




Sedex Members Ethical Trade Audit Report

Version 6.1



Audit Details			
Sedex Company Reference: <i>(only available on Sedex System)</i>	ZC: 1088259	Sedex Site Reference: <i>(only available on Sedex System)</i>	ZS: 4960620
Business name (Company name):	Guangzhou Suihui Metal Manufacture Company/广州穗辉金属制品有限公司		
Site name:	Guangzhou Suihui Metal Manufacture Company/广州穗辉金属制品有限公司		
Site address: <i>(Please include full address)</i>	No. 105-2, Shiyu Rd., Tianyi Village, Dongchong Town, Nansha Dist., Guangzhou City, Guangdong Province, China/中国广东省广州市南沙区东涌镇天益村市鱼路 105 号之二	Country:	China
Site contact and job title:	Mr. Lu Zhibin/Facility Director		
Site phone:	86-20-34920858	Site e-mail:	tom@unionco.cn
SMETA Audit Pillars:	<input checked="" type="checkbox"/> Labour Standards	<input checked="" type="checkbox"/> Health & Safety (plus Environment 2-Pillar)	<input checked="" type="checkbox"/> Environment 4-pillar <input checked="" type="checkbox"/> Business Ethics
Date of Audit:	29 th to 30 th August 2019		

Audit Company Name & Logo: 	Report Owner (payer): Guangzhou Suihui Metal Manufacture Company
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Audit Conducted By					
Affiliate Audit Company	<input checked="" type="checkbox"/>	Purchaser	<input type="checkbox"/>	Retailer	<input type="checkbox"/>
Brand owner	<input type="checkbox"/>	NGO	<input type="checkbox"/>	Trade Union	<input type="checkbox"/>
Multi-stakeholder	<input type="checkbox"/>	Combined Audit (select all that apply)			

Audit Content:

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

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

2-Pillar SMETA Audit

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

4-Pillar SMETA

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

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

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

SMETA Declaration

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

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

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

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

Lead auditor: Manmay Gong APSCA number: 21700265

Lead auditor APSCA status: Auditor

Team auditor: Nil APSCA number: N/A

Interviewers: Manmay Gong APSCA number: 21700265

Report writer: Manmay Gong (RA21700265)

Report reviewer: Tina Zhu

Date of declaration: 30th August 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.

Summary of Findings

Issue (please click on the issue title to go direct to the appropriate audit results by clause) <i>Note to auditor, please ensure that when issuing the audit report, hyperlinks are retained.</i>		Area of Non-Conformity (Only check box when there is a non-conformity, and only in the box/es where the non-conformity can be found)				Record the number of issues by line*:			Findings (note to auditor, summarise in as few words as possible NCs, Obs and GE)
		ETI Base Code	Local Law	Additional Elements	Customer Code	NC	Obs	GE	
0A	Universal Rights covering UNGP			<input type="checkbox"/>	<input type="checkbox"/>		0	0	• None observed
0B	Management systems and code implementation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	0	0	0	• None observed
1.	Freely chosen Employment	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	0	0	0	• None observed
2	Freedom of Association	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	0	0	0	• None observed
3	Safety and Hygienic Conditions	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>	3	0	0	<ul style="list-style-type: none"> 1. No certificate of safety production knowledge and management skill for the persons for the management of work safety in the facility. 2. MSDS were not available for hazardous chemicals. 3. Machines without protective devices.
4	Child Labour	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	0	0	0	• None observed
5	Living Wages and Benefits	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>	1	0	0	• Insufficient social insurance participated.
6	Working Hours	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>	1	0	0	• Overtime hours exceeded the legal requirement.

7	<u>Discrimination</u>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	0	0	0	• None observed
8	<u>Regular Employment</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	0	0	0	• None observed
8A	<u>Sub-Contracting and Homeworking</u>		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	1	0	0	• Subcontracting without approval.
9	<u>Harsh or Inhumane Treatment</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	0	0	0	• None observed
10A	<u>Entitlement to Work</u>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	0	0	0	• None observed
10B2	<u>Environment 2-Pillar</u>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	N/A	N/A	N/A	• Not applicable
10B4	<u>Environment 4-Pillar</u>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	1	0	0	• No environmental protection acceptance checks report for completed construction project.
10C	<u>Business Ethics</u>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	0	0	0	• None observed

General observations and summary of the site:

Site Summary

- Overall responsibility for meeting the standards was taken by Mr. Lu Zhibin/Factory Director.
- The products manufactured at this site were metal cups, metal photo frame, etc. The main production processes were listed as follows:
Cutting, punching, stretching, soldering, polishing, cleaning, inspection and packing
- The peak season in this facility was not obvious.
- There were 97 employees on site (80 migrant employees and 17 local employees, all were permanent). Migrant employees were mainly from Hunan and Guangxi.
- The youngest employee on site was 20 years old.
- There was no trade union in the facility.

- The worker committee existed in the facility.
- There was evidence of both male and female in management and among supervisor. The distribution was male 70%, female 30%.
- 10 workers were randomly selected for interview including 6 male employees and 4 female workers; they were interviewed as 1 group of 4 employees and the balance of 6 workers were interviewed individually. Besides, other 2 employees (including one manager from sales department and one manager from admin department) were selected for the individual interview.
- Payrolls for the period from July 2018 to June 2019 and attendance records for the period from 1st July 2018 to 30th August 2019 (audit day) were provided for review. Randomly sampled 10 employees' payrolls and attendance records from June 2019 (current month), March 2019 (random month) and October 2018 (random month) respectively for further checking on status of wages and working hours.
- According to the provided attendance records, standard working hours in this facility were 8 hours per day, 40 hours per week with at least 1 day off in a week.
- According to the provided attendance records and payrolls, overtime working was paid correctly.
- According to the provided attendance records, the status of overtime hours in sample was as below:
 - 0-2 hours/ day in June 2019 (most current month)
 - 0-2 hours/ day in March 2019 (random month)
 - 0-2 hours/ day in October 2018 (random month)

 - 18 hours/week in June 2019 (most current month)
 - 18 hours/ week in March 2019 (random month)
 - 18 hours/ week in October 2018 (random month)

 - 78 hours/month in June 2019 (current month)
 - 80-82 hours/month in March 2019 (random month)
 - 72 hours/month in October 2018 (random month)

Issues Found

NC's

3.

- **No certificate of safety production knowledge and management skill for the persons for the management of work safety in the facility.** During document review, auditor found that the facility could not provide the certificate of safety production knowledge and management skill of the persons for the management of work safety for review.

- **MSDS were not available for hazardous chemicals.** During facility tour, auditor found that the facility used cleanser in packing workshop. However, no MSDS (Material Safety Data Sheet) was provided in this area.

- **Machines without protective devices.** During facility tour, auditor found that protection grill with large gap was equipped to three fans using in the production workshop such as polishing workshop, which would have the risk of finger injury.

5.

- **Insufficient social insurance participated.** Through social receipt of August 2019 review, auditor found that 28 out of 97 employees (28.9%) had participated in employment injury insurance, and there were 27 out of 97 employees (27.8%) had participated in the other four insurances which were basic endowment insurance, basic medical insurance, unemployment insurance, and maternity insurance.

Remark: The facility purchased business injury and accident insurance for all 97 employees (100%) without names. The effective date was from 11th July 2019 to 10th July 2020.

6.

- **Overtime hours exceeded the legal requirement.** Through document review, auditor found that the monthly overtime hours of 10 out of 10 randomly selected employees were 78 hours in June 2019 (Most current month), 10 out of 10 employees ranged from 80-82 hours in March 2019 (random month) and 10 out of 10 employees were 72 hours in October 2018 (random month).

8A

- **Subcontracting without approval.** During facility tour and management interview, auditor found that the spraying paint and electroplating processes were subcontracted to the below facility but without written approval of main clients.

Facility Name: Foshan Bai Hui Electrical Lighting Co., Ltd.

Address: Shakeng Industry Zone, Luocun, Nanhai District, Foshan City.

Process Type: Spraying paint and electroplating

Tel: 86-013503093203

Fax: No information provided

Contact person: Mr. Kong Shunming

10B4.

- **No environmental protection acceptance checks report for completed construction project.** During facility tour, auditor found that products in the facility were **metal products**, and the main processes were cutting, punching, stretching, soldering, polishing, inspection and packing, the waste gas, wastewater and hazardous waste which generated during manufacturing would cause influence on the environment. However, during document review, the facility could not provide the environmental protection acceptance check approval for their construction project for review.

Observation

None observed

GE

None observed

Additional Auditor Remark:

Nil

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

Site Details

Site Details		
A: Company Name:	Guangzhou Suihui Metal Manufacture Company/广州穗辉金属制品有限公司	
B: Site name:	Guangzhou Suihui Metal Manufacture Company/广州穗辉金属制品有限公司	
C: GPS location: (If available)	GPS Address: No. 105-2, Shiyu Rd., Tianyi Village, Dongchong Town, Nansha Dist., Guangzhou City, Guangdong Province, China/中国广东省广州市南沙区东涌镇天益村市鱼路 105 号之二	Latitude: 22.868142 Longitude: 113.447571
D: Applicable business and other legally required licence numbers and documents, for example, business license number, liability insurance, any other required government inspections	Uniform Social Credit Number: 9144011568523874XB Valid Date: From 18 th March 2009 to long-term	
E: Products/Activities at site, for example, garment manufacture, electricals, toys, grower, cutting, sewing, packing etc	Metal cups, metal photo frame, etc.	
F: Site description: (Include size, location, and age of site. Also, include structure and number of buildings)	<p>Guangzhou Suihui Metal Manufacture Company (广州穗辉金属制品有限公司) was located at No. 105-2, Shiyu Rd., Tianyi Village, Dongchong Town, Nansha Dist., Guangzhou City, Guangdong Province, China (中国广东省广州市南沙区东涌镇天益村市鱼路 105 号之二). The total land area occupied by the whole facility was about 3900 square meters. They started their operation at the existing location in 2009.</p> <p>A total of 97 employees including 35 female employees and 62 male employees were currently working in the facility. The ages ranged from 20-61 years old. There were 92 production employees and 5 non-production employees. All employees were local and hired by the facility directly.</p> <p>The employees worked for 5 days a week. There was one shift for all employees, the normal working hour was from 07:30 to 17:30 with 2 hours' lunch break from 11:30 to 13:30. Employees' wages were calculated on hourly rate basis and paid before or on 30th of each month. The obvious peak season was not obvious.</p> <p>In view of the facility, the facility used two flat production buildings. No dormitory, kitchen or canteen was provided for employees.</p>	

	Production Building 1	Description	Remark, if any
	Floor 1	Office, cutting, punching, stretching, soldering, inspection, packaging, warehouse	Year of establishment: 2008
	Is this a shared building?	No	N/A
	Production Building 2	Description	Remark, if any
	Floor 1	Polishing, cleaning	Year of establishment: 2008
	Is this a shared building?	No	N/A
	For below, please add any extra rows if appropriate.		
	F1: Visible structural integrity issues (large cracks) observed? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
F2: Please give details: During facility tour, no crack of building was observed.			
F3: Does the site have a structural engineer evaluation? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No			
F4: Please give details: The facility obtained construction completion acceptance reports.			
G: Site function:	<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		
H: Month(s) of peak season: (if applicable)	The peak season was not obvious in this facility.		
I: Process overview:	The main products manufactured by the facility were metal cups, metal photo frame, etc.		

<i>(Include products being produced, main operations, number of production lines, main equipment used)</i>	<p>The main production processes were listed as follows:</p> <p>Cutting, punching, stretching, soldering, polishing, cleaning, inspection and packing</p> <p>The main machine list of the facility was as following:</p> <p>Polishing machines: 33 sets, cutting machine: 1 set, punching machine: 13 sets, packing machine: 1 set, etc.</p>
J: What form of worker representation / union is there on site?	<input type="checkbox"/> Union (name) <input checked="" type="checkbox"/> Worker Committee <input type="checkbox"/> Other (specify) <input type="checkbox"/> None
K: Is there any night production work at the site?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
L: Are there any on site provided worker accommodation buildings e.g. dormitories	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No L1: If yes, approx. % of workers in on site accommodation: N/A.
M: Are there any off site provided worker accommodation buildings	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No M1: If yes, approx. % of workers: N/A
N: Were all site-provided accommodation buildings included in this audit	<input type="checkbox"/> Yes <input type="checkbox"/> No Not applicable N1: If no, please give details: N/A. No dormitory was provided to employees by the facility.

Audit Parameters			
A: Time in and time out	A1: Day 1 Time in: 09:10 A2: Day 1 Time out: 17:30	A3: Day 2 Time in: 09:00 A4: Day 2 Time out: 13:30	A5: Day 3 Time in: N/A A6: Day 3 Time out: N/A
B: Number of auditor days used:	Total 1.5 man-days (one auditor in 2 days)		
C: Audit type:	<input type="checkbox"/> Full Initial <input type="checkbox"/> Periodic <input type="checkbox"/> Full Follow-up <input checked="" type="checkbox"/> Partial Follow-Up <input type="checkbox"/> Partial Other If other, please define: N/A		
D: Was the audit announced?	<input checked="" type="checkbox"/> Announced <input type="checkbox"/> Semi – announced: Window detail: weeks <input type="checkbox"/> Unannounced		
E: Was the Sedex SAQ available for review?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No E1: If No, why not?: N/A		
F: Any conflicting information SAQ/Pre-Audit Info to Audit findings?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes , please capture detail in appropriate audit by clause: N/A		
G: Who signed and agreed CAPR (Name and job title)	Mr. Lu Zhibin/Facility Director		
H: Is further information available (If yes, please contact audit company for details)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
I: Previous audit date:	6 th -7 th September 2018		
J: Previous audit type:	Full initial audit.		
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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
B: Present at the audit?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
C: Present at the closing meeting?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
D: If Worker Representatives were not present please explain reasons why (only complete if no worker reps present)	N/A. The worker representative was present		
E: If Union Representatives were not present please explain reasons why: (only complete if no union reps present)	N/A. There was no union representative in the facility.		

Worker Analysis

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

Worker Analysis								
	Local			Migrant*				Total
	Permanent	Temporary	Agency	Permanent	Temporary	Agency	Home workers	
Worker numbers – Male	10	0	0	52	0	0	0	62
Worker numbers – female	7	0	0	28	0	0	0	35
Total	17	0	0	81	0	0	0	97
Number of Workers interviewed – male	3	0	0	3	0	0	0	6
Number of Workers interviewed – female	1	0	0	3	0	0	0	4
Total – interviewed sample size	4	0	0	6	0	0	0	10



A: Nationality of Management	China	
B: Please list the nationalities of all workers, with the three most common nationalities listed first. <i>Please add more nationalities as applicable to site. Add more rows if required.</i>	Nationalities: B1: Nationality 1: _ Chinese _____ B2: Nationality 2: _ Not applicable _____ B3: Nationality 3: _ Not applicable _____	Was the list completed during peak season? <input type="checkbox"/> Yes <input type="checkbox"/> No Not applicable. There was no peak season If no, please describe how this may vary during peak periods: Not applicable
C: Please provide more information for the three most common nationalities.	C: approx % total workforce: Nationality 1 __100%____ C1: approx % total workforce: Nationality 2 _____ C2: approx % total workforce: Nationality 3 _____	
D: Worker remuneration (management information)	D: _____% workers on piece rate D1: __100____% hourly paid workers D2: _____% salaried workers Payment cycle: D3: _____% daily paid D4: _____% weekly paid D5: __100____% monthly paid D6: _____% other D7: If other, please give details: Not applicable.	



Worker Interview Summary		
A: Were workers aware of the audit?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
B: Were workers aware of the code?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
C: Number of group interviews: (Please specify number and size of groups. Please see SMETA Best Practice Guidance and Measurement Criteria. If the auditor was not able to follow the BPG, please state within the declaration)	1 group of 4 employees	
D: Number of individual interviews (Please see SMETA Best Practice Guidance and Measurement Criteria)	D1: Male: 5	D2: Female: 1
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: Not applicable	
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 was raised by selected employees.	
I: What did the workers like the most about working at this site?	Working hours, rest days and wages were always paid on time.	
J: Any additional comment(s) regarding interviews:	None	
K: Attitude of workers to hours worked:	Through employees' interview, it was confirmed that overtime hours was voluntary.	
L. Is there any worker survey information available?		
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No L1: If yes, please give details: Not applicable		
M: Attitude of workers:		

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

10 randomly selected employees were interviewed including 6 male employees and 4 female employees; they were interviewed as 1 group of 4 employees and the balance of 6 employees were interviewed individually.

The selected randomly employees were confidential and they spoke their opinions of the facility freely. All selected employees stated that they were satisfied with their employment at this facility.

All selected randomly employees said that they were satisfied with the working condition such as working hours and wages were paid on time. And they were happy with their employment at the facility. They felt free to leave this employer and understood the notice period required. They got on well with management and their supervisors who treated them with respect.

They were able to make suggestions though worker representatives, sustention box or their supervisors. And they had seen these suggestions used. They felt able to complain directly to their supervisors but also felt free to give their general concerns.

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

The employee representatives were satisfied with working condition and management system and no negative information was raised.

O: Attitude of managers:

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

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

Managers were responsible for implementing legal and code standards included the personnel manager and the H&S manager whilst the marking executive was in charge of the independent and internal audits. The facility management gave the full access to all necessary areas for facility tour and arranged a private room for employees' interview.

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

Audit Results by Clause

0A: Universal Rights covering UNGP

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

0.A. Guidance for Observations

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

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

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

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

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

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

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

Current Systems and Evidence Examined

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

Current systems:

- The facility had established a policy of social compliance which was endorsed at the highest level. The policy was communicated to all appropriate parties, including its own suppliers.
- Mr. Lu Zhibin/Factory Director was assigned to be responsible for implementing standards concerning human rights.
- Stakeholders were identified by the facility.
- The facility had measured impacts on stakeholders' human rights.
- The facility had a transparent system in place for confidentially reporting and dealing with human rights impacts without fear of reprisals towards the reporter.

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

Details:

- Policy regarding human rights issues provided for review
- Appointment letters to enhance the implement of human right issues
- Training records provided for employees regarding communications and acknowledgement
- Internal audit documents
- Written social compliance commitments from suppliers and social compliance assessment reports for its suppliers
- Management interview and employee interview

Any other comments:

Nil

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A: Policy statement that expresses commitment to respect human rights?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No A1: Please give details: The policy of social responsibilities expressed commitment to respect human rights including prohibition of child labour, prohibition of forced labour, no discrimination, reasonable compensation and benefits, reasonable work hours, providing safety working condition, obey national labour law, environmental law and ETI Code requirement, continue improvement, etc.
B: Does the business have a designated person responsible for implementing standards concerning Human Rights?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: Name: Mr. Lu Zhibin Job title: Factory Director
C: Does the business have a transparent system in place for confidentially reporting, and dealing with human rights impacts without fear of reprisals towards the reporter?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No C1: Please give details: The facility established grievance reporting system such as suggestion box available and direct talk to management.
D: Does the grievance mechanism meet UNGP expectations? (Legitimate, Accessible, Predictable, Equitable, Transparent, Rights-compatible, a source of continuous learning and based on stakeholder engagement)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No D1: If no, please give details: Not applicable
E: Does the business demonstrate effective data privacy procedures for workers' information, which is implemented?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No E1: Please give details: The facility established privacy data protection procedure for employees' information. All personal files were kept and controlled by HR department. And the facility provided training of privacy procedures to all employees through their orientation training and refresh training.

Findings	
<div style="display: flex; justify-content: space-between;"> Finding: Observation <input type="checkbox"/> Company NC <input type="checkbox"/> </div> Description of observation: None observed Local law or ETI/Additional elements / customer specific requirement: Not applicable Comments:	Objective evidence observed: Not applicable

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

Measuring Workplace Impact

Workplace Impact		
A: Annual worker turnover: Number of workers leaving in last 12 months as a % of average total number of workers on site over the year (annual worker turnover)	A1: Last year: __12__ %	A2: This year __8__ %
B: Current % quarterly (90 days) turnover: Number of workers leaving from the first day of the 90 days period through to the last day of the 90 day period / [(number of employees on the 1 st day of 90 day period + number of employees on the last day of the 90 day period) / 2]	2%	
C: Annual % absenteeism: Number of days lost through job absence in the year / [(number of employees on 1 st day of the year + number employees on the last day of the year) / 2] * number available workdays in the year	C1: Last year: __0__ %	C2: This year __0__ %
D: Quarterly (90 days) % absenteeism: Number of days lost through job absence in the period / [(Number of employees on 1 st of the period + Number of employees on the last day of the period) / 2] * Number of available workdays in the month	0%	
E: Are accidents recorded?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No E1: Please describe: According to accident management procedure, all accidents would be investigated and recorded. Through reviewing injury log review, no serious work accident occurred during past 24 months.	
F: Annual Number of work related accidents and injuries per 100 workers: [(Number of work related accidents and injuries * 100) / Number of total workers]	F1: Last year: Number: 0	F2: This year: Number: 0
G: Quarterly (90 days) number of work related accidents and injuries per 100 workers: [(Number of work related accidents and injuries * 100) / Number of total workers]	0%	
H: Lost day work cases per 100 workers: [(Number of lost days due to work accidents and work related injuries * 100) / Number of total workers]	H1: Last year: 0%	H2: This year: 0%
I: % of workers that work on average more than 48 standard hours / week in the last 6 / 12 months:	I1: 6 months __0__% workers	I2: 12 months __0__% workers

J: % of workers that work on average more than 60 total hours / week in the last 6 / 12 months:	J1: 6 months ____0____% workers	J2: 12 months ____0____% workers
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0B: Management system and Code Implementation

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

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

Current Systems and Evidence Examined

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

Current systems:

- The facility obtained legal business license and permissions.
- Mr. Lu Zhibin/Factory Director was responsibility for meeting the legal and ETI code requirements. He was responsible to the facility manager for ensuring the standards were met.
- Overall responsibility for meeting the standards was taken by Mr. Lu Zhibin/Factory Director.
- The facility communicates this Code to all employees by regular trainings.
- There was an internal audit team for quality who in addition take on the role for internal audit of the social standards of the facility and they report to the personnel and Health & Safety manager jointly to report their findings.
- Implementation of any necessary changes is then given to the individual department heads after agreement with the facility management, this system was fully effective.

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

Details:

- Business license
- Certificate of land rights
- Facility policy and procedures
- Management appointment letter
- Employee Handbook was reviewed. It stipulates complying with ETI Code, written policies and procedure that being provided individually to employees.
- Internal audit documents (the social team audited the personnel and wages systems of the facility)
- Company Manual contains details of Code and Business Ethics with the commitment of being compliant in all aspects of business and integrity aligned with the client's requirement and local law.
- Management interview and employee interview

Any other comments:

Nil

Management Systems:	
A: In the last 12 months, has the site been subject to any fines/prosecutions for non-compliance to any regulations?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No A1: Please give details: There was no any fines/prosecutions for non-compliance to any regulations.
B: Do policies and/or procedures exist that reduce the risk of forced labour, child labour, discrimination, harassment & abuse?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No B1: Please give details: The facility established a documented policy and related procedures to reduce the risk of child labour, discrimination, forced labour, harassment & abuse.
C: If Yes, is there evidence (an indication) of effective implementation? Please give details.	The policy was communicated to all employees through their orientation training and yearly training. Through employees' interview, all 10 selected interviewees stated that no forced labour or child labour case happened before in the facility, both female and male employees among management staffs and supervisors.
D: Have managers and workers received training in the standards for forced labour, child labour, discrimination, harassment & abuse?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No D1: Please give details: The facility provided training on policies of child labour, forced labour, discrimination, harassment and abuse to all employees through their orientation training and yearly training.
E: If Yes, is there evidence (an indication) that training has been effective e.g. training records etc.? Please give details	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No E1: Please give details: The facility provided the training to employees and the lasted training records of 25 th July 2019 were provided for review.
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).	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No F1: Please give details: The facility did not obtain any such certificates.
G: Is there a Human Resources manager/department? If Yes, please detail.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No G1: Please give details: Ms. Huang Qinghua/HR Supervisor was in charge of the recruitment of employees.
H: Is there a senior person / manager responsible for implementation of the code	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No H1: Please give details: Mr. Lu Zhibin/Factory Director

I: Is there a policy to ensure all worker information is confidential?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No I1: Please give details: The facility established a documented policy to ensure all employees' information be confidential.
J: Is there an effective procedure to ensure confidential information is kept confidential?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No J1: Please give details: The facility had a documented policy to ensure all employees' information be confidential.
K: Are risk assessments conducted to evaluate policy and procedure effectiveness?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No K1: Please give details: The facility conducted risk assessments annually to evaluate the policy and related procedure effectiveness.
L: Does the facility have a process to address issues found when conducting risk assessments, including implementation of controls to reduce identified risks?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No L1 Please give details: The facility established a documented procedure to address that risk assessment was conducted annually. And the facility would take correct action when risks were identified.
M: Does the facility have a policy/code which require labour standards of its own suppliers?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No M1: Please give details: The facility established a policy and procedure to evaluate and select their suppliers based on their performance of labour standards and commitment towards labour standards.
Land rights	
N: Does the site have all required land rights licenses and permissions (see SMETA Measurement Criteria)?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No N1: Please give details: The facility had obtained all required land rights license and permission.
O: Does the site have systems in place to conduct legal due diligence to recognize and apply national laws and practices relating to land title?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No O1: Please give details: Ms. Huang Qinghua/HR Supervisor was responsible for collecting and updating the relative legal laws.
P: Does the site have a written policy and procedures specific to land rights. If yes, does it include any due diligence the company will undertake to obtain free, prior and informed consent, (FPIC) even if national/local law does not require it	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No P1: If yes, how does the company obtain FPIC: Not applicable

Q: Is there evidence that facility / site compensated the owner/lessor for the land prior to the facility being built or expanded.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Q1: Please give details: The owner of the land was compensated prior to the facility being built.
R: Does the facility demonstrate that alternatives to a specific land acquisition were considered to avoid or minimize adverse impacts?	<input type="checkbox"/> Yes <input type="checkbox"/> No R1: Please give details: N/A, not applicable for this facility. The facility had no plan of land acquisition.
S: Is There any evidence of illegal appropriation of land for facility building or expansion of footprint.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No S1: Please give details: There was no illegal appropriation of land for facility buildings or expansion of footprint.

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

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

Good Examples observed:

Description of Good Example (GE): None observed	Objective evidence observed: Not applicable
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1: Freely Chosen Employment

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

ETI

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

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

Current Systems and Evidence Examined

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

Current systems:

- The facility established the application procedure which stated that employees must show their I.D. cards for proof of age but that the facility only kept photocopies in the personnel files and the employees kept original by themselves.
- The facility had a documented policy which prohibited forced labour.
- The terms and conditions of employment in the handbook stated that employees could be free to leave the workplace after their working hours.
- Through management interview, they stated that they must not prevent employees from leaving the premises outside of working hours and where they were conducting searches that this was at the request of management and was performed discretely and without significant delay to employees leaving at the end of shift.

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

Details:

- Facility rules
- Employee handbook
- Personnel files
- Resignation records
- Leave records
- Employees' interview
- Management interview

Any other comments:

Nil

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

☐ Yes

☒ No

A1: If yes, please give details and category of workers affected: Not applicable

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

☐ Yes

☒ No

B1: If yes, please give details and category of worker affected: Not applicable

C: Is there any evidence of retention of wages / deposits	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No C1: If yes, please give details and category of worker affected: Not applicable
D: Are there any restrictions on workers' freedom to terminate employment?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No D1: Please describe finding: Not applicable
E: If any part of the business is UK based or registered there & has a turnover over £36m, is there a published a 'modern day slavery statement'?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not applicable E1: Please describe finding: N/A. The audited facility was not UK based or registered.
F: Is there evidence of any restrictions on workers' freedoms to leave the site at the end of the work day?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No F1: Please describe finding: There was no any restriction on workers' freedoms to leave the site at the end of the work day. According to the onsite observation and employees' interview, the employees were free to leave the workplace after their working hours every day.
G: Does the site understand the risks of forced / trafficked / bonded labour in its supply chain	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not applicable G1: If yes, please give details and category of workers affected: According to document review and management interview, there was no risk of forced / trafficked / bonded labour in its supply chain.
H: Is the site taking any steps taking to reduce the risk of forced / trafficked labour?	<input type="checkbox"/> Yes <input type="checkbox"/> No H1: Please describe finding: Not applicable. Through document review, employees' interview and management interview, there was no risk of forced / trafficked / bonded labour in its supply chain.

Non-compliance:

Description of non-compliance:

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

Local law and/or ETI requirement

Not applicable

Recommended corrective action:

Not applicable

Objective evidence observed:

Not applicable

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

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

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

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

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

ETI

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

Current Systems and Evidence Examined

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

Current systems:

- The facility has a written policy of freedom of association and right to collective bargaining. The policy states that the employees are free to form or join workers' organisation and enjoy the right to collective bargaining, and nobody will be treated differently if they are members of workers' organisation, etc.
- The facility has a written policy about suggestions and appeals, which stated that the employees were able to make suggestions/appeals to their managers, supervisors and team leaders through suggestion box, phone calls, phone messages, emails, QQ and etc.
- There was a committee representative in the facility.
- There was no union at the site.
- The response records for employees' suggestions and appeals were available for review.

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

Details:

- Policy of freedom of association and right to collective bargaining
- Policy about suggestions and appeals
- Response records for employees' suggestions and appeals
- Interviews with management and employees

Any other comments:

Nil

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

- ☐ Union (name)
- ☒ Worker Committee
- ☐ Other (specify)
- ☐ None

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

- ☐ Yes
- ☒ No

C: Is it a legal requirement to have a worker's committee?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
D: Is there any other form of effective worker/management communication channel? (Other than union/worker committee e.g. H&S, sexual harassment)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No D1: Please give details: Worker committee, suggest boxes or their group supervisors. D2: Is there evidence of free elections? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
E: Does the supplier provide adequate facilities to allow the Union or committee to conduct related business?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No E1: Please give details: Through 1 out of 2 employee representatives' interview, she stated that they could use meeting rooms freely.	
F: Name of union and union representative, if applicable:	N/A, there was no union in the facility.	F1: Is there evidence of free elections? <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A
G: If there is no union, is there a parallel means of consultation with workers e.g. worker committees?	A worker committee in place with 2 employee representatives elected by the employees to represent each section of the facility.	G1: Is there evidence of free elections? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A The employee representatives were elected by fellow employees on 15 th October 2018 and the latest meeting records of 30 th July 2019 was for review.
H: Are all workers aware of who their representatives are?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
I: Were worker representatives freely elected?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	I1: Date of last election: 15 th October 2018
J: Do workers know what topics can be raised with their representatives?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
K: Were worker representatives/union representatives interviewed?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If Yes , please state how many: One employee representative was interviewed.	
L: Please describe any evidence that union/worker's committee is effective? Specify date of last meeting; topics covered; how minutes were communicated etc.	Meeting minutes, and the employee committee interview confirmed that they had met with management every quarter. Last meeting topics covered the issue of production safety and environment sanitation. Meeting minutes were provided for review. The last meeting record was 30 th July 2019.	
M: Are any workers covered by Collective Bargaining Agreement (CBA)?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	

If Yes , what percentage by trade Union/worker representation	M1: ____% workers covered by Union CBA Not applicable. No Collective Bargaining Agreement existed in this facility.	M2: ____% workers covered by worker rep CBA Not applicable. No Collective Bargaining Agreement existed in this facility.
M3: If Yes , does the Collective Bargaining Agreement (CBA) include rates of pay?	<input type="checkbox"/> Yes <input type="checkbox"/> No Not applicable. No Collective Bargaining Agreement existed in this facility.	

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

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

3: Working Conditions are Safe and Hygienic

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

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

ETI

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

Current Systems and Evidence Examined

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

Current systems:

1. General Health and Safety management

- Mr. Lu Zhibin/Factory Director was appointed as Health & Safety Management Representative for the site.
- Potable water was freely available in all areas and test certificates were up-to-date.
- Sufficient clean toilets segregated by gender were available at all times to employees.
- Ventilation, temperature and metal cups, metal photo frame, etc. were adequate for the production processes.
- Meeting records showed that meeting between the H&S Committee and the H&S manager, and each point was acted on.
- No certificate of safety production knowledge and management skill for the persons for the management of work safety in the facility.
- Machines without protective devices.

2. Fire Safety

- There were at least 2 safety exits from each workshop which met the legal requirement.
- Fire-fighting equipment was adequate.
- Fire equipment was unblocked.
- The facility posted evacuation plans in all areas and understood by all employees.
- The facility organized fire drills twice per year and records were provided for review.
- Training had been given to all employees.

3. Electrical safety

- All electrical equipment was maintained in good condition.
- There was competent electrician at the site and their training certificates were available for review.

4. Chemical safety

- All hazardous chemical with label and secondary containment were observed on site.
- Chemical training records were provided for review.
- MSDS were not available for hazardous chemicals.

5. Medical services

- There were adequate first aid kits in each production area and they were well stocked.
- There were 2 first aiders and they had been trained at the local Red Cross Hospital.

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

- Government licenses
- Health and safety committee minutes
- Health and safety policy and manual
- Fire drill records
- Fire equipment maintenance records
- Trained first aider certificates
- Accident logs
- Chemical list
- Employees' interview
- Interviewing with H&S manager and members of H&S Committee

Any other comments:

Nil

A: Does the facility have general and occupational Health & Safety policies and procedures that are fit for purpose and are these communicated to workers?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No A1: Please give details: The facility had such procedure and health and safety committee. Occupational Health & Safety policies and procedures, health & Safety were communicated to employees through their orientation training and yearly training.
B: Are the policies included in workers' manuals?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No B1: Please give details: The general Health & Safety of the facility in details were showed in the employees' manual.
C: Are there any structural additions without required permits/inspections (e.g. floors added)?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No C1: Please give details: No structural addition was added found during this audit.
D: Are visitors to the site informed on H&S and provided with personal protective equipment	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No D1: Please give details: The facility would introduce information on H&S and provided personal protective equipment to visitors if necessary.
E: Is a medical room or medical facility provided for workers? If yes, do the room(s) meet legal requirements and is the size/number of rooms suitable for the number of workers.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No E1: Please give details: There was no medical room in the facility and the medical room was not required by legal requirement.
F: Is there a doctor or nurse on site or there is easy access to first aider/trained medical aid?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No F1: Please give details: There were total 2 qualified first aiders in the facility.

G: Where the facility provides worker transport - is it fit for purpose, safe, maintained and operated by competent persons e.g. buses and other vehicles?	<input type="checkbox"/> Yes <input type="checkbox"/> No Not applicable G1: Please give details: Not applicable. No transport was provided by facility.
H: Is secure personal storage space provided for workers in their living space and is fit for purpose?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No H1: Please give details: No dormitory was provided by the facility.
I: Are H&S Risk assessments are conducted (including evaluating the arrangements for workers doing overtime e.g. driving after a long shift) and are there controls to reduce identified risk?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No I1: Please give details: The facility conducted H&S risk assessments annually and provided the records for review. The potential risk for the employees' health and safe was identified by the facility, and they had taken improvement action to reduce the potential risk.
J: Is the site meeting its legal obligations on environmental requirements including required permits for use and disposal of natural resources?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No J1: Please give details: The facility provided the Environmental Impact Assessment (EIA) registration for construction project, and the approval of environmental impact assessment document for review. But the facility could not provide the environmental protection acceptance check approval for their construction project for review.
K: Is the site meeting its customer requirements on environmental standards, including the use of banned chemicals?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No K1: Please give details: The work environment was ventilation and light. And no other banned chemical was used at the facility.

Non-compliance:

1. Description of non-compliance:

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

No certificate of safety production knowledge and management skill for the persons for the management of work safety in the facility. During document review, auditor found that the facility could not provide the certificate of safety production knowledge and management skill of the persons for the management of work safety for review.

Local law and/or ETI requirement

Local law: In accordance with the Law of the PRC on Work Safety Article 24, The principal in charge and persons for the management of work safety in production and business entities have to have the knowledge about work safety and the competence for the management, which are commensurate with the production and business activities of these entities. The principal in charge and persons for the management of work safety in production and business entities that produce, trade or store hazardous articles, and mines, metal smelting, building construction, and road transport shall only be appointed to the posts after they pass the examinations in their knowledge about work safety and their competence in the management conducted by the competent departments for work safety supervision and administration. No fees shall be charged for

Objective evidence observed:

Document review and management interview

<p>taking such examinations. Entities that produce or store hazardous articles, and mines, metal smelting shall have certified safety engineer to work on the management of work safety.</p> <p>ETI 3.2 Workers shall receive regular and recorded Health & Safety training, and such training shall be repeated for new or reassigned workers.</p> <p>Recommended corrective action: It is recommended that the facility should ensure the persons for the management of work safety obtain relevant certificate according to legal requirements.</p>	
<p>2. Description of non-compliance: <input checked="" type="checkbox"/> NC against ETI <input checked="" type="checkbox"/> NC against Local Law <input type="checkbox"/> NC against customer code: MSDS were not available for hazardous chemicals. During facility tour, auditor found that the facility Used cleanser in packing workshop. However, no MSDS (Material Safety Data Sheet) was provided in this area.</p> <p>Local law and/or ETI requirement Local law: In accordance with the Regulations on the Safe Use of Chemicals in Workplace, Article 12 The unit, which uses chemical, shall set up identification label for all chemicals in using. For dangerous chemical, a safety label shall be applied and MSDS be provided for worker.</p> <p>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.</p> <p>Recommended corrective action: It is recommended that the facility should ensure MSDS is available for hazardous chemical in the workplace.</p>	<p>Objective evidence observed:</p> <p>Factory tour</p>
<p>3. Description of non-compliance: <input checked="" type="checkbox"/> NC against ETI <input checked="" type="checkbox"/> NC against Local Law <input type="checkbox"/> NC against customer code: Machines without protective devices. During facility tour, auditor found that protection grill with large gap was equipped to three fans using in the production workshop such as polishing workshop, which would have the risk of finger injury.</p> <p>Local law and/or ETI requirement Local law: In accordance with Law of the PRC on Work Safety article 33, The design, manufacture, installation, application, inspection, maintenance, repair of and safety facilities shall comply with the national or industrial standards. Manufacturing units shall maintain and inspect the safety facilities regularly to ensure they are in good working conditions. Maintenance and inspection records should be properly maintained and assigned to relevant staff.</p>	<p>Objective evidence observed:</p> <p>Factory tour Please refer to the NC photo#1</p>

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

Recommended corrective action:

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

Observation:

Description of observation:

None observed

Local law or ETI requirement:

Not applicable

Recommended corrective action:

Not applicable

Objective evidence observed:

Not applicable

Good Examples observed:

Description of Good Example (GE):

None observed

Objective Evidence Observed:

Not applicable

4: Child Labour Shall Not Be Used

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

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

ETI

4.1 There shall be no new recruitment of child labour.

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

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

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

Current Systems and Evidence Examined

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

Current systems:

- The facility had established policy/procedure on prohibition of child labour.
- Once employees have joined their original ID's were copied and given back to them whilst copies only were kept in their personnel file.
- Checks of all employees' files showed that the youngest employee present was age 20 years old. No child labour or young labour was hired before.

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

Details:

- Personnel files of all employees
- Updated employee roster
- Recruitment policy/procedure

Any other comments:

Nil

A: Legal age of employment:	16 years old
B: Age of youngest worker found:	20 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? (Go to clause 3 – Health and Safety)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No E1: If yes, give details: Not applicable, no juvenile employee at the facility during this audit.

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

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

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

5: Living Wages are Paid

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

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

ETI

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

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

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

Current Systems and Evidence Examined

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

Current systems:

- The local minimum wage standard was set at RMB 2100 per month equivalent to RMB 12.07 per hour (2100/21.75/8) since 1st July 2018.
- All employees' wages were calculated by hourly rate. The minimum wage paid by the facility was RMB 12.07 per hour based on provided payroll records.
- Overtime wages were paid at legal premium rate.
- All employees were provided with written and understandable information about their employment conditions in respect to wages before they entered employment and about the particulars of their wages for the pay period concerned each time that they were paid.
- Benefits of paid annual leave were given to all employees and child-bearing leave to appropriate female employees.
- All employees were paid before 30th of next month after previous wage calculation period by cash and each employee was given a pay slip and signed for their wages.
- Not all employee had participated in basic endowment insurance, basic medical insurance, unemployment insurance, maternity insurance and employment injury insurance.

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

Details:

- Wages and benefits policy
- Local legal minimum wage documents
- Payroll records from July 2018 to June 2019 and attendance records for the period from 1st July 2018 to 30th August 2019 (audit day) were reviewed.
- Attendance records to check hourly rates and any overtime premiums.
- Production records such as daily production quantity records, inspection records and material issuing records were reviewed
- Leave records
- Resignation records
- Social insurance and payment receipts
- Labour contracts
- Interviews with management and employees

Any other comments:
Nil

Non-compliance:

1. Description of non-compliance:

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

Insufficient social insurance participated. Through social receipt of August 2019 review, auditor found that 28 out of 97 employees (28.9%) had participated in employment injury insurance, and there were 27 out of 97 employees (27.8%) had participated in the other four insurances which were basic endowment insurance, basic medical insurance, unemployment insurance, and maternity insurance.

Remark: The facility purchased business injury and accident insurance for all 97 employees (100%) without names. The effective date was from 11th July 2019 to 10th July 2020.

Local law and/or ETI requirement:

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

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

Recommended corrective action:

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

Objective evidence observed:

Social insurance receipt review, employees' interview and management interview

Observation:

Description of observation:

None observed

Local law or ETI requirement:

Objective evidence observed:

Not applicable

Not applicable	
Comments: Not applicable	

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

Summary Information

Criteria	Local Law (Please state legal requirement)	Actual at the Site (Record site results against the law)	Is this part of a Collective Bargaining Agreement?
A: Standard/Contracted work hours: (Maximum legal and actual required working hours excluding overtime, please state if possible per day, week, and month)	Legal maximum: 8 hours per day and 40 hours per week	A1: 8 hours per day and 40 hours per week	A2: <input type="checkbox"/> Yes <input type="checkbox"/> No Not applicable (there was no Collective Bargaining Agreement in the facility)
B: Overtime hours: (Maximum legal and actual overtime hours, please state if possible per day, week, and month)	Legal maximum: 3 hours per day and 36 hours per month	B1: Maximum daily overtime hours: 2 hours in all selected sampled months. Maximum weekly overtime hours: 18 hours in all selected sampled months. Maximum monthly overtime hours: 78 hours/ month in June 2019 (current month)	B2: <input type="checkbox"/> Yes <input type="checkbox"/> No Not applicable (there was no Collective Bargaining Agreement in the facility)

		82 hours/ month in March 2019 (random month) 72 hours/ month in October 2018 (random month)	
C: Wage for standard/contracted hours: (Minimum legal and actual minimum wage at site, please state if possible per hr, day, week, and month)	Legal minimum: The local minimum wage standard was set at RMB 2100 per month equivalent to RMB 12.07 per hour (2100/21.75/8) since 1 st July 2018.	C1: RMB 12.07/hour.	C2: <input type="checkbox"/> Yes <input type="checkbox"/> No Not applicable. No Collective Bargaining Agreement in the facility.
D: Overtime wage: (Minimum legal and actual minimum overtime wage at site, please state if possible per hr, day, week, and month)	Legal minimum: The employing unit shall, according to the following standards, pay labourers remuneration higher than those for normal working hours under any of the following circumstances: 1) to pay no less than 150% of the normal wages if the extension of working hours is arranged; 2) to pay no less than 200% of the normal wages if the extended hours are arranged on days of rest and no	D1: Based on the payroll records provided by the facility, minimum overtime wage was paid: 1) 150% of the normal wages if the extended hours are arranged on weekdays; 2) 200% of the normal wages if the extended hours are arranged on days of rest; 3) No employees worked on statutory holidays.	D2: <input type="checkbox"/> Yes <input type="checkbox"/> No Not applicable. No Collective Bargaining Agreement in the facility.

	<p>deferred rest can be taken;</p> <p>3) to pay no less than 300% of the normal wages if the extended hours are arranged on statutory holidays.</p>		
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Wages analysis: (Click here to return to Key Information)		
A: Were accurate records shown at the first request?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
A1: If No , why not?	Not applicable. The facility provided the accurate records shown at the first request.	
B: Sample Size Checked (State number of worker records checked and from which weeks/months – should be current, peak, and random/low. Please see SMETA Best Practice Guidance and Measurement Criteria)	10 samples from June 2019 (current month) 10 samples from March 2019 (random month) 10 samples from October 2018 (random month)	
C: Are there different legal minimum wage grades? If Yes , please specify all.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	C1: If Yes , please give details: Not applicable
D: If there are different legal minimum grades, are all workers graded and paid correctly?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A	D1: If No , please give details: Not applicable
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	E1: Lowest actual wages found: <i>Note: full time employees and please state hour / week / month etc.</i> RMB 12.07/hour.
F: Please indicate the breakdown of workforce per earnings:	F1: ____% of workforce earning under minimum wage F2: _100____% of workforce earning minimum wage F3: ____% of workforce earning above minimum wage	
G: Bonus Scheme found: Please specify details:	Bonus Scheme found:	

	<p>Note: type of employee (e.g. full time, temp, etc.) and please state which units e.g. /hour /week /month etc. Perfect attendance bonus RMB 50/month, and post allowance from RMB 200-600/month in the random selected samples.</p>		
H: What deductions are required by law e.g. social insurance? Please state all types:	Social insurance (such as basic endowment, unemployment, maternity, basic medical and employment injury) and personal income tax.		
I: Have these deductions been made?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	I1: Please list all deductions that have been made.	1. Social insurance fee 2. Nil Please describe: 1. The social insurance fee was deducted from employees' wages and paid to the local department. 2. Not applicable.
		I2: Please list all deductions that have not been made.	1. Nil 2. Personal income tax. Please describe: 1. Not applicable. 2. The personal income tax was paid by the facility and paid to the local department.
J: Were appropriate records available to verify hours of work and wages?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
K: Were any inconsistencies found? (if yes describe nature)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	K1: Type <input type="checkbox"/> Poor record keeping <input type="checkbox"/> Isolated incident <input type="checkbox"/> Repeated occurrence:	
L: Do records reflect all time worked? (For instance, are workers asked to attend meetings before or after work but not paid for their time)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No L1: Please give details: The payroll records and attendance records could reflect all time worked. Finger print system was used to record employees' attendance, and no inconsistent or incomplete records were found during this audit.		
M: Is there a defined living wage: This is <u>not</u> normally minimum legal wage. If answered yes, please state amount and source of info: Please see SMETA Best Practice Guidance and Measurement Criteria.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No M1: Please specify amount/time: Not applicable		

M2: 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: Not applicable
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 type="checkbox"/> No N1: Please give details: Not applicable
O: Are workers paid in a timely manner in line with local law?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No All employees were paid on or before 30 th of each month.
P: Is there evidence that equal rates are being paid for equal work:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No P1: Please give details: Through facility rules review, payroll records review and employees' interview, it was confirmed that equal rates were being paid for equal work.
Q: How are workers paid:	<input checked="" type="checkbox"/> Cash <input type="checkbox"/> Cheque <input type="checkbox"/> Bank Transfer <input type="checkbox"/> Other Q1: If other, please explain: N/A

6: Working Hours are not Excessive

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

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

ETI

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

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

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

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

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

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

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

Current Systems and Evidence Examined

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

Current systems:

- Working time policy and controlling procedure were established and implemented in the facility.
- Finger print system was used for time keeping.
- Through employees' interview, it was confirmed that overtime was voluntary.
- According to provided attendance records and employee interview basic working hours were 8 hours per day and 40 hours per week.
- According to provided attendance records, total overtime exceeded 36 hours per month (max in sample 82 hours/month) and records show that employees have at least 1 day off per week.
- No more than 2 hours overtime per day was observed.
- In sampled months, the max weekly working hours were 58 hours per week.

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

Details:

- Local and national laws
- The policy on working hours
- Pay slips
- Employees' contracts
- The payroll records from July 2018 to June 2019 and the attendance records from 1st July 2018 to 30th August 2019 were provided for review.
- Production records to cross check hours
- Employees' interview
- Management interview

Any other comments:

Nil

Non-compliance:

1. Description of non-compliance:

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

Overtime hours exceeded the legal requirement. Through document review, auditor found that the monthly overtime hours of 10 out of 10 randomly selected employees were 78 hours in June 2019 (Most current month), 10 out of 10 employees ranged from 80-82 hours in March 2019 (random month) and 10 out of 10 employees were 72 hours in October 2018 (random month).

Local law and/or ETI requirement:

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

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

Recommended corrective action:

It is recommended that the facility should reduce the overtime hours to ensure it is within 36 hours per month.

Objective evidence observed:

Attendance records and payroll records review, employees' interview

Observation:

Description of observation:

None observed

Local law or ETI requirement:

Not applicable

Objective evidence observed:

Not applicable

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

Working hours' analysis Please include time e.g. hour/week/month (Go back to Key information)					
Systems & Processes					
A. What timekeeping systems are used: time card etc.	Describe: <i>Finger print system</i>				
B: Is sample size same as in wages section?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No B1: If no, please give details: Not applicable				
C: Are standard/contracted working hours defined in all contracts/employment agreements?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	C1: If NO, please give details including % and which type of workers do NOT have standard hours defined in contracts/employment agreements. Please give details: Not applicable			
D: Are there any other types of contracts/employment agreements used?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	D1: If YES, please complete as appropriate:			
		<input type="checkbox"/> 0 hrs	<input type="checkbox"/> Part time	<input type="checkbox"/> Variable hrs	<input type="checkbox"/> Other
		If "Other", Please define: Not applicable			
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	E1: If yes , please detail hours, %, types of workers affected and frequency Please give details: Not applicable			

F: Are workers provided with at least 1 day off in every 7-day-period, or 2 in 14-day-period?	F2: Please select all applicable: <input checked="" type="checkbox"/> 1 in 7 days <input type="checkbox"/> 2 in 14 days <input type="checkbox"/> No If 'No', please explain:	F3: Is this allowed by local law? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
	Maximum number of days worked without a day off (in sample):	
	Maximum 6 worked consecutively days in all selected sampled months.	
Standard/Contracted Hours worked		
G: Were standard working hours over 48 hours per week found?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	G1: If yes, % of workers & frequency:
		Not applicable
H: Any local waivers/local law or permissions which allow averaging/annualised hours for this site?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	H1: If yes, please give details:
		Not applicable
Overtime Hours worked		
I: Actual overtime hours worked in sample (State per day/week/month)	Highest OT hours: Daily overtime hours: 2 hours/ day in June 2019 (current month) 2 hours/ day in March 2019 (random month) 2 hours / day in October 2018 (random month) Weekly overtime hours 18 hours/ week in June 2019 (current month) 18 hours/ week in March 2019 (random month) 18 hours/ week in October 2018 (random month) Monthly overtime hours: 78 hours/ month in June 2019 (current month) 82 hours/ month in March 2019 (random month) 72 hours/ month in October 2018 (random 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:	___100___%	

L: Is overtime voluntary?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Conflicting Information	<i>L1: Please detail evidence e.g. Wording of contract / employment agreement / handbook / worker interviews / refusal arrangements:</i> Through employee handbook and payroll records review, it was noted that the facility did not use monetary penalties as disciplinary means. And through employees' interview, all interviewer stated that they worked overtime voluntarily, and they could refuse to work overtime if they did not want to.
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	<i>M1: Please give details of normal day overtime premium as a % of standard wages:</i> The facility paid 150% of the normal wages for the extension of working hours on normal days
N: Is overtime paid at a premium?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<i>N1: If yes, please describe % of workers & frequency:</i> The facility paid 150% and 200% of the normal wages for the extension of working hours on normal days and rest days respectively monthly. And no employees worked overtime work on statutory holidays.
O: If the site pays less than 125% OT premium and this is allowed under local law, are there other considerations? Please complete the boxes where relevant.	<input type="checkbox"/> No <input type="checkbox"/> Consolidated pay (May be standard wages above minimum legal wage, with no/low overtime premium) <input type="checkbox"/> Collective Bargaining agreements <input type="checkbox"/> Other Not applicable	
	O1: Please explain any checked boxes above e.g. detail of consolidated pay / CBA or Other	
	Not applicable. The facility paid 150% and 200% of the normal wages for the extension of working hours on normal days and rest days respectively.	
P: If more than 60 total hours per week and this is legally allowed, are there other considerations? Please complete the boxes where relevant.	<input type="checkbox"/> Overtime is voluntary <input type="checkbox"/> Onsite Collective bargaining allows 60+ hours/week <input type="checkbox"/> Safeguards are in place to protect worker's health and safety <input type="checkbox"/> Site can demonstrate exceptional circumstances <input type="checkbox"/> Other reasons (please specify) Not applicable	
	P1: Please explain any checked boxes above e.g. detail of consolidated pay / CBA or other:	
	Not applicable. The total weekly working hours did not exceed 60 hours.	

<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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No Q1: If yes, please give details: Monthly overtime hours exceeded the legal requirement.</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 type="checkbox"/> Yes <input type="checkbox"/> No Not applicable. There was no such circumstance through management interview.</p>

7: No Discrimination is Practiced

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

ETI

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

Current Systems and Evidence Examined

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

Current systems:

- The facility had the anti-discrimination policy and procedures.
- There was no evidence of sexual harassment.
- The facility provided trainings on anti-discrimination to all employees once a year.
- Gender divisions did not exist in the facility; both female and male employees were distributed in all types of work.
- No examination of the hepatitis B virus and HIV were required to do for all employees by the facility.
- Female employees were not required to do the examination of pregnant test.
- No discrimination in hiring, promotion, compensation, access to training, termination or retirement based on gender, age, race, national origin, caste, religion, disability, sexual orientation, marital status, union or workers' organisation membership, or political affiliation was found in the facility.
- As informed by interviewed employees, most employees spoke highly of the facility owner.
- There was an internal grievance process, all selected employees were aware of this grievance channels in case they encountered any discrimination cases.

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

Details:

- Anti-discrimination policy and procedure
- Regular training records on anti-discrimination
- Hiring and termination procedure, leave application records and employee handbook
- Termination records
- Payrolls
- Attendance records
- Leave application records
- Termination records
- Management interview and employee interview

Any other comments:

Nil

A: Gender breakdown of Management + Supervisors (Include as one combined group)

A1: Male: __70__ %
A2: Female __30__ %

B: Number of women who are in skilled or technical roles e.g. where specific qualifications are needed i.e. machine engineer / laboratory analyst:	#: 0 There was no job that specific qualification was needed in the facility.
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 <input type="checkbox"/> No evidence of discrimination found C1: Please give details: Not applicable. No evidence of discrimination was found.

Professional Development	
A: What type of training and development are available for workers?	The facility provided private capability improvement training, working skills, and machine operation etc. to employees.
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: Not applicable

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

Observation:

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

8: Regular Employment Is Provided

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

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

ETI

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

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

Additional Elements: Responsible Recruitment

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

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

8.5 Employment agencies must only supply workers registered with them.

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

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

Current Systems and Evidence Examined

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

Current systems:

- The facility signed labor contracts with all employees and the terms and conditions indicated in the contracts complied with the local laws. And the facility provided the copies of their contracts of employment to each employee.
- The facility hired all employees directly.
- The facility did not hire any temporary employees, apprenticeship schemes or home employee.
- No home-working existed in the facility.

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

Details:

- Labour contracts
- Personal files
- The hiring and termination practises and procedure
- The payroll records from July 2018 to June 2019 and the attendance records from 1st July 2018 to 30th August 2019 were provided for review.
- Employees' interview

Any other comments:

Nil

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

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

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

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 A1: If any are unchecked, please describe finding and specific category(ies) of workers affected: Not applicable

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 B1: If yes, please describe details and specific category(ies) of workers affected: Not applicable	
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 – C1: If other, please give details: Not applicable	
D: If any checked, give details:	Not applicable	

Migrant Workers: <i>The term "migrant worker" refers to a person who is engaged or has been engaged in a remunerated activity in a country of which they are not a national or permanent resident or has purposely migrated on a temporary basis to another in-country region to seek and engage in a remunerated activity</i>		
A: Type of work undertaken by migrant workers:	All types of processes	
B: Please give details about recruitment agencies for migrant workers:	B1: Total number of (in country recruitment agencies) used: 0 B2: Total number of (outside of local country) recruitment agencies used: 0	
C: Are migrant workers' voluntary deductions (such as for remittances) confirmed in writing by the worker and is evidence of the transaction supplied by the facility to the worker?	<input type="checkbox"/> Yes <input type="checkbox"/> No C1: Please describe finding: Not applicable (No such kind of deduction was deducted from the employees' wages.)	C2: Observations: No such deduction applicable

<p>D: Are Any migrant workers in skilled, technical, or management roles</p> <p><i>Migrant Workers (this should include all migrant workers including permanent workers, temporary and/or seasonal workers)</i></p>	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p> <p>D1: If yes, number and example of roles: Not applicable</p>
---	--

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:	<div style="list-style-type: none;"> <input type="checkbox"/> Recruitment / hiring fees <input type="checkbox"/> Service fees <input type="checkbox"/> Application costs <input type="checkbox"/> Recommendation fees <input type="checkbox"/> Placement fees <input type="checkbox"/> Administrative, overhead or processing fees <input type="checkbox"/> Skills tests <input type="checkbox"/> Certifications <input type="checkbox"/> Medical screenings <input type="checkbox"/> Passports/ID's <input type="checkbox"/> Work / resident permits <input type="checkbox"/> Birth certificates <input type="checkbox"/> Police clearance fees <input type="checkbox"/> Any transportation and lodging costs after employment offer <input type="checkbox"/> Any transport costs between work place and home <input type="checkbox"/> Any relocation costs after commencement of employment <input type="checkbox"/> New hire training / orientation fees <input type="checkbox"/> Medical exam fees <input type="checkbox"/> Deposit bonds or other deposits <input type="checkbox"/> Any other non-monetary assets <input type="checkbox"/> Other </div> <p>B1 – If other, please give details: Not applicable.</p>
C: If any checked, give details:	Not applicable.

Agency Workers (if applicable)	
<i>(workers sourced from a local agent who are not directly paid by the site, but paid by the agency, Usually the agencies are paid by the site and the wages of the individual workers are paid by the agency.)</i>	
A: Number of agencies used (average):	A1: Names if available: Not applicable. No employee was hired through any agencies.
B: Were agency workers' age / pay / hours included within the scope of this audit?	<input type="checkbox"/> Yes <input type="checkbox"/> No Not applicable. The facility hired all employees directly.

C: Were sufficient documents for agency workers available for review?	<input type="checkbox"/> Yes <input type="checkbox"/> No Not applicable. All employees were hired by the facility directly.
D: Is there a legal contract / agreement with all agencies?	<input type="checkbox"/> Yes <input type="checkbox"/> No D1: Please give details: Not applicable. No agency was used by the facility.
E: Does the site have a system for checking labour standards of agencies? If yes, please give details.	<input type="checkbox"/> Yes <input type="checkbox"/> No E1: Please give details: Not applicable. The facility did not use any agencies.

<p align="center">Contractors:</p> <p><i>Note: contractors in this context are generally individuals who supply several workers to a site. Usually the contractors are paid by the site and the wages of the workers are paid by the contractor. Common terms include, gang bosses, labor provider,</i></p>	
A: Any contractors on site?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No A1: If yes, how many contractors are present, please give details: Not applicable.
B: If Yes , how many workers supplied by contractors?	Not applicable.
C: Do all contractor workers understand their terms of employment?	<input type="checkbox"/> Yes <input type="checkbox"/> No C1: Please describe finding: Not applicable.
D: If Yes , please give evidence for contractor workers being paid per law:	Not applicable.

8A: Sub-Contracting and Homeworking

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

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

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

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

Note to auditor on homeworking:

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

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

Current Systems and Evidence Examined

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

Current systems:

- The facility had established a written policy to require its subcontractors making sure all relevant laws or regulations shall be complied.
- The facility used one subcontractor.
- No Home-working was used by this facility.

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

Details:

- Policy on sub-contracting
- Reviewing of the production records such as materials in/out records.
- Facility tour (Calculation on total production and estimated capacity)
- Management interview and employee interview

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

Process Subcontracted	Process: Spraying paint and electroplating
Name of factory	Foshan Bai Hui Electrical Lighting Co., Ltd.
Address	Shakeng Industry Zone, Luocun, Nanhai District, Foshan City.

Any other comments:

Nil

Non-compliance:

<p>1. Description of non-compliance:</p> <p><input checked="" type="checkbox"/> NC against ETI/Additional Elements <input type="checkbox"/> NC against Local Law</p> <p><input type="checkbox"/> NC against customer code:</p> <p>Subcontracting without approval. During facility tour and management interview, auditor found that the spraying paint and electroplating processes were subcontracted to the below facility but without written approval of main clients.</p> <p>Facility Name: Foshan Bai Hui Electrical Lighting Co., Ltd.</p> <p>Address: Shaking Industry Zone, Luocun, Nanhai District, Foshan City.</p> <p>Process Type: Spraying paint and electroplating</p> <p>Tel: 86-013503093203</p> <p>Fax: No information provided</p> <p>Contact person: Mr. Kong Shunming</p> <p>Local law and/or ETI /Additional Elements requirement:</p> <p>Local law: No local law applies.</p> <p>ETI 8A.1 There should be no sub-contracting unless previously agreed with the main client.</p> <p>Recommended corrective action:</p> <p>It is recommended that the facility should obtain written approval by main clients for subcontractors.</p>	<p>Objective evidence observed:</p> <p>Facility tour, document reviewing, management and employees' interview.</p>
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Observation:	
<p>Description of observation:</p> <p>None observed</p> <p>Local law or ETI/Additional elements requirement:</p> <p>Not applicable</p> <p>Comments:</p> <p>Not applicable</p>	<p>Objective evidence observed:</p> <p>Not applicable</p>

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

Summary of sub-contracting – if applicable	
<input checked="" type="checkbox"/> Not Applicable please x	
<p>A: Has the auditor made a simple calculation to compare capacity with workers' work load in order to</p>	<p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>A1: Please describe:</p>

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 type="checkbox"/> No B1: If Yes , summarise details:
C: Number of sub-contractors/agents used:	
D: Is there a site policy on sub-contracting?	<input type="checkbox"/> Yes <input type="checkbox"/> No D1: If Yes , summarise details:
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 A1: If Yes , summarise details:		
B: Number of homeworkers	B1: Male:	B2: Female:	Total:
C: Are homeworkers employed direct or through agents?	<input type="checkbox"/> Directly <input type="checkbox"/> Through Agents		C1: 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 G1: 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

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

ETI

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

Additional elements:

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

A: Are there published, anonymous and/or open channels available for reporting any violations of Labour standards and H&S or any other grievances to a 3 rd party?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No A1: Please give details: The facility provided a grievance mechanism to employees (such as suggestion box, reporting to worker representative or their supervisor directly) to report any violations of Labour standards and H&S, or any other grievances. And the facility would ensure the reporters be confidential.
B: If Yes , are workers aware of these channels and have access? Please give details.	The facility provided training on grievance reporting mechanism to all employees. And 10 selected employees stated that they were aware of this channel.
C: If yes, what type of mechanism is used e.g. hotline, whistle blowing mechanism, comment box etc. Please give details.	Suggestion box, worker committee or their supervisors.
D: Which of the following groups is there a grievance mechanism in place for?	<input checked="" type="checkbox"/> Workers <input checked="" type="checkbox"/> Communities <input checked="" type="checkbox"/> Suppliers <input type="checkbox"/> Other D1: Please give details: Employees could use anonymous to report any issues through the grievance mechanism such as suggestion box without any punishment or vengeance.
E: Are there any open disputes?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No E1: If yes, please give details: Not applicable
F: Does the site encourage its business partners (e.g. suppliers) to provide individuals and communities with access to effective grievance mechanisms (e.g. helplines or whistle blowing mechanism)?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No F1: If no, please give details: Not applicable
G: Is there a published and transparent disciplinary procedure?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No G1: If no, please explain: Not applicable

H: If yes, are workers aware of these the disciplinary procedure?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No H1: If no, please give details: Not applicable
I: Does the disciplinary procedure allow for deductions from wages (fines) for disciplinary purposes (see wages section)?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No I1: If yes, please give details: Not applicable

Current Systems and Evidence Examined

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

Current systems:

- The facility had a documented disciplinary procedure for employees' misbehaviour which included oral warning, education, warning letter and finally termination. And the facility provided the training program to all employees on the procedure through their orientation training. The interviewed employees were aware of the disciplinary procedure.
- The facility established a documented policy on Anti-Harsh Treatment.
- There was an internal process for grievance such as suggestion box, where employees could report any grievances (such as physical abuse, sexual harassment, bullying and discrimination etc.), the facility management would handle any received complaint, without any reprisal for the employee in question. All selected employees were aware the process.

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

Details:

- Internal grievance procedure
- Policy on prevention of harassment and abuse
- Training records
- Employees' interview
- Management interview

Any other comments:

Nil

Non-compliance:

Description of non-compliance: <input type="checkbox"/> NC against ETI <input type="checkbox"/> NC against Local Law <input type="checkbox"/> NC against customer code: None observed Local law and/or ETI requirement: None applicable Recommended corrective action: None applicable	Objective evidence observed: None observed
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Observation:	
Description of observation: None observed Local law or ETI requirement: None applicable Comments: None applicable	Objective evidence observed: None observed

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

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:

- Through document review, facility management representation and employee interview, all employees in the facility were Chinese. There were 80 migrant employee who came from Hunan, Guangxi Provinces of China and there were 17 local employees. All employees had the proper legal rights to work in this region. The youngest age was 20 years old. All of them were recruited directly by the facility and no agency was involved in facility's recruitment processes.
- During this audit, no agency staff or foreign employee was used by the facility.

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

Details:

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

Any other comments:

Nil

Non-compliance:

Description of non-compliance:

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

Local law and/or ETI /Additional Elements requirement:

None observed

Recommended corrective action:

Not applicable

Objective evidence observed:

Not applicable

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

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

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

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

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

B.4. Compliance Requirements

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

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

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

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

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

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

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

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

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

B4. Guidance for Observations

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

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

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

Current Systems and Evidence Examined

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

Current systems:

- The facility established written the environmental policy and provided it for review.
- The facility had compiled one written significant environmental factors of their site and its processes.
- The facility monitored its energy usage. The facility monitored water and electricity monthly and a matrix report was kept on file.
- The facility established a comprehensive and tested emergency plan to mitigate environmental impact in case of incidents.
- The facility had provided the environmental management systems documentation for review.
- Mr. Lu Zhibin/Factory Director was appointed responsible for environmental issues.
- The facility had not been subjected to (or pending) any fines/prosecutions for noncompliance to environmental regulations.
- The facility provided the SAQ for review.
- No environmental protection acceptance checks report for completed construction project.

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

Details:

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

Any other comments:

Nil

Non-compliance:
1. Description of non-compliance:
☒ NC against ETI/Additional Elements

☒ NC against Local Law

No environmental protection acceptance checks report for completed construction project. During facility tour, auditor found that products in the facility were metal products, and the main processes were cutting, punching, stretching, soldering, polishing, inspection and packing, the waste gas, wastewater and hazardous waste which generated during manufacturing would cause influence on the environment. However, during document review, the facility could not provide the environmental protection acceptance check approval for their construction project for review.

Local law and/or ETI/Additional Elements requirement:

Local law: In accordance with the Measures for the Administrative Regulation on Environmental Protection of Construction Projects Article 17, After the completion of the construction project which requires compiling Environmental Impact Report or Environmental Impact Report Form, the construction entity shall carry out inspection and acceptance for the ancillary environmental protection facilities and compile the acceptance report in according with the standards and procedures provided by the administrative department of environmental protection of the State Council. During the process of inspection and acceptance of the environmental protection facilities, the construction entity shall, strictly according to facts, inspect, monitor and record the status of the construction and adjustment of environmental protection facilities. Falsification is prohibited. The construction entity shall make the acceptance check report available to the public according to law, except it is required to keep confidential according to the provisions of the State.

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

Recommended corrective action:

It is recommended that the facility should apply the environmental protection acceptance check for their construction project as per legal requirement.

Objective evidence observed:

Document review and facility tour

Observation:

Description of observation: None observed Local law or ETI/Additional elements requirements: Not applicable Comments: Not applicable	Objective evidence observed: Not applicable
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Good examples observed:	
Description of Good Example (GE): None observed	Objective Evidence Observed: Not applicable

Environmental Analysis <i>(Site declaration only – this has not been verified by auditor. Please state units in all cases below.)</i>	
A: Is there a manager responsible for Environmental issues (Name and Position):	Mr. Lu Zhibin/Factory Director
B: Has the site conducted a risk assessment on the environmental impact of the site, including implementation of controls to reduce identified risks?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No B1: Please give details: The facility conducted the risk assessment on the environmental impact of the site annually and the related records were provided for review.
C: Does the site have a recognised environmental system certification such as ISO 14000 or equivalent? Please give details.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No C1: Please give details: The facility did not obtain such certificate.
D: Does the site have an Environmental policy? <i>(For guidance, please see Measurement criteria)</i>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No D1: If yes, is it publicly available? The facility had set up the environmental policy and the policy was posted on the bulletin board.
E: If yes, does it address the key impacts from their operations and their commitment to improvement?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No E1: Please give details: The facility would conduct the assessment for the key impacts annually, and the CAP would be done follow the assessment report.
F: Does the site have a Biodiversity policy? <i>(For guidance, please see Measurement criteria)</i>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No The facility did not have such policy.
G: Is there any other sustainability systems present such as Chain of Custody, Forest Stewardship Council (FSC), Marine Stewardship Council (MSC) etc.? Please gives details. <i>(For guidance, please see Measurement criteria)</i>	<input type="checkbox"/> Yes <input type="checkbox"/> No G1: Please give details: No such system was established in the facility.
H: Have all legally required permits been shown? Please gives details.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No H1: Please give details: The facility had provided Environmental Impact Registration Form, Environmental Impact Assessment approval for review. But no Environmental Protection Acceptance Check for their construction project was provided for review.
I: Is there a documentation process to record hazardous chemicals used in the manufacturing process?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A I1: Please give details: The facility identified punching and stretching process was needed hazardous chemicals.
J: Is there a system for managing client's requirements and legislation in the destination	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

countries regarding environmental and chemical issues?	J1: Please give details: The facility established a procedure to identify related laws, regulations and client requirements, and updated it regularly.
K: Facility has reduction targets in place for environmental aspects e.g. water consumption and discharge, waste, energy and green-house gas emissions:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No K1: Please give details: he facility would check the energy consumption statistics sheet to reduce the consumption.
L: Facility has evidence of waste recycling and is monitoring volume of waste that is recycled.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No L1: Please give details: The facility did not provide any evidence for review.
M: Does the facility have a system in place for accurately measuring and monitoring consumption of key utilities of water, energy and natural resources that follows recognised protocols or standards?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No M1: Please give details: The facility monitored the consumption of key utilities of water, energy, etc. monthly.
N: Has the facility checked that any Sub-Contracting agencies or business partners operating on the premises have the appropriate permits and licences and are conducting business in line with environmental expectations of the facility?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No N1: Please give details: The facility would conduct the on-site assessment of suppliers before placing orders.

Usage/Discharge analysis

Criteria	Previous year: Please state period: <u>January 2016 to December 2018</u>	Current Year: Please state period: <u>January 2019 to July 2019</u>
Electricity Usage: Kw/hrs	220,000	124,000
Renewable Energy Usage: Kw/hrs	None	None
Gas Usage: Kw/hrs	None	None
Has site completed any carbon Footprint Analysis?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If Yes , please state result	N/A	N/A
Water Sources: Please list all sources e.g. lake, river, and local water authority.	Local water authority	Local water authority
Water Volume Used: (m ³)	9000	5100
Water Discharged: Please list all receiving waters/recipients.	To municipal drainage pipeline	To municipal drainage pipeline

Water Volume Discharged: (m ³)	No information provided	No information provided
Water Volume Recycled: (m ³)	None	None
Total waste Produced (please state units)	15.2 tons	9.6 tons
Total hazardous waste Produced: (please state units)	0.2 ton	0.17 ton
Waste to Recycling: (please state units)	0	0
Waste to Landfill: (please state units)	0	0
Waste to other: (please give details and state units)	0	0
Total Product Produced (please state units)	3,300,000 PCS	2,000,000 PCS

10C: Business Ethics – 4-Pillar Audit

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

To be completed for a 4-Pillar SMETA Audit

10C. Compliance Requirements

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

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

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

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

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

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

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

10C. Guidance for Observations

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

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

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

Current Systems and Evidence Examined

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

Current systems:

1. The facility provided SAQ for review.
2. The Intertek integrity policy was given to the facility by the auditor. The management acknowledged this, signed and chopped it, and they kept a copy.
3. The company manual contains the details of Business Ethics, which are also published on the company's notice board.
4. Based on management interview, the facility was familiar with national regulations/laws concerning business integrity standards. And the document was collected and kept as a handbook.
5. Business integrity policy was established and communicated to all employees by company manual, employee manual and induction training and regular training, and each employee has signed the agreement.
6. Ms. Wang Guichun/Factory Manager was appointed responsible for business integrity.
7. A corporate telephone number is in place for monitoring and whistle blowing confidentially; posters and cards with these details were found throughout the facility's notice board.

8. The employees have their induction training on business ethics and signed the agreement when they first start their job. They have their regular training on business ethics every year. The HR department determines all job roles categorised by section; through this, workers are identified the level of risk.

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

Details:

- The company business ethics policy
- Law, regulations and client requirements list
- Employee manual
- Business ethics training records
- Confidential agreement
- Employee interview
- Management interview

Any other comments:

Nil

Non-compliance:

Description of non-compliance:

☐ NC against ETI/Additional Elements

☐ NC against Local

☐ NC against customer code:

None observed

Local law and/or ETI/Additional Elements requirement:

Not applicable

Recommended corrective action:

Not applicable

Objective evidence observed:

Not applicable

Observation

Description of observation:

None observed

Local law or ETI/Additional elements requirement:

Not applicable

Objective evidence observed:

Not applicable

Comments:

Not applicable

Good examples observed:

Description of Good Example (GE):
None observed

Objective Evidence Observed:
Not applicable

A: Does the facility have a Business Ethics Policy and is the policy communicated and applied internally, externally or both, as appropriate?	<input checked="" type="checkbox"/> Internal Policy <input checked="" type="checkbox"/> Policy for third parties including suppliers A1: Please give details: The facility had signed letter of commitment in business ethics with their suppliers.
B: Does the site give training to relevant personnel (e.g. sales and logistics) on business ethics issues?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No B1: Please give details: The facility had trained the relevant personnel (such as sales, purchasing, HR, etc.) on business ethics issues.
C: Is the policy updated on a regular (as needed) basis?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No C1: Please give details: The facility would update the policy annual.
D: Does the site require third parties including suppliers to complete their own business ethics training	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No D1: Please give details: The facility did not discuss on this topic with third parties.

Other findings

Other Findings Outside the Scope of the Code
None observed.


Community Benefits <i>(Please list below any specific community benefits that the site management stated that they were involved in, for example, HIV programme, education, sports facilities)</i>
None observed.

Photo Form

Best Practice Photos:













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

Non Compliance Photos:

	None observed	None observed
Photo# 1: The protection grill with large gap was equipped to the fan.	N/A	N/A

General Site Tour Photos:

		
Facility name	Facility gate	Production building 1

		
<p>Production building 2</p>	<p>Polishing</p>	<p>stretching</p>
		
<p>Punching</p>	<p>Packing</p>	<p>Cleaning</p>
		
<p>Soldering</p>	<p>Cutting</p>	<p>Material stored area</p>
		
<p>Finished goods warehouse</p>	<p>Exit sign an emergency light</p>	<p>Fire hydrant</p>



Fire alarm



Fire alarm button



Electrical box



Fire extinguishers



Drinkable water



Toilet



Anti-explosive light



Evacuation sign



First aid kit



Evacuation plan



Aisle



Safety exit

<p>Hazardous factor warning sign</p>	<p>PPE warning sign</p>	<p>Attendance recorder</p>
<p>Evacuation assembly point</p>	<p>PPE-earplugs</p>	<p>Suggestion box</p>
<p>No smoking sign</p>	<p>Rolling door with fixed device</p>	<p>Eye wash station</p>
<p>PPE-mask, goggles, earplugs</p>	<p>Chemical with secondary containment</p>	<p>MSDS posted</p>

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