system to record employees working hours. Production employees were paid monthly rate and wages were issued to employees on 25th of next month by bank transfer. Peak season was not obvious in the factory.</p> <p>The factory is located on one 5-storey production building, and the audit factory only occupied the 3F, 5F and part of the 1F of the building with a total construction area of around 3,200 square meters. No dormitory nor canteen was provided in the factory.</p> <p>Per factory tour, it was noted that there were another two production buildings located with the same premier with the audit factory and both buildings were used by other factories. As other factories had no relationship with the audit factory, auditor didn't tour the buildings located in the same premier which was used by other factories.</p> <p>Another factory located on the same production building with the audit factory was with the factory name Jiangmen City Hongling Lighting Technology Co., Ltd. Per management interview, document review and factory tour, it was noted that there was no relationship among the auditee and the other factory. Audit factory provided its renting contract and a copy of business license of another factory located on the 2F/4F for review. Employees working in the audit factory could be distinguished per badges.</p> <p>Visible structural integrity issues (large cracks) observed?</p> <p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p> <p>Please give details: Visible structural integrity issues (large cracks) were not observed.</p> <p>Does the site have a structural engineer evaluation?</p> <p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p> <p>Please give details: The factory did not have a structural engineer evaluation.</p>
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<p>G: Site function:</p>	<p> <input type="checkbox"/> Agent  <input checked="" type="checkbox"/> Factory Processing/Manufacturer  <input type="checkbox"/> Finished Product Supplier  <input type="checkbox"/> Grower  <input type="checkbox"/> Homeworker  <input type="checkbox"/> Labour Provider  <input type="checkbox"/> Pack House  <input type="checkbox"/> Primary Producer  <input type="checkbox"/> Service Provider  <input type="checkbox"/> Sub-Contractor         </p>
<p>H: Month(s) of peak season: (if applicable)</p>	<p>No obvious peak season</p>
<p>I: Process overview: <i>(Include products being produced, main operations, number of production lines, main equipment used)</i></p>	<p>Lamp Assembling and packing Assembling machine</p>
<p>J: What form of worker representation / union is there on site?</p>	<p> <input type="checkbox"/> Union (name)  <input type="checkbox"/> Worker Committee  <input checked="" type="checkbox"/> Other (specify) suggestion box  <input type="checkbox"/> None         </p>
<p>K: Is there any night production work at the site?</p>	<p> <input type="checkbox"/> Yes  <input checked="" type="checkbox"/> No         </p>
<p>L: Are there any on site provided worker accommodation buildings e.g. dormitories</p>	<p> <input type="checkbox"/> Yes  <input checked="" type="checkbox"/> No            If yes approx. % of workers in on site accommodation         </p>
<p>M: Are there any off site provided worker accommodation buildings</p>	<p> <input type="checkbox"/> Yes  <input checked="" type="checkbox"/> No            If Yes approx. % of workers         </p>
<p>N: Were all site provided accommodation buildings included in this audit</p>	<p> <input type="checkbox"/> Yes  <input type="checkbox"/> No            If No, please give details            Not applicable. The factory did not provide dormitory.         </p>

Audit Parameters			
A: Time in and time out	Day 1 Time in: 9:10 Day 1 Time out: 17:10	Day 2 Time in: Day 2 Time out:	Day 3 Time in: Day 3 Time out:
B: Number of auditor days used:	One auditor in one day		
C: Audit type:	<input type="checkbox"/> Full Initial <input checked="" type="checkbox"/> Periodic <input type="checkbox"/> Full Follow-up <input type="checkbox"/> Partial Follow-Up <input type="checkbox"/> Partial Other If other, please define:		
D: Was the audit announced?	<input type="checkbox"/> Announced <input checked="" type="checkbox"/> Semi – announced: Window detail: 2 weeks <input type="checkbox"/> Unannounced		
E: Was the Sedex SAQ available for review?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If No, why not The factory did not complete it.		
F: Any conflicting information SAQ/Pre-Audit Info to Audit findings?	<input type="checkbox"/> Yes <input type="checkbox"/> No If <b>Yes</b> , please capture detail in appropriate audit by clause Not applicable		
G: Who signed and agreed CAPR (Name and job title)	Mr. Sam Xue/Deputy GM		
H: Is further information available (if yes, please contact audit company for details)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
I: Previous audit date:	October 14, 2016		
J: Previous audit type:	Initial		
K: Were any previous audits reviewed for this audit	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No  <input type="checkbox"/> N/A		

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

B: Present at the audit?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
C: Present at the closing meeting?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
D: If Worker Representatives were not present please explain reasons why <i>(only complete if no worker reps present)</i>	No worker union. (The workers use suggestion to express their views)		
E: If Union Representatives were not present please explain reasons why: <i>(only complete if no union reps present)</i>	No union. (The workers use suggestion to express their views)		

## Worker Analysis

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

Worker Analysis								
	Local			Migrant*			Home workers	Total
	Permanent	Temporary	Agency	Permanent	Temporary	Agency		
Worker numbers – Male	9	0	0	22	0	0	0	31
Worker numbers – female	12	0	0	24	0	0	0	36
Total	21	0	0	46	0	0	0	67
Number of Workers interviewed – male	1	0	0	3	0	0	0	4
Number of Workers interviewed – female	2	0	0	4	0	0	0	6
Total – interviewed sample size	3	0	0	7	0	0	0	10

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



	__100__% monthly paid _____% other If other, please give details
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<b>Worker Interview Summary</b>	
A: Were workers aware of the audit?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
B: Were workers aware of the code?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
C: Number of group interviews: <i>(Please specify number and size of groups. Please see SMETA Best Practice Guidance and Measurement Criteria. If the auditor was not able to follow the BPG, please state within the declaration)</i>	1 group of 4
D: Number of individual interviews <i>(Please see SMETA Best Practice Guidance and Measurement Criteria)</i>	Male: 2      Female: 4
E: All groups of workers are included in the scope of this audit such as; Direct employees, Casual and agency workers, Workers employed by service providers such as security and catering staff as well as workers supplied by other contractors. <i>Note to auditor: please record details of migrant /agency/contractor workers in section 8 – Regular Employment, under Responsible Recruitment</i>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No  If no, please give details
F: Interviews were done in private and the confidentiality of the interview process was communicated to the workers?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
G: In general, what was the attitude of the workers towards their workplace?	<input checked="" type="checkbox"/> Favourable <input type="checkbox"/> Non-favourable <input type="checkbox"/> Indifferent
H: What was the most common worker complaint?	No complaint
I: What did the workers like the most about working at this site?	Working environment
J: Any additional comment(s) regarding interviews:	None
K: Attitude of workers to hours worked:	Satisfied
L. Is there any worker survey information available?	
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <i>If yes, please give details:</i>	
M: Attitude of workers: <i>(Include their attitude to management, workplace, and the interview process. Both positive and negative information should be included) Note: Do not document any information that could put workers at risk</i>	

In the interview process, employees were frank; no hint or coaching by management was noted. The workers' attitudes to factory management were favourable. They were satisfied with the working condition and the management's behaviour. No negative information was raised.

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

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

No worker committee nor worker union in the factory. The workers express their opinions by suggestion box.

**O: Attitude of managers:**

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

At the opening meeting, auditor explained the audit scope and the audit standard to the factory representative.

Factory tour, document review, interviews with management members and workers were conducted as scheduled in the audit programs, a full audit was finished under the co-operation of the factory representatives.

During the factory tour, management was willing to open the places which were locked before auditor accessing. Factory management also allowed auditor to select the samples and interview production workers in a private and confidential manner.

## Audit Results by Clause

0A: Universal Rights covering UNGP

### 0A: Universal Rights covering UNGP

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

#### 0.A. Guidance for Observations

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

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

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

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

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

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

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

#### Current Systems and Evidence Examined

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

#### Current systems:

The factory already establishes social compliance policy covering human rights and communicates this policy to all employees by training.

Per document review and management interview, the facility had established the policy and statement which expresses its commitment to respect Human Rights and communicated to the relevant stakeholders. And Mr. Ye Quanwang/Production Manager was assigned responsibility for Human Right impacts

The facility has established the O-chart for implement and monitored the Human Right in the facility, also the policy required that the facility should have a transparent and well-communicated system in place to enable the workforce and external stakeholders to report to the company on Human Rights issues (grievances). Employees would have access to a transparent system for confidentially reporting.

Employees, also, the management, senior management were also trained on the business's policy, they were communicated with relevant policy, training on how to deal with any salient human rights issues including how concerns should be communicated and dealt with.

The facility has a social compliance/ethical trade policy and written procedures which meet the Code and International Labour standards. And the Policy would be post onsite to communicated to on-site workers including, local labour law/labour rights.

Internal audit report were also provided for review, according to the report, management would update the ways of working condition and also amend training content to ensure all employees were aware of the changes and updates.

According to the employee interview, employees stated that they were communicating with the code. Labour law policy, human right policy.

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

Details:

1. Management interview
2. Training records on Human Rights/Social compliance
3. Worker interview
4. Social compliance and Human Rights policy review

Any other comments:

Nil

<p>A: Policy statement that expresses commitment to respect human rights?</p>	<p><input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No                  Please give details (mainly applicable for the parent company): The factory had a policy statement that expresses commitment to respect human rights</p>
<p>B: Does the business have a designated person responsible for implementing standards concerning Human Rights?</p>	<p><input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No                  Please give details:                  Name: Mr. Ye Quanwang                  Job title: Production Manager</p>
<p>C: Does the businesses have a transparent system in place for confidentially reporting, and dealing with human rights impacts without fear of reprisals towards the reporter?</p>	<p><input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No                  Please give details: The factory had a transparent system in place for confidentially reporting, and dealing with human rights impacts without fear of reprisals towards the reporter</p>
<p>D: Does grievance mechanism meet with UNGP requirement of e.g. (Legitimate, Accessible, Predictable, Equitable, Transparent, Rights-compatible, a source of continuous learning and based on stakeholder engagement)?</p>	<p><input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No                  If no, please give details:</p>
<p>E: Does the business demonstrate effective data privacy procedures for workers' information, which is implemented?</p>	<p><input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No                  Please give details: The factory showed effective data privacy procedures for workers' information, which is implemented</p>



Findings		
<b>Finding: Observation</b> <input type="checkbox"/>	<b>Company NC</b> <input type="checkbox"/>	<b>Objective evidence observed:</b>
<b>Description of observation:</b> None observed.		

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

## Measuring Workplace Impact

Measuring Workplace Impact Table

Workplace Impact		
A: Annual worker turnover: Number of workers leaving in last 12 months as a % of average total number of workers on site over the year (annual worker turnover)	Last year: __15__ %	This year __15__ %
B: Current % quarterly (90 days) turnover: Number of workers leaving from the first of the 90 day period through to the last day of the 90 day period / [(number of employees on the 1 <sup>st</sup> day of 90 day period + number of employees on the last day of the 90 day period) / 2]	15%	
C: Annual % absenteeism: Number of days lost through job absence in the year / [(number of employees on 1 <sup>st</sup> day of the year + number employees on the last day of the year) / 2] * number available workdays in the year	Last year: __2__ %	This year __2__ %
D: Quarterly (90 days) % absenteeism: Number of days lost through job absence in the period / [(Number of employees on 1 <sup>st</sup> of the period + Number of employees on the last day of the period) / 2] * Number of available workdays in the month	2%	
E: Are accidents recorded?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: An accident log was provided.	
F: Annual Number of work related accidents and injuries per 100 workers: [(Number of work related accidents and injuries * 100) / Number of total workers]	Last year: Number: 0	This year: Number: 0
G: Quarterly (90 days) number of work related accidents and injuries per 100 workers: [(Number of work related accidents and injuries * 100) / Number of total workers]	0	
H: Lost day work cases per 100 workers: [(Number of lost days due to work accidents and work related injuries * 100) / Number of total workers]	Last year: 0	This year: 0
I: % of workers that work on average more than 48 standard hours / week in the last 6 / 12 months:	6 months __0__% workers	12 months __0__% workers
J: % of workers that work on average more than 60 total hours / week in the last 6 / 12 months:	6 months __0__% workers	12 months __0__% workers

**0B: Management system and Code Implementation**

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

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

**Current Systems and Evidence Examined**

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

**Current systems:**

Per document review, it was noted that the factory has a social compliance/ethical trade policy and written procedures which meet the Code and International Labour Standards. Specific policies and procedures which ensure the site meets in particular freedom of association, discrimination and general human rights standards were available on site.

During the audit, the auditor reviewed the time and payroll records provided by factory management and crosschecked these records with other time-related records such as daily production records, QC records, materials delivery records and interviewed 10 selected employees to verify the authenticity of the payroll and time records provided by factory management. Inconsistencies were noted between the records reviewed and employee interview results.

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

Details:

1. Management interview
2. Training records on Human Rights/Social compliance
3. Worker interview
4. Social compliance and Human Rights policy review

Any other comments:

Nil

**Management Systems:**

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

Yes

No

Please give details: In the last 12 months, the site has not been subject to any fines/prosecutions for non-compliance to any regulations.

<p>B: Do policies and/or procedures exist that reduce the risk of forced labour, child labour, discrimination, harassment &amp; abuse?</p>	<p><input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No                  Please give details: The factory had policies and procedures exist that reduce the risk of forced labour, child labour, discrimination, harassment &amp; abuse.</p>
<p>C: If Yes, is there evidence (an indication) of effective implementation? Please give details.</p>	<p>The policy was implemented through hiring process, termination process, etc.</p>
<p>D: Have managers and workers received training in the standards for forced labour, child labour, discrimination, harassment &amp; abuse?</p>	<p><input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No                  Please give details: managers and workers received training in the standards for forced labour, child labour, discrimination, harassment &amp; abuse.</p>
<p>E: If Yes, is there evidence (an indication) that training has been effective e.g. training records etc.? Please give details</p>	<p><input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No                  Please give details: related training records were provided for review.</p>
<p>F: Does the site have any internationally recognised system certifications e.g. ISO 9000, 14000, OHSAS 18000, SA8000 (or other social audits).                  Please detail (Number and date).</p>	<p><input type="checkbox"/> Yes  <input checked="" type="checkbox"/> No                  Please give details: The factory did not provide the internationally recognized system certifications.</p>
<p>G: Is there a Human Resources manager/department? If Yes, please detail.</p>	<p><input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No                  Please give details: HR&amp;Admin department.</p>
<p>H: Is there a senior person /manager responsible for implementation of the code</p>	<p><input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No                  Please give details: Ms. Ma Furong/Supervisor</p>
<p>I: Is there a policy to ensure all worker information is confidential</p>	<p><input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No                  Please give details: There was a policy to ensure all worker information is confidential</p>
<p>J: Is there an effective procedure to ensure confidential information is kept confidential</p>	<p><input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No                  Please give details: There was an effective procedure to ensure confidential information is kept confidential</p>
<p>K: Are risk assessments conducted to evaluate policy and procedure effectiveness?</p>	<p><input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No                  Please give details: Risk assessments records provided to show that the factory evaluated policy and procedure effectiveness.</p>

<p>L: Does the facility have a process to address issues found when conducting risk assessments, including implementation of controls to reduce identified risks?</p>	<p><input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No                  Please give details: The facility have a process to address issues found when conducting risk assessments, including implementation of controls to reduce identified risks</p>
<p>M: Does the facility have a policy/code which require labour standards of its own suppliers?</p>	<p><input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No                  Please give details: The factory conduct supplier inspection regularly.</p>
<p><b>Land rights</b></p>	
<p>N: Does the site have all required land rights licenses and permissions (see SMETA Measurement Criteria)?</p>	<p><input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No                  Please give details: The factory provided the renting agreement for review.</p>
<p>O: Does the site have systems in place to conduct legal due diligence to recognize and apply national laws and practices relating to land title?</p>	<p><input type="checkbox"/> Yes  <input checked="" type="checkbox"/> No                  Please give details: No land title in China nowadays.</p>
<p>P: Does the site have a written policy and procedures specific to land rights. If yes, does it include any due diligence the company will undertake to obtain free, prior and informed consent, (FPIC) even if national/local law does not require it</p>	<p><input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No                  If yes, how does the company obtain FPIC: The FPIC was usually obtained by the government as the land acquisition was done by the government in China.</p>
<p>Q: Is there evidence that facility / site compensated the owner/lessor for the land prior to the facility being built or expanded.</p>	<p><input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No                  Please give details: The factory provided the renting agreement for review.</p>
<p>R. Does the Facility demonstrate that alternatives to a specific land acquisition were considered to avoid or minimize adverse impacts?</p>	<p><input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No                  Please give details: Land acquisition was done by the government in China, not companies.</p>
<p>S: Is There any evidence of illegal appropriation of land for facility building or expansion of footprint.</p>	<p><input type="checkbox"/> Yes  <input checked="" type="checkbox"/> No                  Please give details: No evidence showed that illegal appropriation of land for facility building or expansion of footprint.</p>



**Non-compliance:**

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

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

**Objective evidence observed:**

A. The factory failed to provide the attendance from May 2018 to April 2019 of one cleaner in the factory for review.

*Per document review*

B. It was noted that inconsistencies regarding working hours were found among the time records provided by factory management, production records collected from workshops and employees' representation. Due to the inconsistency found, auditors could not draw conclusions on minimum wage and overtime wage and working hour issues.

According to the Overtime Working Application Form provided by management, it was noted that all production workers, all QC workers and all warehouse workers worked OT from 18:30 to 20:00 on October 3, 2018 due to urgent orders, however, per attendance records management provided, it was noted that none workers in production/QC/warehouse department worked on this day. Employees interviewed confirmed that they worked on that day as the Overtime Working Application Form shown.

According to QC working hour recording sheet collected from the production workshop, it was noted that one QC worked overtime for 3 hours per night from 18:30 to 21:30 for 14 days in May 2019. However, per attendance records provided by management, it was noted that this employee worked overtime for 1.5 hours per night from 18:30 to 20:00 for 18 days in May 2019.

At the same time, the sheet showed that this QC worked on May 5, May 12, May 19 and May 26, 2019 (i.e. 8:00 to 12:00, 14:00 to 18:00). However, per attendance records provided by management, it was noted that this QC did not worked on these days. This QC confirmed that she worked on these days during private interview.

The inconsistency was disclosed to factory management, no other comments were made except the factory would take corrective action.

**Additional Elements 0.B.1** Suppliers are expected to implement and maintain systems for delivering compliance to this Code.

**Recommended Corrective Action:** It is recommended that management adopt practices and controls to ensure that employee working hours and wage are completely and accurately recorded and calculated, which can provide to auditors for review.

**Action by:** Mr. Sam Xue, Deputy G.M.  
**Timescale:** 60 days

**Observation:**

**Description of observation:**  
 None observed.

**Objective evidence observed:**

**Good Examples observed:**

Description of Good Example (GE):  
None observed.

**Objective evidence  
observed:**

**1: Freely Chosen Employment**

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

**ETI**

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

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

**Current Systems and Evidence Examined**

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

**Current systems:**

The factory established a policy to ensure employment is freely chosen. The policy includes the following clause:

1. The factory does not require deposit or withhold employees' ID cards.
2. The factory does not limit the employees' freedom.
3. There is no forced, bonded or involuntary prison labour.
4. Employees are free to leave their employer after reasonable notice.

The employee handbook – given to all workers on joining, states that workers within their probation period are free to leave with 3 days written notice and once a worker is permanent (this is out of probation) they can resign from the factory with one month's prior written notice, given to their supervisor or the personnel office. The handbook also states that they will be given their Hull wages on their last day of work.

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

Details:

- Personnel files
- Resignation records
- Factory rules
- Employee handbook
- Management and worker interview

Any other comments:

Nil

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

- Yes  
 No

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

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

- Yes  
 No

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

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

<b>Non-compliance:</b>	
<b>Description of non-compliance:</b> None Observed	<b>Objective evidence observed:</b> Not Applicable

<b>Observation:</b>	
<b>Description of observation:</b> None Observed	<b>Objective evidence observed:</b> Not Applicable

Good Examples observed:	
Description of Good Example (GE): None Observed	<b>Objective evidence observed:</b> Not Applicable



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

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

**ETI**

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

**Current Systems and Evidence Examined**

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

**Current systems:**

- There is no union or worker committee at the site. The workers express their views by suggestion box freely.
- According to workers' interview, they were free to join organizations of their own choice, the factory management recognized and respected their rights to freedom of association and collective bargaining, and the factory were not subject to intimidation or harassment in the exercise of their right to join or to refrain from joining any organization.

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

Details:

- Management interview
- Worker interview
- Suggestions from the suggestion box and actions

Any other comments:

Nil

<p>A: What form of worker representation/union is there on site?</p>	<p><input type="checkbox"/> Union (name)  <input type="checkbox"/> Worker Committee  <input checked="" type="checkbox"/> Other (specify) suggestion box  <input type="checkbox"/> None</p>
<p>B: Is it a legal requirement to have a union?</p>	<p><input type="checkbox"/> Yes  <input checked="" type="checkbox"/> No</p>
<p>C: Is it a legal requirement to have a worker's committee?</p>	<p><input type="checkbox"/> Yes  <input checked="" type="checkbox"/> No</p>

<p>D: Is there any other form of effective worker/management communication channel? <i>(Other than union/worker committee e.g. H&amp;S, sexual harassment)</i></p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Describe: suggestion box  Is there evidence of free elections? <input type="checkbox"/> Yes <input type="checkbox"/> No N/A	
<p>E: Does the supplier provide adequate facilities to allow the Union or committee to conduct related business?</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: Per factory tour, the suggestion box was placed obviously in the factory. Workers interviewed stated that they can share their pinions freely.	
<p>F: Name of union and union representative, if applicable:</p>	No union	Is there evidence of free elections? <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A
<p>G: If there is no union, is there a parallel means of consultation with workers e.g. worker committees?</p>	No worker committee	Is there evidence of free elections? <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A
<p>H: Are all workers aware of who their representatives are?</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No	Not applicable
<p>I: Were worker representatives freely elected?</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No	Date of last election: Not applicable
<p>J: Do workers know what topics can be raised with their representatives?</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No	Not applicable
<p>K: Were worker representatives/union representatives interviewed?</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No If <b>Yes</b> , please state how many:  Not applicable	
<p>L: Please describe any evidence that union/worker's committee is effective? <i>Specify date of last meeting; topics covered; how minutes were communicated etc.</i></p>	No worker union or committee, the factory provided procedure and records of suggestion box.	
<p>M: Are any workers covered by Collective Bargaining Agreement (CBA)?</p>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
<p>If <b>Yes</b>, what percentage by trade Union/worker representation</p>	___% workers covered by Union CBA	___% workers covered by worker rep CBA
<p>If <b>Yes</b>, does the Collective Bargaining Agreement (CBA) include rates of pay?</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No	

Non-compliance:	
<b>Description of non-compliance:</b> None Observed	<b>Objective evidence observed:</b> Not Applicable

Observation:	
<b>Description of observation:</b> None Observed	<b>Objective evidence observed:</b> Not Applicable

Good Examples observed:	
<b>Description of Good Example (GE):</b> None Observed	<b>Objective evidence observed:</b> Not Applicable

**3: Working Conditions are Safe and Hygienic**

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

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

**ETI**

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

**Current Systems and Evidence Examined**

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

**Current systems:**

Through factory tour, it was noted that:

- The factory was well ventilated.
- The factory maintained a comfortable temperature throughout work floors.
- The factory posted the evacuation plans on work floors, which indicated escape routes and the location of the fire extinguishers.
- Firefighting facilities were well-maintained.
- Drinkable water was available in workshops.
- Workers receive regular and recorded health & safety training such as fire drill etc.

As evidenced by site tour, document checks and worker/mgmt. interviews.

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

Details:

1. EHS policy review, related training records review
2. Evacuation procedures, PPE procedures, fire drill procedure and records, chemical procedures and training records, machine safety procedures and electricity procedures and training records etc.
3. Worker interview
4. Management interview

Any other comments:

Nil

<p>A: Does the facility have general and occupational Health &amp; Safety policies and procedures that are fit for purpose and are these communicated to workers?</p>	<p><input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No  Please give details: EHS training records were shown.</p>
<p>B: Are the policies included in workers' manuals?</p>	<p><input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No  Please give details: The policies were included in worker's manuals.</p>
<p>C: Are there any structural additions without required permits/inspections (e.g. floors added)?</p>	<p><input type="checkbox"/> Yes  <input checked="" type="checkbox"/> No  Please give details: No structural additions without required permits/inspections were noted.</p>
<p>D: Are visitors to the site informed on H&amp;S and provided with personal protective equipment</p>	<p><input type="checkbox"/> Yes  <input checked="" type="checkbox"/> No  Please give details: No such information was provided to visitors.</p>
<p>E: Is a medical room or medical facility provided for workers?   If yes, do the room(s) meet legal requirements and is the size/number of rooms suitable for the number of workers.</p>	<p><input type="checkbox"/> Yes  <input checked="" type="checkbox"/> No  Please give details: No medical room was available in the factory.</p>
<p>F: Is there a doctor or nurse on site or there is easy access to first aider/trained medical aid?</p>	<p><input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No  Please give details: No doctor or nurse on site, but first aid personnel were available, the first aid certificate was expired.</p>
<p>G: Where the facility provides worker transport - is it fit for purpose, safe, maintained and operated by competent persons e.g. buses and other vehicles?</p>	<p><input type="checkbox"/> Yes  <input type="checkbox"/> No  Please give details:  Not applicable. The facility did not provide worker transport.</p>
<p>H: Is secure personal storage space provided for workers in their living space and is it fit for purpose?</p>	<p><input type="checkbox"/> Yes  <input type="checkbox"/> No</p>

	<p>Please give details:</p> <p>Not applicable. The factory did not provide dormitory.</p>
<p>I: Are H&amp;S Risk assessments conducted (including evaluating the arrangements for workers doing overtime e.g. driving after a long shift) and are there controls to reduce identified risk?</p>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>Please give details: List of Potential risk for each position, potential risk for young worker and pregnant woman.</p>
<p>J: Is the site meeting its legal obligations on environmental requirements including required permits for use and disposal of natural resources?</p>	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p> <p>Please give details: The factory failed to provide EIA and related approval documents. NCs were raised in Environment Section.</p>
<p>K: Is the site meeting its customer requirements on environmental standards, including the use of banned chemicals?</p>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>Please give details: According to factory tour and management interviewer, it was noted that the factory did not use the banned chemicals.</p>

**Non-compliance:**

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

NC against ETI       NC against Local Law       NC against customer code

It was noted that rolling door was used as evacuation door at following safety exits. Remark: No locking device was installed to keep the doors open during working hours.

- 1) 2 out of 2 safety exits in production workshop on the 3F;
- 3) 2 out of 2 staircase safety exits on the 1F.

**Legal Requirement:** In accordance with Article 6.4.11 of the Code for design of building fire protection and prevention (GB50016-2014), the evacuation door in the building shall meet the following requirements:

1. The evacuation door of the civil building and factory shall be side-hung door, and shall not be sliding door, roller shutter, overhung door or revolving door. And the evacuation door shall be opened to the evacuation direction. Except for Class A, B factory building, there is no restriction on the opening direction of the door if there are no more than 60 persons in the room and the average evacuation capacity of each door is no more than 30 persons.
2. The evacuation door of storage shall be side-hung door to the evacuation direction. Sliding door or roller shutter may be used at the outside surface of the wall on the first floor. Sliding door or roller shutter shall not be used in Class A, B storage.

**1. Objective evidence observed:**

*Per factory tour, please refer to NC photo No. 1*

3. For the evacuation door opened to the evacuation stairs or staircase, the evacuation width of the stair platform shall not be reduced when the evacuation door open.

4. The evacuation door that needs to be controlled for people going in and out at will in densely populated place or the outdoor of the residential building controlled by electric devices shall be opened easily from the inside without using any tools such as key etc. in case of fire. Signs and operation explanation shall be labeled at the well-marked place.

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

**Recommended Corrective Action:** It is recommended that management adopt practices and controls to ensure that the doors are in compliance with legal requirement.

**Action by:** Mr. Sam Xue, Deputy G.M.  
**Timescale:** 30 days

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

NC against ETI       NC against Local Law       NC against customer code

It was noted that no emergency light was installed at 1 out of 2 safety exits in the warehouse on the 1F and 2 out of 2 staircase safety exits on the 1F.

**Legal Requirement:** In accordance with Article 10.3.1 of the Code for design of building fire protection and prevention(Extract), the place of civil building, factory and Class C storage (Except residence building under 27 meters) below should install fire safety emergency lighting:

- 1. Enclosed staircase, smoke-proof staircase and its atria, the atria and sharing atria of fire lift;
- 3. The public room of underground and semi-underground building or basement and semi-basement with 100 m3 in area
- 4. The evacuation passages in public building
- 5. Workshop and evacuation passage in densely-populated factory building

In accordance with Article 10.3.4 of the Code of Fire Prevention for Architectural Design, emergency lights shall preferably be installed on the upside of wall, the ceiling or the top of exit.

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

**Recommended Corrective Action:** It is recommended that management adopt practices and controls to ensure that emergency lights are installed above all exits in the factory.

**2. Objective evidence observed:**

*Per factory tour, please refer to NC photo No.2*

**Action by:** Mr. Sam Xue, Deputy G.M.  
**Timescale:** 30 days

**3. Description of non-compliance:**

**NC against ETI**       **NC against Local Law**       **NC against customer code**

It was noted that no safety exit sign was installed at 1 out of 2 safety exits in the warehouse on the 1F and 2 out of 2 staircase safety exits on the 1F.

**Legal Requirement:** In accordance with Article 10.3.5 of the Code for design of building fire protection and prevention (GB50016-2014): Lighting Evacuation Signs should be installed in public building, resident building higher than 54 meters, high-rise factory building and storage, Class A.B and C factory building. And the setting should be compliant with the following specifications:

1. The Lighting Evacuation Sign should be installed right on top of the safety exit door and evacuation door in Densely-Populated Places;
2. The Lighting Evacuation Sign should be installed along the evacuation passage and its corner with less than 1.0 meter in height on the wall. And the distance between exit signs should not be larger than 20.0 meters. For dead-end passages, the distance should not be larger than 10.0 meters. For passages in curve, the distance should not be larger than 1.0 meter.

In accordance with Article 10.3.7 of the Code for design of building fire protection and prevention (GB50016-2014), fire emergency evacuation sign and fire emergency lighting luminaire should be compliant with the requirement of current national standard of Fire Safety Sign (GB12495) and Fire emergency lighting system (GB-17945).

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

**Recommended Corrective Action:** It is recommended that management adopt practices and controls to ensure that exit signs are installed on the top of all exits in the factory to clearly indicate the location of exits and emergency outlets.

**Action by:** Mr. Sam Xue, Deputy G.M.  
**Timescale:** 30 days

**4. Description of non-compliance:**

**NC against ETI**       **NC against Local Law**       **NC against customer code**

It was noted that one first aid personnel certificate in the factory was expired on April 27, 2019.

**ETI 3.1** A safe and hygienic working environment shall be provided, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Adequate steps shall be taken to prevent accidents and injury to health arising

**3. Objective evidence observed:**

*Per factory tour, please refer to NC photo No.2*

**4. Objective evidence observed:**

*Per document review*



out of, associated with, or occurring in the course of work, by minimizing, so far as is reasonably practicable, the causes of hazards inherent in the working environment.

**ETI 3.2** Workers shall receive regular and recorded Health & Safety training, and such training shall be repeated for new or reassigned workers.

**Recommended Corrective Action:** It is recommended that management adopt practices and controls to ensure that the first aid personnel are in valid period.

**Action by:** Mr. Sam Xue, Deputy G.M.

**Timescale:** 60 days

**5. Description of non-compliance:**

**NC against ETI**       **NC against Local Law**       **NC against customer code**

It was noted that the safety training for the Principal Responsible Person of production and business units and safety production management personnel in the factory was not carried out in accordance with the safety training outline formulated by the work safety supervision and supervision department.

**Legal Requirement:** In accordance with Article 21 of Law of the People's Republic of China on Production Safety, Units of production, operation and storage of mining, metal smelting, building construction, road transport units and dangerous goods shall set up a safety production management institution or be equipped with full-time safety production management personnel. Production and business units other than those specified in the preceding paragraph, employing more than one hundred people, should be set up safety management agency or have full-time personnel for the administration of production safety; in less than one hundred employees, shall be equipped with safety production management personnel full-time or part-time

In accordance with Article 10 of Provisions on safety training for production and business units, the safety training of the Principal Responsible Person of production and business units and the safety production management personnel shall be carried out in accordance with the safety training outline formulated by the work safety supervision and supervision department.

In accordance with Article 12 of Provisions on safety training for production and business units, for coal, non coal mines, dangerous chemicals, fireworks and other production and business units responsible for production management and safety personnel, their safety qualification training and examination shall be managed by the safety supervision department and issued safety certificate.

The Principal Responsible Person of production and business units and the safety production management personnel of other production and business units, shall pass the qualified training by qualified training institutions, and obtain training certification.

**ETI 3.1** A safe and hygienic working environment shall be provided, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Adequate steps shall be taken to prevent accidents and injury to health arising

**5. Objective evidence observed:**

*Per document review*

<p>out of, associated with, or occurring in the course of work, by minimizing, so far as is reasonably practicable, the causes of hazards inherent in the working environment.</p> <p>3.2 Workers shall receive regular and recorded Health &amp; Safety training, and such training shall be repeated for new or reassigned workers.</p> <p><b>Recommended Corrective Action:</b> It is recommended that management adopt practices and controls to ensure that facility is equipped with safety production management personnel as legal requirement, and ensure the Principal Responsible Person in charge of the production and business operation unit and the safety production management personnel have the knowledge and management ability of production safety related to the production and operation activities of the entity, and the safety training is carried out in accordance with the safety training outline formulated by the work safety supervision and supervision department.</p> <p><b>Action by:</b> Mr. Sam Xue, Deputy G.M.  <b>Timescale:</b> 90 days</p>	
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Observation:	
<b>Description of Observation:</b> None observed.	<b>Objective evidence observed:</b>

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

**4: Child Labour Shall Not Be Used**

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

**ETI**

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

**Current Systems and Evidence Examined**

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

**Current systems:**

- 1. The factory establishes a policy that will never employ and use any child labor under the age of 16 years old.
- 2. The factory will verify all workers' original ID cards at the time of recruitment and keep the photocopies of workers' ID cards in the personnel files.
- 3. The youngest employee noted in the factory was 18 years old.

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

Details:

- 1. Social compliance policy review, Hiring policy review, copy of identification documents, hiring records and resigned workers name list and records.
- 2. Management interview
- 3. Worker interview

Any other comments:

Nil

A: Legal age of employment:	16 years old
B: Age of youngest worker found:	18 years old
C: Are there children present on the work floor but not working at the time of audit?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
D: % of under 18's at this site (of total workers)	0 %
E: Are workers under 18 subject to hazardous work assignments? <a href="#">(Go to clause 3 – Health and Safety)</a>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes, please give details

Non-compliance:	
<b>Description of non-compliance:</b> None Observed	<b>Objective evidence observed:</b> Not Applicable

Observation:	
<b>Description of observation:</b> None Observed	<b>Objective evidence observed:</b> Not Applicable

Good Examples observed:	
<b>Description of Good Example (GE):</b> None Observed	<b>Objective evidence observed:</b> Not Applicable

**5: Living Wages are Paid**

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

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

**ETI**

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

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

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

**Current Systems and Evidence Examined**

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

**Current systems:**

1. All workers are provided with written and understandable information about their employment conditions in respect to wages before they enter employment and about the particulars of their wages for the pay period concerned each time that they are paid.
2. All employees were paid by monthly rate and all sampled employees were paid at least RMB1550 per month since July 1, 2018, which met the local minimum wage standard of RMB 1550 per month or RMB8.91 per hour since July 1, 2018.
3. For overtime working, sampled employees were paid 150% of their normal wages for overtime work on workday and 200% of normal wages for overtime on rest days, which met the legal overtime compensation rate. No overtime on statutory holidays were noted.  
All workers were paid at 25th of each month by bank transfer and each worker was given a pay slip.
4. It was noted that inconsistencies regarding working hours were found among the time records provided by factory management, production records collected from workshops and employees' representation. Due to the inconsistency found, auditors could not draw conclusions on minimum wage and overtime wage issues.

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

Details:

1. Payroll and attendance records from May 2018 to April 2019
2. Worker interview
3. Factory policy review
4. Management interview

Any other comments:

Nil

**Non-compliance:**

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

**NC against ETI**       **NC against Local Law**       **NC against customer code**

A. The factory failed to provide the attendance from May 2018 to April 2019 of one cleaner in the factory for review.

B. It was noted that inconsistencies regarding working hours were found among the time records provided by factory management, production records collected from workshops and employees' representation. Due to the inconsistency found, auditors could not draw conclusions on minimum wage and overtime wage issues.

According to the Overtime Working Application Form provided by management, it was noted that all production workers, all QC workers and all warehouse workers worked OT from 18:30 to 20:00 on October 3, 2018 due to urgent orders, however, per attendance records management provided, it was noted that none workers in production/QC/warehouse department worked on this day. Employees interviewed confirmed that they worked on that day as the Overtime Working Application Form shown.

According to QC working hour recording sheet collected from the production workshop, it was noted that one QC worked overtime for 3 hours per night from 18:30 to 21:30 for 14 days in May 2019. However, per attendance records provided by management, it was noted that this employee worked overtime for 1.5 hours per night from 18:30 to 20:00 for 18 days in May 2019.

At the same time, the sheet showed that this QC worked on May 5, May 12, May 19 and May 26, 2019 (i.e. 8:00 to 12:00, 14:00 to 18:00). However, per attendance records provided by management, it was noted that this QC did not worked on these days. This QC confirmed that she worked on these days during private interview.

The inconsistency was disclosed to factory management, no other comments were made except the factory would take corrective action.

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

**Recommended Corrective Action:** It is recommended that management adopt practices and controls to ensure that employee working hours and wage are completely and accurately recorded and calculated, which can provide to auditors for review.

**Action by:** Mr. Sam Xue, Deputy G.M.

**Timescale:** 60 days

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

**NC against ETI**       **NC against Local Law**       **NC against customer code**

According to the social insurance payment receipt provided by factory management, it was noted that only 24 out of 67 employees were provided

**1. Objective evidence observed:**

*Per document review*

**2. Objective evidence observed:**

*Per document review*

with pension, accident, unemployment, medical, maternity insurance in May 2019.

**Legal Requirement:** In accordance with Article 73 of the Labor Law of the People's Republic of China, employees shall, in accordance with the law, be entitled to social insurance benefits under the following circumstances: (1) retirements; (2) illness or injury; (3) disability caused by work-related injury or occupational disease; (4) unemployment; and (5) maternity.

The survivors of the insured laborers shall be entitled to subsidies for survivors in accordance with the law. The conditions and standards for laborers to enjoy social insurance benefits shall be stipulated by laws, rules and regulations. The social insurance amount that laborers and entitled to, must be timely paid in full amount.

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

**Recommended Corrective Action:** It is recommended that factory management adopt practices and controls to ensure that employees receive all of their statutory welfare entitlements.

**Action by:** Mr. Sam Xue, Deputy G.M.  
**Timescale:** 120 days

**3. Description of non-compliance:**

NC against ETI       NC against Local Law       NC against customer code

According to the payroll records provided and management interview, it was noted that the factory did not pay all sampled 10 workers' 3 days national holiday wage (Spring Festival) in February 2019.

**Legal Requirement:** In accordance with Article 19 of Provisions on Payment of Wages in Guangdong Province, the employer shall pay normal wages to employees when employees are on statutory holiday, annual leave, home leave, marriage leave, bereavement leave, maternity leave, nursing leave or planned parenthood leave according to the law.

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

**Recommended Corrective Action:** It is recommended that management adopt practices and controls to ensure that employees are properly compensated for the statutory holidays.

**Action by:** Mr. Sam Xue, Deputy G.M.  
**Timescale:** 60 days

**3. Objective evidence observed:**

*Per document review*

<p><b>4. Description of non-compliance:</b>  <input checked="" type="checkbox"/> NC against ETI      <input checked="" type="checkbox"/> NC against Local Law      <input type="checkbox"/> NC against customer code</p> <p>It was noted that employees who had worked for more than one year were not provided with paid annual leave benefit.</p> <p><b>Legal Requirement:</b> In accordance with Article 2 of the Regulations on Annual Leave for Employees, employees who have worked consecutively for more than one year in the state organs, social communities, enterprises, institutional organizations, private non-enterprise units, individual commercial and industrial households with employees, etc. are entitled to the paid annual leave (hereinafter referred to as 'annual leave'). The employer shall guarantee that its employees are entitled to the annual leave. Employees shall be paid by the normal wage when on annual leave.</p> <p>Article 3 of the Regulations on Annual Leave for employees, employees who have served for one to less than ten years are entitled to 5 days. Employees who have served for 10 to less than 20 years are entitled to 10 days. Employees who have served for 20 years are entitled to 15 days. Statutory holidays and rest days shall not be regarded as annual leave.</p> <p><b>ETI 5.1</b> 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.</p> <p><b>Recommended Corrective Action:</b> It is recommended that management adopt practices and controls to ensure that employees who have worked for more than one year are provided with paid annual leave benefit according to legal requirement.</p> <p><b>Action by:</b> Mr. Sam Xue, Deputy G.M.  <b>Timescale:</b> 60 days</p>	<p><b>4. Objective evidence observed:</b>  <i>Per document review</i></p>
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<b>Observation:</b>	
<b>Description of observation:</b> None observed.	<b>Objective evidence observed:</b>

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



### Summary Information

Criteria	Local Law <i>(Please state legal requirement)</i>	Actual at the Site <i>(Record site results against the law)</i>	Is this part of a Collective Bargaining Agreement?
A: Standard/Contracted work hours: <i>(Maximum legal and actual required working hours excluding overtime, please state if possible per day, week, and month)</i>	Legal maximum: 8 hours a day and 40 hours a week	8 hours a day and 40 hours a week	<input type="checkbox"/> Yes <input type="checkbox"/> No Not applicable
B: Overtime hours: <i>(Maximum legal and actual overtime hours, please state if possible per day, week, and month)</i>	Legal maximum: 3 hours per day and 36 hours per month	1.5 hours per day 62.5 hours per month	<input type="checkbox"/> Yes <input type="checkbox"/> No Not applicable
C: wage for standard/contracted hours: <i>(Minimum legal and actual minimum wage at site, please state if possible per hr, day, week, and month)</i>	Legal minimum: RMB1550 Per month or RMB8.91 per hour since July 2018 RMB1350 per month or RMB7.76 per hour before July 2018	RMB1550 per month	<input type="checkbox"/> Yes <input type="checkbox"/> No Not applicable
D: overtime wage: <i>(Minimum legal and actual minimum overtime wage at site, please state if possible per hr, day, week, and month)</i>	Legal minimum: No less than 150% of normal wages for overtime on working days, No less than 200% of normal wages for overtime on rest days, No less than 300% of normal wages for overtime on statutory holidays	150% of normal wages for overtime on working days, 200% of normal wages for overtime on rest days	<input type="checkbox"/> Yes <input type="checkbox"/> No Not applicable

<b>Wages analysis:</b> <a href="#">(Click here to return to Key Information)</a>			
A: Were accurate records shown at the first request?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
If <b>No</b> , why not?	Management did not give reasons.		
B: Sample Size Checked <i>(State number of worker records checked and from which weeks/months – should be current, peak, and random/low. Please see SMETA Best Practice Guidance and Measurement Criteria)</i>	10 samples from April 2019, March 2019 and October 2018 respectively		
C: Are there different legal minimum wage grades? If <b>Yes</b> , please specify all.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If <b>Yes</b> , please give details:	
D: If there are different legal minimum grades, are all workers graded and paid correctly?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A	If <b>No</b> , please give details:	
E: For the lowest paid production workers, are wages paid for standard/contracted hours (excluding overtime) below or above the legal minimum?	<input type="checkbox"/> Below legal min <input checked="" type="checkbox"/> Meet <input type="checkbox"/> Above	Lowest actual wages found: <i>Note: full time employees and please state hour / week / month etc.</i>  RMB1550 per month	
F: Please indicate the breakdown of workforce per earnings:	___% of workforce earning under min wage __100__% of workforce earning min wage ___% of workforce earning above min wage		
F: Bonus scheme found: Please specify details:	Bonus Scheme found: No <i>Note: full time employees and please state hour / week / month etc.</i>		
H: What deductions are required by law e.g. social insurance? Please state all types:	Social insurance		
I: Have these deductions been made? Please list all deductions that have/have not been made.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Please list all deductions that <b>have</b> been made.	1. social insurance 2.  Please describe: social insurance deducted
		Please list all deductions that <b>have</b> not been made.	1. 2.  Please describe: Not applicable

J: Were appropriate records available to verify hours of work and wages?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
K: Were any inconsistencies found? (if yes describe nature)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> Poor record keeping <input type="checkbox"/> No <input type="checkbox"/> Isolated incident <input checked="" type="checkbox"/> Repeated occurrence:
L: Do records reflect all time worked? (For instance, are workers asked to attend meetings before or after work but not paid for their time)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: Production records showed workers worked on some days, but attendance records did not show it.
M: Is there a defined living wage: <i>This is <u>not normally</u> minimum legal wage. If answered yes, please state amount and source of info: Please see SMETA Best Practice Guidance and Measurement Criteria.</i>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please specify amount/time:
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 Other – please give details: N/A
N: Are there periodic reviews of wages? If Yes give details (include whether there is consideration to basic needs of workers plus discretionary income).	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: No periodic review of wage.
O: Are workers paid in a timely manner in line with local law?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
P: Is there evidence that equal rates are being paid for equal work:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: Same position, same payment.
Q: How are workers paid:	<input type="checkbox"/> Cash <input type="checkbox"/> Cheque <input checked="" type="checkbox"/> Bank Transfer <input type="checkbox"/> Other If other, please explain:

**6: Working Hours are not Excessive**

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

**ETI**

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

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

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

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

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

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

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

**Current Systems and Evidence Examined**

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

**Current systems:**

1. The maximum working hours were 55.5 hours per week.
2. The maximum consecutive working days were 6 days.
3. The maximum overtime hours were 1.5 hours per regular day, 8 hours per rest day.

Through employees' interview, overtime was voluntary.

4. It was noted that inconsistencies regarding working hours were found among the time records provided by factory management, production records collected from workshops and employees' representation. Due to the inconsistency found, auditors could not draw conclusions on minimum wage and overtime wage issues.

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

Details:

Attendance records and related payroll records and production records were crosschecked.

Working hour's policies.

Any other comments: Nil

**Non-compliance:**

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

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

A. The factory failed to provide the attendance from May 2018 to April 2019 of one cleaner in the factory for review.

B. It was noted that inconsistencies regarding working hours were found among the time records provided by factory management, production records collected from workshops and employees' representation. Due to the inconsistency found, auditor could not draw conclusions on working hour issues.

According to the Overtime Working Application Form provided by management, it was noted that all production workers, all QC workers and all warehouse workers worked OT from 18:30 to 20:00 on October 3, 2018 due to urgent orders, however, per attendance records management provided, it was noted that none workers in production/QC/warehouse department worked on this day. Employees interviewed confirmed that they worked on that day as the Overtime Working Application Form shown.

According to QC working hour recording sheet collected from the production workshop, it was noted that one QC worked overtime for 3 hours per night from 18:30 to 21:30 for 14 days in May 2019. However, per attendance records provided by management, it was noted that this employee worked overtime for 1.5 hours per night from 18:30 to 20:00 for 18 days in May 2019.

At the same time, the sheet showed that this QC worked on May 5, May 12, May 19 and May 26, 2019 (i.e. 8:00 to 12:00, 14:00 to 18:00). However, per attendance records provided by management, it was noted that this QC did not worked on these days. This QC confirmed that she worked on these days during private interview.

The inconsistency was disclosed to factory management, no other comments were made except the factory would take corrective action.

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

**Recommended Corrective Action:** It is recommended that management adopt practices and controls to ensure that employee working hours and wage are completely and accurately recorded and calculated, which can provide to auditors for review.

**Action by:** Mr. Sam Xue, Deputy G.M.

**Timescale:** 60 days

**1. Objective evidence observed:**

*Per document review, management interview and employee interview.*

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

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

It was noted that 23 out of 35 sample population employees worked in excess of the statutory overtime hour limits.

A review of 35 sample population employees' time records (10 samples from April 2019, February 2019 and October 2018 respectively, auditor also reviewed 5 samples from most recent unpaid month May 2019) yielded the following:

- 5 out of 5 sample population employees worked in excess of 36 overtime hours per month (59 hours) in May 2019, which was not in compliance with the legal requirement;
- 9 out of 10 sample population employees worked in excess of 36 overtime hours per month (49.5 to 62.5 hours) in April 2019, which was not in compliance with the legal requirement;
- 9 out of 10 sample population employees worked in excess of 36 overtime hours per month (41 to 53.5 hours) in October 2018, which was not in compliance with the legal requirement;

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

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

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

**Action by:** Mr. Sam Xue, Deputy G.M.

**Timescale:** 60 days

**2. Objective evidence observed:**

*Per document review, management interview and employee interview.*

Observation:	
<b>Description of observation:</b> None Observed	<b>Objective evidence observed:</b> Not Applicable

Good Examples observed:	
<b>Description of Good Example (GE):</b> None Observed	<b>Objective evidence observed:</b> Not Applicable

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



Standard/Contracted Hours worked		
G: Were standard working hours over 48 hours per week found?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If yes, % of workers & frequency:
H: Any local waivers/local law or permissions which allow averaging/annualised hours for this site?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If yes, please give details:
Overtime Hours worked		
I: Actual overtime hours worked in sample (State per day/week/month)	Highest OT hours:	1.5 hours per day 15.5 hours per week 62.5 hours per month
J: Combined hours (standard or contracted + overtime hours = total) over 60 found? Please give details:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
K: Approximate percentage of total workers on highest overtime hours:	___60___%	
L: Is overtime voluntary?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Conflicting Information	Please detail evidence e.g. Wording of contract / employment agreement / handbook / worker interviews / refusal arrangements:  Per worker interviews
Overtime Premiums		
M: Are the correct legal overtime premiums paid?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A – there is no legal requirement to OT premium	Please give details of normal day overtime premium as a % of <b>standard</b> wages:
N: Is overtime paid at a premium?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	If yes, please describe % of workers & frequency: 150% of normal wage for the weekday's overtime working; 200% of normal wage for the weekend's overtime working.



<p>O: If the site pays less than 125% OT premium and this is allowed under local law, are there other considerations? Please complete the boxes where relevant.</p>	<p><input type="checkbox"/> No  <input type="checkbox"/> Consolidated pay (May be standard wages above minimum legal wage, with no/low overtime premium)  <input type="checkbox"/> Collective Bargaining agreements  <input type="checkbox"/> Other</p> <p>Please explain any checked boxes above e.g. detail of consolidated pay / CBA or Other</p> <p>N/A</p>
<p>P: If more than 60 total hours per week and this is legally allowed, are there other considerations? Please complete the boxes where relevant.</p>	<p><input type="checkbox"/> <b>Overtime is voluntary</b>  <input type="checkbox"/> Onsite Collective bargaining allows 60+ hours/week  <input type="checkbox"/> Safeguards are in place to protect worker's health and safety  <input type="checkbox"/> Site can demonstrate exceptional circumstances  <input type="checkbox"/> Other reasons (please specify)</p> <p>Please explain any checked boxes above e.g. detail of consolidated pay / CBA or other:</p> <p>N/A</p>
<p>Q: Is there evidence that overtime hours are being used for extended periods to make up for labour shortages or increased order volumes?</p>	<p><input type="checkbox"/> Yes  <input checked="" type="checkbox"/> No          If yes, please give details:</p>
<p>R: If sufficient workers cannot be hired, are new working time arrangements explored to ensure that overtime is the exception rather than the rule.</p>	<p><input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No</p>

**7: No Discrimination is Practiced**

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

**ETI**

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

**Current Systems and Evidence Examined**

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

**Current systems:**

As informed by interviewed workers, most employees spoke highly of the factory owner. No worker was required to do the examination of the hepatitis B virus and HIV. Anti-discrimination procedure on hiring, compensation, promotion and access to training is available during the Audit. Gender divisions did not exist in the factory; both female and male workers were distributed in all types of work. There was no evidence of sexual harassment.

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

Details:

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

Any other comments:

Nil

A: Gender breakdown of Management + Supervisors (Include as one combined group)	Male: <u>50</u> % Female <u>50</u> %
B: Number of women who are in skilled or technical roles e.g. where specific qualifications are needed i.e. machine engineer / laboratory analyst:	#: 9  in sample making and management position
C: Is there any evidence of discrimination based on race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation?:	<input type="checkbox"/> Hiring <input type="checkbox"/> Compensation <input type="checkbox"/> access to training <input type="checkbox"/> promotion <input type="checkbox"/> termination or retirement  No evidence of discrimination was noted.

**Professional Development**

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

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

Non-compliance:	
<b>Description of non-compliance:</b> None Observed	<b>Objective evidence observed:</b> Not Applicable

Observation:	
<b>Description of observation:</b> None Observed	<b>Objective evidence observed:</b> Not Applicable

Good Examples observed:	
<b>Description of Good Example (GE):</b> None Observed	<b>Objective evidence observed:</b> Not Applicable

**8: Regular Employment Is Provided**

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

**ETI**

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

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

**Additional Elements: Responsible Recruitment**

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

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

8.5 Employment agencies must only supply workers registered with them.

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

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

**Current Systems and Evidence Examined**

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

**Current systems:**

All employees were recruited by the factory directly. No labour agency was used to hire workers. No temporary worker, apprenticeship schemes or home worker was identified by the auditors. No labour agencies were used and all employees had labour contract.

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

Details:

1. The hiring and termination practises
2. Personal files
3. Payroll records were provided for review.

Any other comments:

Nil

**Non-compliance:**

<b>Description of non-compliance:</b> None Observed	<b>Objective evidence observed:</b> Not Applicable
--	---

Observation:	
<b>Description of observation:</b> None Observed	<b>Objective evidence observed:</b> Not Applicable

Good Examples observed:	
<b>Description of Good Example (GE):</b> None Observed	<b>Objective evidence observed:</b> Not Applicable

### Responsible Recruitment

All Workers	
A: Were all workers presented with terms of employment at the time of recruitment, did they understand them and are they same as current conditions?	<input checked="" type="checkbox"/> Terms & Conditions presented <input checked="" type="checkbox"/> Understood by workers <input checked="" type="checkbox"/> Same as actual conditions  If any are unchecked, please describe finding and specific category(ies) of workers affected:
B: Did workers pay any fees, taxes, deposits or bonds for the purpose of recruitment/placement?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes, please describe details and specific category(ies) of workers affected:

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

<b>Migrant Workers:</b>	
<i>The term "migrant worker" refers to a person who is engaged or has been engaged in a remunerated activity in a country of which they are not a national and where they do not intend to remain permanently or has purposely migrated on a temporary basis to another in-country region to seek and engage in a remunerated activity</i>	
A: Type of work undertaken by migrant workers:	all positions (production and management)
B: Migrant worker recruitment	Total number of (in country recruitment agencies) used: 0 Total number of (outside of local country) recruitment agencies used: 0  Migrant province worker in the factory and all were hired by the factory directly
C: Are migrant workers' voluntary deductions (such as for remittances) confirmed in writing by the worker and is evidence of the transaction supplied by the facility to the worker?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please describe finding:
D: Are any migrant workers in skilled, technical, or management roles	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No  If yes number and example of roles: For in-county migrant (from other province) in China, the working condition, skills, technical or management roles same as workers in local province.
<i>Migrant Workers (this should include all migrant workers including permanent workers, temporary and/or seasonal workers)</i>	

	9 management personnel were from other province
--	---

**NON-EMPLOYEE WORKERS**

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

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

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

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



8A: Sub-Contracting and Homeworking:

**8A: Sub-Contracting and Homeworking**

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

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

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

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

*Note to auditor on homeworking:*

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

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

**Current Systems and Evidence Examined**

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

**Current systems:**

Electroplating and baking finishing process were subcontracted. And the factory provided related policies on subcontracting management.

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

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

<i>Process Subcontracted</i>	<i>Process 1 Electroplating</i>	<i>Process 2 Baking finishing</i>
<i>Name of factory</i>	Zhongshan City Le Mei Da Metal Face Treatment Co., Ltd	Jiangmen City Bojin Lighting Painting Factory
<i>Address</i>	No. 1, Qingyi Road, Area A, Mao Hui Industrial Area, Henglan Town, Zhongshan City Guangdong	Fushang Industrial Zone, Jianghai District, Jiangmen City, Guangdong Province

**Details:**

- Per subcontracting policy review
- Management interview
- Production records
- Delivery records

**Non-compliance:**

**Description of non-compliance:**

None Observed

**Objective evidence observed:**

Not Applicable

Observation:	
<b>Description of observation:</b> None Observed	<b>Objective evidence observed:</b> Not Applicable

Good Examples observed:	
<b>Description of Good Example (GE):</b> None Observed	<b>Objective evidence observed:</b> Not Applicable

Summary of sub-contracting – if applicable	
<input type="checkbox"/> Not Applicable please x	
A: Has the auditor made a simple calculation to compare capacity with workers' work load in order to identify possible unrecorded work or undeclared sub-contracting	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: Auditor made a simple calculation to compare capacity with workers' work load in order to identify possible unrecorded work or undeclared sub-contracting.
B: If sub-contractors are used, is there evidence this has been agreed with the main client?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If <b>Yes</b> , summarise details:
C: Number of sub-contractors/agents used:	2
D: Is there a site policy on sub-contracting?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If <b>Yes</b> , summarise details: Factory provided related policies on subcontracting management.
E: What checks are in place to ensure no child labour is being used and work is safe?	

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

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

**9: No Harsh or Inhumane Treatment is Allowed**

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

**ETI**

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

Additional elements:

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

<p>A: Are there published, anonymous and/or open channels available for reporting any violations of Labour standards and H&amp;S or any other grievances to a 3<sup>rd</sup> party?</p>	<p><input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No                  Please give details: Based on document review and management interview, it was noted all employees could freely express their opinion to the factory management. During employee interview, sampled employees stated that they were comfortable to express their comments and all their concerns were solved.</p>
<p>B: If <b>Yes</b>, are workers aware of these channels and have access? Please give details.</p>	<p>Yes. Suggestion box was available.</p>
<p>C: If yes, what type of mechanism is used e.g. hotline, whistle blowing mechanism, comment box etc. Please give details.</p>	<p>Suggestion box</p>
<p>D: Which of the following groups is there a grievance mechanism in place for?</p>	<p><input type="checkbox"/> Workers  <input type="checkbox"/> Communities  <input type="checkbox"/> Suppliers  <input checked="" type="checkbox"/> Other                  Please give Details: Suggestion box was available.</p>
<p>E: Are there any open disputes?</p>	<p><input type="checkbox"/> Yes  <input checked="" type="checkbox"/> No                  If yes, please give details</p>
<p>F: Does the site encourage its business partners (e.g., suppliers) to provide individuals and communities with access to effective grievance mechanisms (e.g. help lines or whistle blowing mechanism)</p>	<p><input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No                  If no, please give details</p>
<p>G: Is there a published and transparent disciplinary procedure?</p>	<p><input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No                  If no, please explain</p>

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

**Current Systems and Evidence Examined**

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

**Current systems:**

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

As per management interview, document review and workers interview, there was a policy on Harsh Treatment. There is an internal process for grievance, where workers can report any grievances (harassment, bullying, discrimination etc.); any received complaint will be handled by management, without any reprisal for the worker in question.

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

Details:

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

Any other comments:  
 Nil

<b>Non-compliance:</b>	
<p><b>Description of non-compliance:</b></p> <p>None Observed</p>	<p><b>Objective evidence observed:</b></p> <p>Not Applicable</p>

<b>Observation:</b>	
<p><b>Description of observation:</b></p> <p>None Observed</p>	<p><b>Objective evidence observed:</b></p> <p>Not Applicable</p>

Good Examples observed:	
Description of Good Example (GE): None Observed	<b>Objective evidence observed:</b> Not Applicable

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

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

**Additional Elements**

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

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

**Current Systems and Evidence Examined**

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

**Current systems:**

Per document review, factory management representation and worker interview, all workers in the factory were Chinese. All workers had the proper legal rights to work in this region. All of them were recruited directly by the factory and no agency was involved in factory's recruitment processes. No agency staff or foreign worker was used by the factory.

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

Details:

Hiring procedure

Personnel files

Worker handbook

Any other comments: Nil

**Non-compliance:**

**Description of non-compliance:**

None Observed

**Objective evidence observed:**

Not Applicable

**Observation:**

**Description of observation:**

None Observed

**Objective evidence observed:**

Not Applicable

**Good Examples observed:**

**Description of Good Example (GE):**

None Observed

**Objective evidence observed:**

Not Applicable

**10. Other issue areas 10B2: Environment 2–Pillar**

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

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

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

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

**Current Systems and Evidence Examined**

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

**Current systems:**

The factory management did not maintain most legally required environmental documents in place which proved that the production of the factory was in compliance with the related environmental regulations.

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

Details:

Document review  
Internal inspection records

Any other comments:

Nil

**Non-compliance:**

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

NC against ETI/Additional Elements       NC against Local Law

It was noted that the factory did not work out the report of environmental impacts, the report form of environmental impacts or the registration form of environmental impacts of the construction of the facility.

Remark: The factory provided receipt from local bureau to show that they were handling this case.

**Legal requirement:** In accordance with the Article 16 of Law of the People's Republic of China on Appraising of Environment Impacts, the state practices classified management over the appraisals of the environmental impacts of construction projects according to the seriousness of the impacts. The construction entities shall work out the report of environmental impacts, the report form of environmental impacts or the registration form of environmental impacts (hereafter "environmental impact appraisal documents") according to the following principles:

**1. Objective evidence observed:**

Per documents review and management representation



(1) If the environmental impacts may be significant, it shall work out a report of environmental impacts so as to include an all-round appraisal of the environmental impacts;  
 (2) If the environment impacts may be gentle, it shall work out a report form of environmental impacts so as to include an analysis or special appraisal of the environmental impacts;  
 (3) If environment impacts may be very small so that it is not necessary to conduct an appraisal of the environmental impacts, it shall fill in a registration form of the environmental impacts.

The names of the construction projects subject to classified management of appraisal of environmental impacts shall be determined and published by the administrative department of the State Council in charge of environmental protection.

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

**Recommended Corrective Action:** It is recommended that management adopt practices and controls to ensure that the report of environmental impacts, the report form of environmental impacts or the registration form of environmental impacts of the construction project of the factory is worked out.

**Action By:** Mr. Sam Xue/Deputy GM

**Timescale:** 60 days

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

NC against ETI/Additional Elements  NC against Local Law

It was noted that factory management was unable to provide the approval document of environment impact assessment for review.

**Legal requirement:** In accordance with the **Article 22 of Law of the People's Republic of China on Appraising of Environment Impacts**, the report of environmental impacts or the report form or the report form of environmental impacts of a construction project shall be submitted by the construction entity according to the relevant provisions of the State Council to the competent administrative department in charge of environmental protection for examination and approval.

The State adopts a registration management on registration form of the environmental impacts.

In accordance with **Registration measures on the administration of environmental impact registration forms of construction projects, article 3**, Construction projects which require to report in environmental impact registration forms, construction unit shall register their environmental impact registration form in accordance with this measure.

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

**Recommended Corrective Action:** It is recommended that management adopt practices and controls to ensure that the report of environmental impacts (OR: the report form of environmental impacts) of the construction project of the factory is examined and approved by the competent administrative department in charge of environmental protection.

**2. Objective evidence observed:**

Per documents review and management representation

<p><b>Action By:</b> Mr. Sam Xue/Deputy GM <b>Timescale:</b> 60 dayss</p> <p><b>3. Description of non-compliance:</b>  <input checked="" type="checkbox"/> NC against ETI/Additional Elements      <input checked="" type="checkbox"/> NC against Local Law                  It was noted that factory management was unable to provide the approval document for on-site inspection and acceptance of completed environmental protection facilities for review.</p> <p><b>Legal Requirement:</b> In accordance with Article 17 of the Regulations on Environmental Protection Check and Acceptance for Completed Construction Project, the construction unit who requires for prepare environment impact assessment report book or form should, upon completion of a construction project, shall check and prepare the report on completion of matching construction of environmental protection facilities required for the said construction project in accordance with the standards and procedures required by the administrative department for environmental protection under the State Council                  During the inspection and acceptance process, the construction unit shall accurately examine, monitor and record the construction and adjustment status of the environmental protection facilities, and no falsification is allowed. The construction unit shall publicize its environmental protection facilities inspection and acceptance report to the public, unless there is any situation that should be remained confidential as required by the State.</p> <p><b>ETI/Additional Elements:</b> 10B2.1 Suppliers must comply with the requirements of local and international laws and regulations including having necessary permits.</p> <p><b>Recommended Corrective Action:</b> It is recommended that factory management adopt practices and controls to ensure that the completed environmental protection facilities are subjected to inspection and acceptance process and obtain valid acceptance approval or report.</p> <p><b>Action By:</b> Mr. Sam Xue/Deputy GM <b>Timescale:</b> 60 days</p>	<p><b>3. Objective evidence observed:</b> Per documents review and management representation</p>
--	--

Observation:	
<b>Description of observation:</b> None observed	<b>Objective evidence observed:</b> Not applicable

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

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

Nil

**Community Benefits**

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

Nil

## Appendix 1

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

Not Applicable please x

## Photo Form

<p>Industrial Park gate</p>	<p>Factory gate and name</p>	<p>Factory building</p>
<p>Warehouse</p>	<p>Assembling</p>	<p>Packing</p>
<p>Finished products warehouse</p>	<p>Fire hydrant</p>	<p>Fire extinguisher</p>
<p>Fire alarm</p>	<p>Evacuation plan</p>	<p>Warning sign</p>



<p>First aid kit</p>	<p>Suggestion box</p>	<p>Time recorder</p>
<p>Drinking water station</p>	<p>Toilet</p>	<p>Other factory shared the same building on 2<sup>nd</sup> and 4<sup>th</sup> floor</p>

## Non-compliance Photo

		<p>END</p>
<p>No.1: Rolling door at safety exit</p>	<p>No.2: Rolling door and no emergency light or exit sign</p>	



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

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

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

**[Click here for Buyer \(A\) & Buyer/Supplier \(A/B\) members:](#)**

[http://www.surveymonkey.com/s.aspx?sm=riPsbE0PQ52ehCo3lnq5lw\\_3d\\_3d](http://www.surveymonkey.com/s.aspx?sm=riPsbE0PQ52ehCo3lnq5lw_3d_3d)

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

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