




# Sedex Members Ethical Trade Audit Report

Version 6.1



Audit Details				
Sedex Company Reference: <i>(only available on Sedex System)</i>	ZC: 293086542	Sedex Site Reference: <i>(only available on Sedex System)</i>	ZS: 293125147	
Business name (Company name):	Yiwu Yaxing Weaving Mill Co., Ltd			
Site name:	Yiwu Yaxing Weaving Mill Co., Ltd 义乌市雅星织造有限公司			
Site address: <i>(Please include full address)</i>	Suxi Industrial Development Zone, Yiwu City, Zhejiang Province 浙江省义乌市苏溪工业开发区	Country:	China	
Site contact and job title:	Mr. Wang Peng/Manager			
Site phone:	86-579-85915578	Site e-mail:	2851286908@qq.com	
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:	3-4 June 2020			

<b>Audit Company Name &amp; Logo:</b>  	<b>Report Owner (payer):</b> <i>(If paid for by the customer of the site please remove for Sedex upload)</i>  Yiwu Yaxing Weaving Mill Co., Ltd
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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: Ms. Anne Xie ( RA 21700646 ) ; Social auditor

Team auditor: NA, only one auditor

Interviewers: Ms. Anne Xie ( RA 21700646 ) ; Social auditor

Report writer: Ms. Anne Xie ( RA 21700646 ) ; Social auditor

Report reviewer: Ms. May Liu (RA21700686); Report reviewer

Date of declaration: 4 June 2020

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

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

## Summary of Findings

Issue <i>(please click on the issue title to go direct to the appropriate audit results by clause)</i> <i>Note to auditor, please ensure that when issuing the audit report, hyperlinks are retained.</i>		Area of Non-Conformity <i>(Only check box when there is a non-conformity, and only in the box/es where the non-conformity can be found)</i>				Record the number of issues by line*:			Findings <i>(note to auditor, summarise in as few words as possible NCs, Obs and GE)</i>
		ETI Base Code	Local Law	Additional Elements	Customer Code	NC	Obs	GE	
0A	<a href="#">Universal Rights covering UNGP</a>			<input type="checkbox"/>	<input type="checkbox"/>		0	0	None observed
0B	<a href="#">Management systems and code implementation</a>		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	2	0	0	NCs: 1. The site did not have systems in place to conduct legal due diligence to recognize and apply national laws and practices relating to land title. 2. The site did not have a written policy and procedures specific to land rights. Through document review and management interview, auditor found that the site did not have a written policy and procedures specific to land rights.
1.	<a href="#">Freely chosen Employment</a>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	0	0	0	None observed
2	<a href="#">Freedom of Association</a>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	0	0	0	None observed
3	<a href="#">Safety and Hygienic Conditions</a>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>	1	0	0	NCs: 1. Partial goods were directly leaned against the wall and pillar.
4	<a href="#">Child Labour</a>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	0	0	0	None observed
5	<a href="#">Living Wages and Benefits</a>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>	1	0	0	NCs:

									1. Insufficient social insurance participated.
6	<u>Working Hours</u>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>	1	0	0	NCs: 1.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 type="checkbox"/>	<input type="checkbox"/>	0	0	0	None observed
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"/>	NA	NA	NA	Not applicable
10B4	<u>Environment 4-Pillar</u>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	0	0	0	None observed
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:

- The products manufactured at this site were microfiber towel and grey cloth
- Overall responsibility for meeting the standards was taken by Mr. Wang Peng/Manager
- There were total 98 employees on site (25 employees were local resident and the other employees were migrant residents mainly come from other provinces of China such as Jiangxi Province and Guizhou Province).
- The youngest employee on site was 20 years old.
- Worker committee was existed in the facility. Ms. Huang Yanmei/ Worker Representative was present during the audit in the opening meeting and closing meeting, but not during the audit, the facility management said the worker representative could not be spared for the whole audit. And the management would communicate the outcome of the audit to the employees through poster in the workshops and would discuss at next worker committee meeting.
- No union in the facility.



- There was evidence of both male and female in management and among supervisor. The distribution was Male 50%, Female 50%.
- The peak months was not obvious in the facility.
- Site had complete production processes and no sub-contractor was used.
- 5 female and 5 male employees were randomly selected for interview; 6 employees were interviewed individually, and 4 employees were interview in one group.
- Payrolls for the period from May 2019 to April 2020 and attendance records for the period from 1 May 2019 to 2 June 2020 were provided for review. Randomly sampled 10 employees' payrolls and attendance records from April 2020 (current month), November 2019(random month) and June 2019 (random month) for further checking on status of wages and working hours.
- The standard working hours in this facility were 8 hours per day, 40 hours per week with at least 1 day off in a week.
- Based on the provided attendance records and payrolls, overtime working was paid correctly. Employees were paid at least 150% and 200% rate of standard wage for overtime hours in normal workdays and rest days respectively, and no overtime hours in public holidays observed.
- Based on the provided attendance records, the status of overtime hours in sample was as below.

0-2 hours/ day in April 2020(current month)  
 0-2 hours / day in November 2019(random month)  
 0-2 hours / day in June 2019 (random month)

8-18 hours/week in April 2020(current month)  
 8-18 hours/ week in November 2019(random month)  
 8-18 hours/ week in June 2019 (random month)

24-66 hours/month in April 2020(current month)  
 40-82 hours/month in November 2019(random month)  
 40-78 hours/month in June 2019 (random month)

Issues Found  
 NC's  
 OB Management systems and code implementation

1. The site did not have systems in place to conduct legal due diligence to recognize and apply national laws and practices relating to land title. Through document review and management interview, auditor found that the site did not have systems in place to conduct legal due diligence to recognize and apply national laws and practices relating to land title.
2. The site did not have a written policy and procedures specific to land rights. Through document review and management interview, auditor found that the site did not have a written policy and procedures specific to land rights.

3. Safety and Hygienic Conditions

1. Partial goods were directly leaned against the wall and pillar. Through facility tour, auditor found partial goods in warehouses were directly leaned against the wall and pillar in the facility.

#### 5. Living Wages and Benefits

1. Insufficient social insurance participated. Through document review, auditor found that based on the social receipt of January 2020, there were 95 employees (excluding 3 retirees) in facility, but only 73 employees had participated in basic endowment insurance, unemployment insurance, and basic medical insurance, all 95 employees had participated in the employment injury insurance and maternity insurance. In addition, the facility had provided commercial group injury insurance to all 3 retirees, warping and weaving employees, and the valid date was till 11 August 2020.

#### 6. Working Hours

Overtime hours exceeded the legal requirement. During document review, auditor found that:

- 1) In April 2020 (current month), the monthly overtime hours of 9 out of 10 randomly selected employees were 66 hours;
- 2) In November 2019 (random month), the monthly overtime hours of all 10 randomly selected employees were 40-82 hours.
- 3) In June 2019 (random month), the monthly overtime hours of all 10 randomly selected employees were 40-78 hours.

Please refer to the details of non-compliances in the individual sections.

#### Observations:

None observed

#### Best Practices Observed:

None observed

#### Additional Auditor Remark:

Within this address, there were other facilities, the audited facility management stated that all facilities had different business licenses, management systems, employees and finance systems. And the facility provided the rental contract and the business license of the other facility to review. Interviewees also confirmed that they were different facilities and no employees from other facilities were borrowed to the audited facility to work.

*\*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:	Yiwu Yaxing Weaving Mill Co., Ltd	
B: Site name:	Yiwu Yaxing Weaving Mill Co., Ltd 义乌市雅星织造有限公司	
C: GPS location: (If available)	GPS Address: Suxi Industrial Development Zone, Yiwu City, Zhejiang Province, China 中国浙江省义乌市苏溪工业开发区	Latitude: 29.401389 Longitude: 120.128038
D: Applicable business and other legally required licence numbers and documents, for example, business license number, liability insurance, any other required government inspections	The business license number was 91330782712591777D Valid Date: from 29 March 1999 to 28 March 2064	
E: Products/Activities at site, for example, garment manufacture, electricals, toys, grower, cutting, sewing, packing etc	Microfiber towel and grey cloth	
F: Site description: (Include size, location, and age of site. Also, include structure and number of buildings)	<p>Yiwu Yaxing Weaving Mill Co., Ltd was located at Suxi Industrial Development Zone, Yiwu City, Zhejiang Province, China. The total land area occupied by the facility was around 27,000 square meters. They moved to the current address since 2011.</p> <p>A total of 98 employees were currently working in the facility, which included 66 production employees and 32 non-production employees (including 5 managers). All employees were hired directly by the facility. Totally 25 employees were local residents and 73 employees were migrant employees mainly from other province of China such as Jiangxi Province and Guizhou Province.</p> <p>All employees worked for 5 days a week from Monday to Friday in one shift which was from 7:30 to 17:00 with 1.5 hours' rest from 11:30 to 13:00.</p> <p>The facility used electronic attendance system for time keeping. Wages of employees were calculated on hourly-rated basis. And wages were paid before 30th of each month, and the pay period was from 1st to the end of each month. The peak season was not obvious.</p> <p>In view of the facility, the facility consisted of one 6-storey building used as kitchen and canteen (1F), office(2F) and dormitory (3F to 6F), the whole 1F to 7F and partial 8F of one 8-storey building used as warehouse and workshop in the facility.</p>	

	For below, please add any extra rows if appropriate.		
	Building no 1	Description	Remark, if any
	Floor 1	Kitchen and canteen	year of establishment: 2011 Size: 856.6 square meters
	Floor 2	Office	year of establishment: 2011 Size: 856.6 square meters
	Floor 3-6	Dormitory	year of establishment: 2011 Size: 856.6 square meters
	Is this a shared building?	No	NA
	Building no 2	Description	Remark, if any
	Floor 1	Wrap, weaving workshop and warehouse	year of establishment: 2016 Size: 5417 square meters
	Floor 2	Warehouse	year of establishment: 2016 Size: 5417 square meters
	Floor 3	Cutting, sewing, inspection and packing workshop and warehouse	year of establishment: 2016 Size: 5417 square meters
	Floor 4-7	Warehouse	year of establishment: 2016 Size: 5417 square meters
	Floor 8	The audited facility's warehouse and Yiwu Pengqi import and exports Co., LTD's office and warehouse	year of establishment: 2016 Size: 5417 square meters
	Is this a shared building?	Yes	Partial 8F (about 800 square meters) was used by Yiwu Pengqi import and exports Co., LTD as office and warehouse, the other area used by the audited facility as warehouse.

	<p>For below, please add any extra rows if appropriate.</p> <p>F1: Visible structural integrity issues (large cracks) observed?  <input type="checkbox"/> Yes  <input checked="" type="checkbox"/> No</p> <p>F2: Please give details:</p> <p>F3: Does the site have a structural engineer evaluation?  <input type="checkbox"/> Yes  <input checked="" type="checkbox"/> No</p> <p>F4: Please give details:</p>
<p>G: Site function:</p>	<input type="checkbox"/> Agent <input checked="" type="checkbox"/> Factory Processing/Manufacturer <input checked="" type="checkbox"/> Finished Product Supplier <input type="checkbox"/> Grower <input type="checkbox"/> Homeworker <input type="checkbox"/> Labour Provider <input type="checkbox"/> Pack House <input type="checkbox"/> Primary Producer <input type="checkbox"/> Service Provider <input type="checkbox"/> Sub-Contractor
<p>H: Month(s) of peak season: (if applicable)</p>	<p>Not obvious</p>
<p>I: Process overview: (Include products being produced, main operations, number of production lines, main equipment used)</p>	<p>The main product manufactured by the facility was microfiber towel and grey cloth.          The main production processes were listed as follows: wrapping, weaving, cutting, sewing, Inspection and Packing          The main machine list of the facility was as following: wrapping machine 4 sets, weaving machine 8 sets, sewing machines 55 sets etc.          The production capacity was about 300,000 sets per month.</p>
<p>J: What form of worker representation / union is there on site?</p>	<input type="checkbox"/> Union (name) <input checked="" type="checkbox"/> Worker Committee <input type="checkbox"/> Other (specify) <input type="checkbox"/> None
<p>K: Is there any night production work at the site?</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<p>L: Are there any on site provided worker accommodation buildings e.g. dormitories</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No L1: If yes, approx. 90% of workers in on site accommodation
<p>M: Are there any off site provided worker accommodation buildings</p>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

	M1: If yes, approx. % of workers
N: Were all site-provided accommodation buildings included in this audit	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No N1: If no, please give details

Audit Parameters			
A: Time in and time out	Day 1 Time in: 09:40 on 3 June 2020 Day 1 Time out: 17:40 on 3 June 2020	Day 2 Time in: 8:30 on 4 June 2020 Day 2 Time out: 12:30 on 4 June 2020	Day 3 Time in: NA Day 3 Time out: NA
B: Number of auditor days used:	1.5 man-days (One auditor in 1.5 days)		
C: Audit type:	<input checked="" type="checkbox"/> Full Initial <input type="checkbox"/> Periodic <input type="checkbox"/> Full Follow-up <input type="checkbox"/> Partial Follow-Up <input type="checkbox"/> Partial Other If other, please define:		
D: Was the audit announced?	<input checked="" type="checkbox"/> Announced <input type="checkbox"/> Semi – announced: Window detail:    weeks <input type="checkbox"/> Unannounced		
E: Was the Sedex SAQ available for review?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If No, why not		
F: Any conflicting information SAQ/Pre-Audit Info to Audit findings?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If <b>Yes</b> , please capture detail in appropriate audit by clause		
G: Who signed and agreed CAPR (Name and job title)	Mr. Wang Peng/Manager		
H: Is further information available (if yes, please contact audit company for details)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
I: Previous audit date:	NA. This was initial audit.		
J: Previous audit type:	NA. This was initial audit.		
K: Were any previous audits reviewed for this audit	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A		

Audit attendance	Management	Worker Representatives	
	Senior management	Worker Committee 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 type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
C: Present at the closing meeting?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input 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 <i>(only complete if no worker reps present)</i>	A worker representative was present during the audit in the opening meeting and closing meeting, but not during the audit, the facility management said the worker representative could not be spared for the whole audit. And the management would communicate the outcome of the audit to the employees through poster in the workshops and would discuss at next worker committee meeting.		
E: If Union Representatives were not present please explain reasons why: <i>(only complete if no union reps present)</i>	No union existed in 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*			Home workers	Total
	Permanent	Temporary	Agency	Permanent	Temporary	Agency		
Worker numbers – Male	5	0	0	24	0	0	0	29
Worker numbers – female	6	0	0	31	0	0	0	37
Total	11	0	0	55	0	0	0	66
Number of Workers interviewed – male	2	0	0	3	0	0	0	5
Number of Workers interviewed – female	1	0	0	4	0	0	0	5
Total – interviewed sample size	3	0	0	7	0	0	0	10





A: Nationality of Management	Chinese	
<p>B: Please list tcd first. Please add more nationalities as applicable to site. Add more rows if required.</p>	<p>Nationalities: B1: Nationality 1: <u>China</u> B2: Nationality 2: _____ B3: Nationality 3: _____</p>	<p>Was the list completed during peak season? <input type="checkbox"/> Yes <input type="checkbox"/> No If no, please describe how this may vary during peak periods: Not applicable. No peak season in the facility.</p>
C: Please provide more information for the three most common nationalities.	<p>C: approx % total workforce: Nationality 1 <u>100%</u> C1: approx % total workforce: Nationality 2 _____ C2: approx % total workforce: Nationality 3 _____</p>	
D: Worker remuneration (management information)	<p>D: _____% workers on piece rate D1: <u>100</u>% hourly paid workers D2: _____% salaried workers</p> <p>Payment cycle: D3: _____% daily paid D4: _____% weekly paid D5: <u>100</u>% monthly paid D6: _____% other D7: If other, please give details</p>	



Worker Interview Summary	
A: Were workers aware of the audit?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
B: Were workers aware of the code?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
C: Number of group interviews: <i>(Please specify number and size of groups. Please see SMETA Best Practice Guidance and Measurement Criteria. If the auditor was not able to follow the BPG, please state within the declaration)</i>	One group of 4 employees
D: Number of individual interviews <i>(Please see SMETA Best Practice Guidance and Measurement Criteria)</i>	D1: Male: 3      D2: Female: 3
E: All groups of workers are included in the scope of this audit such as; Direct employees, Casual and agency workers, Workers employed by service providers such as security and catering staff as well as workers supplied by other contractors. <i>Note to auditor: please record details of migrant /agency/contractor workers in section 8 – Regular Employment, under Responsible Recruitment</i>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No  If no, please give details
F: Interviews were done in private and the confidentiality of the interview process was communicated to the workers?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
G: In general, what was the attitude of the workers towards their workplace?	<input checked="" type="checkbox"/> Favourable <input type="checkbox"/> Non-favourable <input type="checkbox"/> Indifferent
H: What was the most common worker complaint?	None. All employees interviewed had a positive attitude to management and site.
I: What did the workers like the most about working at this site?	The working condition was good. The facility management was kind to employees.
J: Any additional comment(s) regarding interviews:	None observed
K: Attitude of workers to hours worked:	They stated that the overtime work was voluntarily and they satisfactory with the working hours.
L. Is there any worker survey information available?	
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No L1: If yes, please give details: worker survey information was provided for review.	

**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 employees were randomly selected for interview; 6 employees were interviewed individually and 4 employees was interview in one group. The employees were assured of confidentiality and they spoke freely of their views of the facility. All employees said they were satisfied with their employment at the facility and that they were satisfied with the current wages which in their view were in line with wages in the locality. They felt free to leave this employer and understood the notice period required. They had good relationship with their supervisors and managers who treated them with respect

**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 worker's committee representative was found to be cooperative throughout the audit. She was favourable with the management, facility environment in the interview process. No negative information was raised by worker's committee representative.

**O: Attitude of managers:**

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

The management was open and cooperative throughout the process of the audit. The audited facility designated several management staff to be responsible for this audit, e.g. the facility assigned the tasks of coordinating the whole audit, accompanying the onsite tour, providing documents and arrangement of worker interviews etc. to several different management staff, and these assigned persons completed their assigned tasks well during the whole audit. The requested documents were provided in a timely manner. All necessary areas were allowed access for tour and locked areas encountered during the audit were unlocked timely.

A private room was arranged for workers' interview and the management allowed audit team to select workers for interviews. Photos taking of the facilities and copies' keeping of the samples of the reviewed documents were also permitted by the facility management.

In the closing meeting, the management agreed with all the findings in report and stated that they would take relevant corrective and preventive actions for these findings as soon as possible. The management did not raise any negative feedback for the audit.

## 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 written Human Rights Policy covering human rights impacts and issues and expressing commitment to respect human rights. The facility's Human Rights Policy was endorsed by Mr. Wang Peng/Manager. The facility communicated Human Rights Policy to all appropriate parties including its own suppliers through providing the facility's Human Rights Policy to all appropriate parties and asking them to acknowledge Human Rights Policy Compliance Commitments by signatures and stamps.

-There was one designated person responsible for implementing standards concerning Human Rights in the facility and the designation paper was available for review. The designated person for it was Mr. Wang Peng/Manager.

-The facility had assessed and measured the human rights impacts and issues of its stakeholders once per year and the facility's conclusion was that no salient negative human rights impact or issue was found in their stakeholders.

-The facility had assessed and measured its direct, indirect and potential human rights impacts on its stakeholders once per year and the facility's conclusion was that there was no salient negative impact of human rights on its stakeholders.

-According to worker interviews, management interviews and the facility's regular assessment and measurement of its direct, indirect and potential human rights impacts on its stakeholders, the facility had no adverse impact of human rights on its stakeholders.

-transparent system was established 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:

- Employee Handbook was reviewed. It stipulated complying with ETI Code, written policies and procedure that being provided individually to employees.
- Company Manual contained 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.
- The posters and trainings records about Human Rights Policy.
- The facility's written Human Rights Policy; Human Rights Policy Compliance Commitments from its appropriate parties.
- The designation paper for person responsible for implementing standards concerning Human Rights in the facility.

Any other comments:

None

<p>A: Policy statement that expresses commitment to respect human rights?</p>	<p><input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No  A1: Please give details: The facility had established a written Human Rights Policy covering human rights impacts and issues and expressing commitment to respect human rights.</p>
<p>B: Does the business have a designated person responsible for implementing standards concerning Human Rights?</p>	<p><input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No  Please give details: There was one designated person responsible for implementing standards concerning Human Rights in the facility and the designation paper was available for review.   Name: Mr. Wang Peng  Job title: Manager</p>
<p>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?</p>	<p><input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No  C1: Please give details: During manager interview, auditor noted that transparent system was established for confidentially reporting and dealing with human rights impacts without fear of reprisals towards the reporter.</p>
<p>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)</p>	<p><input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No  D1: If no, please give details</p>
<p>E: Does the business demonstrate effective data privacy procedures for workers' information, which is implemented?</p>	<p><input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No  E1: Please give details:   The facility established and implemented the policy and procedure for safeguarding workers' confidential and</p>

	private data and information. Workers' confidential and private data and information such as the worker roster, the workers' personal files (including the ID card copies and other sensitive data such as residency address, contact methods, etc.), copies of labour contracts, payrolls, etc. were kept in lockers of the office by the responsible persons (HR staff). And the workers' confidential and private information and data in computers were also controlled and accessed only to authorised persons (HR staff).
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Findings	
<b>Finding: Observation</b> <input type="checkbox"/> <b>Company NC</b> <input type="checkbox"/> <b>Description of observation:</b> None observed  <b>Local law or ETI/Additional elements / customer specific requirement:</b> Not applicable  <b>Comments:</b> Not applicable	<b>Objective evidence observed:</b> Not applicable

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

## 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: From May 2018 to June 2019 __5__ %	A2: This year From May 2019 to June 2020 __2__ %
B: Current % quarterly (90 days) turnover: Number of workers leaving from the first day of the 90 days period through to the last day of the 90 day period / [(number of employees on the 1 <sup>st</sup> day of 90 day period + number of employees on the last day of the 90 day period) / 2]	1%	
C: Annual % absenteeism: Number of days lost through job absence in the year / [(number of employees on 1 <sup>st</sup> day of the year + number employees on the last day of the year) / 2] * number available workdays in the year	C1: Last year: From May 2018 to June 2019 __0__ %	C2: This year From May 2019 to April 2020 __0__ %
D: Quarterly (90 days) % absenteeism: Number of days lost through job absence in the period / [(Number of employees on 1 <sup>st</sup> of the period + Number of employees on the last day of the period) / 2] * Number of available workdays in the month	0	
E: Are accidents recorded?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No E1: Please describe: no accidents happened	
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: From May 2018 to June 2019 Number: 0	F2: This year: From May 2019 to June 2020 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: From May 2018 to June 2019 0	H2: This year: From May 2019 to June 2020 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 implemented and maintained systems for delivering compliance to this Code. A CSR manual was created by the facility which contained all required documents and all appropriate procedures for meeting the client's code of conduct and the legal requirements. Responsibility for implementing the legal and client's code requirements was shared to Mr. Wang Peng/Manager for ensuring the compliance of the standards. There was an internal audit team for internal audit of the social standards of the facility and they reported their findings to Mr. Wang Peng/Manager. Implementation of any necessary changes was then given to the individual department head after agreement with Mr. Wang Peng/Manager.
- The facility was operating legally and had the correct & valid business license. The facility had provided the valid land using permit and the property ownership certificate of the facility buildings for reviewing.
- The appointed senior management responsible for compliance with the Code was Mr. Wang Peng/Manager.
- The facility communicated the code to all workers by regular trainings.
- The facility communicated the code to their suppliers through providing copy of CSR manual and asking suppliers to sign the written social compliance commitments; and the facility also conducted social compliance assessments for its suppliers annually.
- Implementation of any necessary changes was then given to the individual department heads after agreement with the facility manager.
- The site did not have systems in place to conduct legal due diligence to recognize and apply national laws and practices relating to land title. Through document review and management interview, auditor found that the site did not have systems in place to conduct legal due diligence to recognize and apply national laws and practices relating to land title.
- The site did not have a written policy and procedures specific to land rights. Through document review and management interview, auditor found that the site did not have a written policy and procedures specific to land rights.

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

Details:

-The CSR manual; client's code of conduct at the facility (posted in Chinese in the workplaces); Appointment papers for compliance responsible persons; Internal audit documents (e.g. annual audit reports) from the internal audit team; management system certificate.  
 -Business license; the land using permit and the property ownership certificate of facility building.  
 -The appointment paper for the senior management responsible for compliance with the Code  
 -Training records for workers  
 -Written social compliance commitments from Suppliers and social compliance assessment reports for its suppliers  
 -Management interview and worker interview  
 Any other comments:  
 None

<b>Management Systems:</b>	
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: No fine or prosecution for non-compliance to any regulation was found in the facility.
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 had set up and implemented procedures of no forced labour, no child labour and no discrimination, harassment & abuse in the facility. One manager was appointed to take responsibility for the complement of these policies, such as when hiring employee, the ID card was needed to check the ages of employees. Male and female employees are on the same pay grade etc. Relevant training was provided for workers.
C: If Yes, is there evidence (an indication) of effective implementation? Please give details.	Through employment contract and ID copies review, no child labour under the age of 16 years old was employed. Through employee interview, all interviewees stated that they were free to move in the facility and they were paid based on their work experience and skills. The management were all nice to them.
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: Training about no forced labour, non-child labour, none discrimination and non-harassment & abuse was provided by the facility when new employees come in. Managers were also required to participate such training yearly.

<p>E: If Yes, is there evidence (an indication) that training has been effective e.g. training records etc.? Please give details</p>	<p><input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No  E1: Please give details:  Regular training records were provided for review, the latest training was held on 3 December 2019. The workers were aware clearly of the facility's relevant policies and procedures about forced labour, child labour, discrimination, harassment and abuse according to the interviews.</p>
<p>F: Does the site have any internationally recognised system certifications e.g. ISO 9000, 14000, OHSAS 18000, SA8000 (or other social audits). Please detail (Number and date).</p>	<p><input type="checkbox"/> Yes  <input checked="" type="checkbox"/> No  F1: Please give details:</p>
<p>G: Is there a Human Resources manager/department? If Yes, please detail.</p>	<p><input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No  G1: Please give details:  The facility had Human Resources department which in charge of the recruitment of workers, assignment of employees' post, etc. and the Mr. Wang Peng / Manager was also responsible for Human resources issues and he was available in the facility and present in the audit.</p>
<p>H: Is there a senior person / manager responsible for implementation of the code</p>	<p><input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No  H1: Please give details:  The appointed senior management responsible for compliance with the Code was Mr. Wang Peng / Manager</p>
<p>I: Is there a policy to ensure all worker information is confidential?</p>	<p><input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No  I1: Please give details:  The facility established and implemented the policy and procedure for safeguarding workers' confidential and private data and information.</p>
<p>J: Is there an effective procedure to ensure confidential information is kept confidential?</p>	<p><input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No  J1: Please give details:  The facility established and implemented the policy and procedure for safeguarding workers' confidential and private data and information. Workers' confidential and private data and information such as the worker roster, the workers' personal files (including the ID card copies and other sensitive data such as residency address, contact methods, etc.), copies of labour contracts, payrolls, etc. were kept in lockers of the office by the responsible persons (HR staff). And the workers' confidential and private information</p>

	and data in computers were also controlled and accessed only to authorised persons (HR staff).
K: Are risk assessments conducted to evaluate policy and procedure effectiveness?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No K1: Please give details: During document review and management interview, auditor noted that the facility conducted risk assessment (management review) yearly to evaluate the current policy and procedure and made any modification based on the output. The last risk assessment (management review) was conducted on 28 December 2019. These include worker satisfaction surveys.
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: There was an internal audit team for internal audit including risk assessment of the social standards of the facility and they reported their findings to Mr. Wang Peng / Manager. Implementation of any necessary changes was then given to the individual department head after agreement with Mr. Wang Peng / Manager
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 had its supplier selecting policy and procedure to ensure all suppliers are in compliance with the labour standards and this code. The facility communicated the code to their suppliers through providing copy of CSR manual and asking suppliers to sign the written social compliance commitments; and the facility also conducted social compliance assessments for its suppliers annually.
<b>Land rights</b>	
N: Does the site have all required land rights licenses and permissions (see SMETA Measurement Criteria)?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No N1: Please give details: the site has required land rights, licences or permission such as house property certificate.
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 type="checkbox"/> Yes <input checked="" type="checkbox"/> No O1: Please give details: The facility did not have systems in place to conduct legal due diligence to recognize and apply national laws and practices relating to land title.

<p>P: Does the site have a written policy and procedures specific to land rights. If yes, does it include any due diligence the company will undertake to obtain free, prior and informed consent, (FPIC) even if national/local law does not require it</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No P1: If yes, how does the company obtain FPIC:</p>
<p>Q: Is there evidence that facility / site compensated the owner/lessor for the land prior to the facility being built or expanded.</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Q1: Please give details: The land was bought from the local government before constructing the facility buildings and the property ownership certificate of the facility buildings for reviewing.</p>
<p>R. Does the facility demonstrate that alternatives to a specific land acquisition were considered to avoid or minimize adverse impacts?</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No R1: Please give details: Not applicable, the facility did not have plan of land acquisition.</p>
<p>S: Is There any evidence of illegal appropriation of land for facility building or expansion of footprint.</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No S1: Please give details: No illegal appropriation of land for facility building or expansion of footprint</p>

<b>Non-compliance:</b>	
<p><b>1. Description of non-compliance:</b>  <input checked="" type="checkbox"/> NC against ETI/Additional Elements      <input type="checkbox"/> NC against Local Law  <input type="checkbox"/> NC against customer code:                      The site did not have systems in place to conduct legal due diligence to recognize and apply national laws and practices relating to land title. Through document review and management interview, auditor found that the site did not have systems in place to conduct legal due diligence to recognize and apply national laws and practices relating to land title.</p> <p><b>Local law and/or ETI requirement:</b>                      In accordance with the ETI Base 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 the Code.</p> <p><b>Recommended corrective action:</b>                      It was recommended that the facility should establish systems in place to conduct legal due diligence to recognize and apply national laws and practices relating to land title.</p>	<p><b>Objective evidence observed:</b>                      (where relevant please add photo numbers)                      Document review</p>

<p><b>2. Description of non-compliance:</b>  <input checked="" type="checkbox"/> NC against ETI/Additional Elements      <input type="checkbox"/> NC against Local Law  <input type="checkbox"/> NC against customer code:                  The site did not have a written policy and procedures specific to land rights. Through document review and management interview, auditor found that the site did not have a written policy and procedures specific to land rights.</p> <p><b>Local law and/or ETI requirement:</b>                  In accordance with the ETI Base 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 the Code.</p> <p><b>Recommended corrective action:</b>                  It was recommended that the facility should establish written policy and procedures specific to land rights.</p>	<p><b>Objective evidence observed:</b>                  (where relevant please add photo numbers)                  Document review</p>
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Observation:	
<p><b>Description of observation:</b> None observed</p> <p><b>Local law or ETI requirement:</b> Not applicable</p> <p><b>Comments:</b> Not applicable</p>	<p><b>Objective evidence observed:</b> Not applicable</p>

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

**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 had a written policy of prohibiting forced, bonded and prison labour. The policy stated that the facility did not require deposit or withhold workers' ID cards; the facility did not limit the workers' freedom; the facility prohibited forced, bonded or involuntary prison labour; and workers were free to leave their employer after reasonable notice, etc.
- The facility had a written recruitment procedure which stated that the workers must present their ID cards for proof of age but only copies would be kept in the personnel files and the original ID cards would be given back to the workers.
- The employing handbook – given to all workers on joining, states that workers were free to leave with 3 days' prior written notice within their probation period and could resign with one month's prior written notice after the probation period; the resigned workers would be given their full wages on their last day of work; according to the onsite observation and worker interviews, the workers were free to leave the workplace after their working hours every day; the overtime was voluntary, etc.
- The terms and conditions of employment in the handbook stated that the workers were free to leave the workplace outside of their working hours, the rules for security guards stated that the responsibilities of security guards were only protecting the safety of the facility's personnel and properties, and security guards were not allowed to abuse workers and conduct body search.
- The facility did not require any payment for work tools, PPE, IC/staff card, training, etc.
- The facility did not use prison labour.
- The above was confirmed in management and employee interview.

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

Details:

- Contracts for security guards
- Resignation records of recent 12 months
- Factory rules
- Employee handbook
- Management and employee interview

Any other comments:

none



<p>A: Is there any evidence of retention of original documents, e.g. passports/ID's</p>	<p><input type="checkbox"/> Yes  <input checked="" type="checkbox"/> No  A1: If yes, please give details and category of workers affected:</p>
<p>B: Is there any evidence of a loan scheme in operation</p>	<p><input type="checkbox"/> Yes  <input checked="" type="checkbox"/> No  B1: If yes, please give details and category of worker affected:</p>
<p>C: Is there any evidence of retention of wages /deposits</p>	<p><input type="checkbox"/> Yes  <input checked="" type="checkbox"/> No  C1: If yes, please give details and category of worker affected:</p>
<p>D: Are there any restrictions on workers' freedom to terminate employment?</p>	<p><input type="checkbox"/> Yes  <input checked="" type="checkbox"/> No  D1: Please describe finding: Not applicable  Remark: there was no any restriction on workers' freedom to terminate employment. Workers were free to leave with 3 days' prior written notice within their probation period and could resign with one month's prior written notice after the probation period; the resigned workers would be given their full wages on their last day of work.</p>
<p>E: If any part of the business is UK based or registered there &amp; has a turnover over £36m, is there a published a 'modern day slavery statement'?</p>	<p><input type="checkbox"/> Yes  <input type="checkbox"/> No  <input checked="" type="checkbox"/> Not applicable  E1: Please describe finding:  Not applicable (the audited facility was not UK based or registered and turnover was less than 36m+, so modern day slavery statement was not required for the audited facility)</p>
<p>F: Is there evidence of any restrictions on workers' freedoms to leave the site at the end of the work day?</p>	<p><input type="checkbox"/> Yes  <input checked="" type="checkbox"/> No  F1: Please describe finding: Not applicable  Remark: There was no any restriction on workers' freedoms to leave the site at the end of the workday. According to the onsite observation and worker interviews, the workers were free to leave the workplace after their working hours every day.</p>
<p>G: Does the site understand the risks of forced / trafficked / bonded labour in its supply chain</p>	<p><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 the document review and management interviews, there was no risk of forced / trafficked / bonded labour in its supply chain.</p>
<p>H: Is the site taking any steps taking to reduce the risk of forced / trafficked labour?</p>	<p><input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No  H1: Please describe finding: Not applicable  Not applicable (according to the document review and management interviews, there was no risk of forced / trafficked / bonded labour in its supply chain)</p>

Non-compliance:	
<p><b>1. Description of non-compliance:</b>  <input type="checkbox"/> NC against ETI      <input type="checkbox"/> NC against Local Law:    <input type="checkbox"/> NC against customer code:                      None observed</p> <p><b>Local law and/or ETI requirement</b>                      Not applicable</p> <p><b>Recommended corrective action:</b>                      Not applicable</p>	<p><b>Objective evidence observed:</b>                      (where relevant please add photo numbers)</p> <p>Not applicable</p>

Observation:	
<p><b>1. Description of non-compliance:</b>  <input type="checkbox"/> NC against ETI      <input type="checkbox"/> NC against Local Law:    <input type="checkbox"/> NC against customer code:                      None observed</p> <p><b>Local law and/or ETI requirement</b>                      Not applicable</p> <p><b>Recommended corrective action:</b>                      Not applicable</p>	<p><b>Objective evidence observed:</b>                      (where relevant please add photo numbers)</p> <p>Not applicable</p>

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

**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:**

- There was no union at the site.
- One worker committee with 2 worker representatives was established in the factory. The worker representatives conducted meetings quarterly and the latest meeting was conducted on 6 March 2020. One worker representative was present at the opening meeting and the closing meeting.
- The interviewed workers confirmed that they were free to join trade union or workers' organisation and enjoy the right to collective bargaining
- Employee interview confirmed that the members of the worker committee had been elected by employees, and the facility did not interfere in their activities, and did not discriminate the worker representatives.
- The facility had a written policy of freedom of association and right to collective bargaining. The policy stated that the workers were free to form or join trade union or workers' organisation and enjoyed the right to collective bargaining, and nobody would be treated differently if they were members of the trade union or workers' organisation, etc.
- The response records for workers' 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
- Policy about suggestions
- worker representatives' selection records and meeting records
- Response records for workers' suggestions and appeals
- Interviews with worker representative, management and workers

Any other comments:

none

<p>A: What form of worker representation/union is there on site?</p>	<input type="checkbox"/> Union (name) <input checked="" type="checkbox"/> Worker Committee <input type="checkbox"/> Other (specify) <input type="checkbox"/> None	
<p>B: Is it a legal requirement to have a union?</p>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
<p>C: Is it a legal requirement to have a worker's committee?</p>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
<p>D: Is there any other form of effective worker/management communication channel? (Other than union/worker committee e.g. H&amp;S, sexual harassment)</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No D1: Please give details:  Through EHS committee representatives, telephone, suggestion box, and their team leaders or above, etc.  D2: Is there evidence of free elections? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
<p>E: Does the supplier provide adequate facilities to allow the Union or committee to conduct related business?</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No E1: Please give details: There was a room available for the worker's committee to meet and the members were allowed 2 hours per month for a meeting.	
<p>F: Name of union and union representative, if applicable:</p>	Not applicable. No union existed in facility.	F1: Is there evidence of free elections? <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A
<p>G: If there is no union, is there a parallel means of consultation with workers e.g. worker committees?</p>	Workers committee; A worker's committee in place with 2 worker members elected by the workers to represent each section of the factory.	G1: Is there evidence of free elections? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
<p>H: Are all workers aware of who their representatives are?</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Ms. Huang Yanmei/ Worker Representative etc
<p>I: Were worker representatives freely elected?</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	I1: Date of last election: 21 May 2019
<p>J: Do workers know what topics can be raised with their representatives?</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
<p>K: Were worker representatives/union representatives interviewed?</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If Yes, please state how many: One employee	

L: Please describe any evidence that union/worker's committee is effective? <i>Specify date of last meeting; topics covered; how minutes were communicated etc.</i>	Through interviewing the worker reps, they had a meeting with management in 6 March 2020. The meeting lasted 30 minutes, discussion about EHS management. The meeting minutes were posted on the notice boards.	
M: Are any workers covered by Collective Bargaining Agreement (CBA)?	<input type="checkbox"/> Yes <input type="checkbox"/> No Not applicable (there was no collective bargaining agreement in the facility)	
If <b>Yes</b> , what percentage by trade Union/worker representation	M1: ___% workers covered by Union CBA Not applicable, no Collective Bargaining Agreement	M2: ___% workers covered by worker rep CBA Not applicable, no Collective Bargaining Agreement
M3: If <b>Yes</b> , does the Collective Bargaining Agreement (CBA) include rates of pay?	<input type="checkbox"/> Yes <input type="checkbox"/> No Not applicable, no Collective Bargaining Agreement	

Non-compliance:	
<b>1. Description of non-compliance:</b> <input type="checkbox"/> NC against ETI <input type="checkbox"/> NC against Local Law: <input type="checkbox"/> NC against customer code: None observed  <b>Local law and/or ETI requirement</b> Not applicable  <b>Recommended corrective action:</b> Not applicable	<b>Objective evidence observed:</b> <i>(where relevant please add photo numbers)</i> Not applicable

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

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

### 3: Working Conditions are Safe and Hygienic

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

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

#### 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. Health and Safety management

- Mr. Wang Peng was responsible for Health & Safety issues in 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 lighting were adequate for the production processes.
- Minutes of meetings showed that there were monthly meetings between the workers and the Facility Director, and each point was acted on.
- Accident reports were available for review.
- There was valid qualification certificate for the management of work safety and the persons for principal in charge in the facility.

##### 2. Fire Safety

- There were at least 2 exits from each work area and these were clearly marked,
- Fire extinguishers and fire hydrants were adequate and checks were up-to-date.
- Fire drills were organized and recorded every 6 months.
- Training had been given by the local fire department and fire marshals had been specially selected for extra training.
- Evacuation diagrams were posted in all areas and understood by all workers interviewed.
- The open directions of the safety exit doors were adequate.
- Evacuation routes were designed well with yellow lines and all were unblocked.
- Evacuation plans were posted at each safety exit and understood by all interviewed workers.

##### 3. Electrical safety

- There was one electrician at the site and the certificate was available for review.
- All electrical equipment were in good condition such as sockets, plugs, switches and main fuse boards.

##### 4. Chemical safety

- All chemicals were correctly labelled.
- Workers exposed to chemicals confirmed that they had been trained on chemical safety.

- Material Safety Data Sheets were available in all workplaces with chemicals.
- Secondary containment was available for all chemicals.

5. Medical services

- There were adequate first aid kits in each production area and they were well stocked.
- There were 23 first aiders and they had been trained at a local hospital.

6. Machine Safety

- Machines were well maintained.
- Registration and regular inspection such as cargo lift, forklift and certificate for the management and operator was provided for review

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

Details:

- Health and safety policy
- Health and safety manual
- Health and safety committee minutes
- Training records and certificates
- Fire equipment maintenance records till June 2020
- Fire drill records on 8 October 2019 and 10 March 2020
- Accident reports
- Qualified first aider certificate valid till April 2022
- Interviews with Administration Manager and Internal Audit Supervisor
- Interviews with employees and H&S committee members

Any other comments:

none

<p>A: Does the facility have general and occupational Health &amp; Safety policies and procedures that are fit for purpose and are these communicated to workers?</p>	<p><input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No  A1: Please give details: all employees received regular and recorded health &amp; safety training such as fire drill.</p>
<p>B: Are the policies included in workers' manuals?</p>	<p><input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No  B1: Please give details: the policies included in worker's manual.</p>
<p>C: Are there any structural additions without required permits/inspections (e.g. floors added)?</p>	<p><input type="checkbox"/> Yes  <input checked="" type="checkbox"/> No  C1: Please give details: all buildings with required permits</p>
<p>D: Are visitors to the site informed on H&amp;S and provided with personal protective equipment</p>	<p><input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No  D1: Please give details: visitors were provided with personal protective equipment when they were on the site with occupational hazards area.</p>
<p>E: Is a medical room or medical facility provided for workers?</p>	<p><input type="checkbox"/> Yes  <input checked="" type="checkbox"/> No</p>



<p>If yes, do the room(s) meet legal requirements and is the size/number of rooms suitable for the number of workers.</p>	<p>E1: Please give details: no medical room or medical facility was provided for the workers and there was no such legal requirement for the facility.</p>
<p>F: Is there a doctor or nurse on site or there is easy access to first aider/ trained medical aid?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No F1: Please give details: There was no doctor or nurse in the facility and doctor or nurse was also not required legally for the facility. There were 23 first aiders who had been trained at a local hospital and there were first aid kits with adequate first aid supplies on all facility floors, so the workers were easy access to first aid and first aiders.</p>
<p>G: Where the facility provides worker transport - is it fit for purpose, safe, maintained and operated by competent persons e.g. buses and other vehicles?</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No G1: Please give details: not applicable, no transport provided by facility.</p>
<p>H: Is secure personal storage space provided for workers in their living space and is fit for purpose?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No H1: Please give details: secure personal storage space was provided for workers in their living space and is fit for purpose</p>
<p>I: Are H&amp;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?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No I1: Please give details: once per year, recent internal social assessment conducted in December 2019.</p>
<p>J: Is the site meeting its legal obligations on environmental requirements including required permits for use and disposal of natural resources?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No J1: Please give details: The facility had obtained the environment impact assessment report, approval of Environmental Impact Assessment (EIA) and environmental protection acceptance checks report for completed construction project.</p>
<p>K: Is the site meeting its customer requirements on environmental standards, including the use of banned chemicals?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No J1: Please give details: The facility had obtained the environment impact assessment report, approval of Environmental Impact Assessment (EIA) and environmental protection acceptance checks report for completed construction project.</p>

<b>Non-compliance:</b>	
<p><b>1. Description of non-compliance:</b>  <input checked="" type="checkbox"/> NC against ETI      <input checked="" type="checkbox"/> NC against Local Law      <input type="checkbox"/> NC against customer code:                  Partial goods were directly leaned against the wall. Through facility tour, auditor found partial goods in warehouses were directly leaned against the wall in the facility.   <b>Local law and/or ETI requirement:</b></p>	<p><b>Objective evidence observed:</b>                  (where relevant please add photo numbers)                  1.Facility tour (refer to NC Photo 1&amp;2)</p>



<p>Local law: In accordance with Article 6.8 of General Rules for Fire Safety Management of Storage Occupancies GA1131-2014: Objects shall be piled up in the storeroom as per the following requirements:          The distance between the top of any pile and the roof shall not be smaller than 0.3m (for any “人”-shaped building, the distance shall be counted from the crossbeam);          The distance between the objects and the illumination lamps shall not be smaller than 0.5m;          The distance between the objects and the wall shall not be smaller than 0.5m;          The distance between any pile of objects and the pole shall not be smaller than 0.3m;          The distance between any two piles of objects shall not be smaller than 1m.</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><b>Recommended corrective action:</b>          It was recommended that the facility should ensure all goods are properly stored in warehouse to leave proper distance from the wall and pillar.</p>	
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Observation:	
<p><b>Description of observation:</b> None observed</p> <p><b>Local law or ETI requirement:</b> Not applicable</p> <p><b>Recommended corrective action:</b> Not applicable</p>	<p><b>Objective evidence observed:</b> Not applicable</p>

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

**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:**

- There was a written recruitment procedure which states that workers must present their ID cards for proof of age but only copies must be kept in the personnel files and the original ID cards will be given back to the workers; and the facility will never employ and use any child labour under the age of 16 years old.
- There was a written juvenile worker and pregnant worker protection procedure though there was no juvenile worker or pregnant worker in the facility.
- There was a written child labour remediation procedure though there was no child labour in the facility.
- The written worker roster was available.
- The worker' personnel files include recruitment date, a bio-data sheet, a recent photo and the age documentation (i.e. copy of the ID card). The ID card copy lists the worker's name, household address and the date of birth. The workers' personnel files showed that the youngest worker was 20 years old.
- Management interview and worker interviews showed that the facility verified all workers' original ID cards at the time of recruitment and kept the photocopies of workers' ID cards in the personnel files, and the facility would not recruit the applicant under the age of 16 years old.

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

Details:

- Personnel files of all employees
- Latest list of employees
- Records of any health checks
- Management interview and worker interview

Any other comments:

none

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? <a href="#">(Go to clause 3 – Health and Safety)</a>	<input type="checkbox"/> Yes <input type="checkbox"/> No E1: If yes, give details NA no young worker in the facility

Non-compliance:	
<b>1. Description of non-compliance:</b> <input type="checkbox"/> NC against ETI <input type="checkbox"/> NC against Local Law: <input type="checkbox"/> NC against customer code: None observed  <b>Local law and/or ETI requirement</b> Not applicable  <b>Recommended corrective action:</b> Not applicable	<b>Objective evidence observed:</b> <i>(where relevant please add photo numbers)</i> Not applicable

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

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

**5: Living Wages are Paid**

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

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

**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 1800 per month equivalent to RMB 10.34(1800/21.75/8) per hour since 1 December 2017.
- Wages of employees were calculated on hourly rate.
- The wages formation was well organized with a good controlled set of processes which are understood by all employees.
- 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 were given to all employees,
- All social insurance payments were passed on to the relevant authorities in a timely manner.
- All employees were paid on or before 30th of each month by cash and each employee was given a pay slip and signed for their wages.
- Based on provided records, 150% and 200% of normal rate were paid by facility for employees' overtime working in normal workday and rest days. No overtime work was arranged on official public holidays.
- Insufficient social insurance participated. Through document review, auditor found that based on the social receipt of January 2020, there were 95 employees (excluding 3 retirees) in facility, but only 73 employees had participated in basic endowment insurance, unemployment insurance, and basic medical insurance, all 95 employees had participated in the employment injury insurance and maternity insurance. In addition, the facility had provided commercial group injury insurance to all 3 retirees, warping and weaving employees, and the valid date was till 11 August 2020.

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

Details:

- Document review
- Employee interview
- Local and national laws
- Wages and benefits policy
- Local legal minimum wage documents
- Payroll records from May 2019 to April 2020 and attendance records for the period from 1 May 2019 to 2 June 2020 were reviewed.
- Leave records

- Social insurance and payment receipts from the local labor department
- Labor contracts for all employees (to examine agreed wage rates)
- Resignation records

**Non-compliance:**

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

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

Insufficient social insurance participated. Through document review, auditor found that based on the social receipt of January 2020, there were 95 employees (excluding 3 retirees) in facility, but only 73 employees had participated in basic endowment insurance, unemployment insurance, and basic medical insurance, all 95 employees had participated in the employment injury insurance and maternity insurance. In addition, the facility had provided commercial group injury insurance to all 3 retirees, warping and weaving employees, and the valid date was till 11 August 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 was recommended that the facility should persuade all employees to participate in social insurances.

Objective evidence observed:

(where relevant please add photo numbers)

- 1.Document review
2. Employee interview

**Observation:**

**Description of observation:**

None observed

**Local law or ETI requirement:**

Not applicable

**Objective evidence observed:**

Not applicable

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

**Summary Information**

Criteria	Local Law <i>(Please state legal requirement)</i>	Actual at the Site <i>(Record site results against the law)</i>	Is this part of a Collective Bargaining Agreement?
A: Standard/Contracted work hours: <i>(Maximum legal and actual required working hours excluding overtime, please state if possible per day, week, and month)</i>	Legal maximum: 8 hours per day, 40 hours per week	A1: 8 hours per day, 40 hours per week.	A2: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No No Collective Bargaining Agreement in the facility
B: Overtime hours: <i>(Maximum legal and actual overtime hours, please state if possible per day, week, and month)</i>	Legal maximum: 3 hours per day and 36 hours per month	B1: 0-2 hours/ day in April 2020(current month) 0-2 hours / day in November 2019(random month) 0-2 hours / day in June 2019 (random month)  8-18 hours/week in April 2020(current month) 8-18 hours/ week in November 2019(random month) 8-18 hours/ week in June 2019 (random month)	B2: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No No Collective Bargaining Agreement in the facility

		<p>24-66 hours/month in April 2020(current month) 40-82 hours/month in November 2019(random month) 40-78 hours/month in June 2019 (random month)</p>	
<p>C: Wage for standard/contracted hours: <i>(Minimum legal and actual minimum wage at site, please state if possible per hr, day, week, and month)</i></p>	<p>Legal minimum: The local minimum wage standard was set at RMB 1800 per month equivalent to RMB 10.34 (1800/21.75/8) per hour since 1 December, 2017</p>	<p>C1: RMB 12.07 per hour in April 2020 (current month)</p>	<p>C2: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No No Collective Bargaining Agreement in the facility</p>
<p>D: Overtime wage: <i>(Minimum legal and actual minimum overtime wage at site, please state if possible per hr, day, week, and month)</i></p>	<p>Legal minimum: 1) No less than 150% of the normal wages for overtime working on normal weekdays; 2) No less than 200% of the normal wages for overtime working on rest day if no deferred rest can be taken; 3) No less than 300% of the normal wages for overtime working on statutory holidays.</p>	<p>D1: Employees were paid at least 150%,200% rate of standard wage for overtime hours in normal workdays and rest days respectively, and no overtime hours and public holidays observed.</p>	<p>D2: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No No Collective Bargaining Agreement in the facility</p>

<b>Wages analysis:</b> <a href="#">(Click here to return to Key Information)</a>			
A: Were accurate records shown at the first request?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
A1: If <b>No</b> , why not?	NA		
B: Sample Size Checked <i>(State number of worker records checked and from which weeks/months – should be current, peak, and random/low. Please see SMETA Best Practice Guidance and Measurement Criteria)</i>	10 samples from April 2020(current month) 10 samples from November 2019(random month) 10 samples from June 2019(random month)		
C: Are there different legal minimum wage grades? If <b>Yes</b> , please specify all.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	C1: If <b>Yes</b> , please give details:	
D: If there are different legal minimum grades, are all workers graded and paid correctly?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A	D1: If <b>No</b> , please give details:	
E: For the lowest paid production workers, are wages paid for standard/contracted hours (excluding overtime) below or above the legal minimum?	<input type="checkbox"/> Below legal min <input type="checkbox"/> Meet <input checked="" type="checkbox"/> Above	E1: Lowest actual wages found: <i>Note: full time employees and please state hour / week / month etc.</i>  At least RMB 12.07 per hour.	
F: Please indicate the breakdown of workforce per earnings:	F1: ___% of workforce earning under minimum wage F2: ___% of workforce earning minimum wage F3: _100_% of workforce earning above minimum wage		
G: Bonus Scheme found: Please specify details:	Bonus Scheme found: <i>Note: type of employee (e.g. full time, temp, etc.) and please state which units e.g. /hour /week /month etc.</i>  No bonus for employees.		
H: What deductions are required by law e.g. social insurance? Please state all types:	Personal income tax and social insurance fee		
I: Have these deductions been made?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	I1: Please list all deductions that <b>have</b> been made.	Please describe: NA
		I2: Please list all deductions that	1. Social insurance fee 2. Personal income tax



		<b>have not</b> been made.	Please describe: Paid by the facility
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: Attendance records reflect all time worked.		
M: Is there a defined living wage: <i>This is <u>not normally</u> minimum legal wage. If answered yes, please state amount and source of info: Please see SMETA Best Practice Guidance and Measurement Criteria.</i>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No M1: Please specify amount/time:		
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, there is no a defined living wage.		
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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No N1: Please give details: facility conducted twice internal audit per year to check the compliance of wages		
O: Are workers paid in a timely manner in line with local law?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
P: Is there evidence that equal rates are being paid for equal work:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No P1: Please give details: Through factory rules review, payroll records review and employee's interviews' interview, it was confirmed that equal rates are 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		

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	Q1: If other, please explain:
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**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:**

- In this audit, auditor had randomly selected production record, such as: Material in/out records, daily production reports, and crosschecked these records with payroll records and attendance records, no inconsistency was noted. In addition, through employee interview, no inconsistency was noted either.

-During employee interview, all the 10 randomly selected employees stated that they worked overtime on voluntary basis.

- The facility used electronic attendance system to record employees' working hours.

- Based on the provided records, overtime hour statistics were as the followings:

0-2 hours/ day in April 2020(current month)

0-2 hours / day in November 2019(random month)

0-2 hours / day in June 2019 (random month)

8-18 hours/week in April 2020(current month)

8-18 hours/ week in November 2019(random month)

8-18 hours/ week in June 2019 (random month)

24-66 hours/month in April 2020(current month)  
 40-82 hours/month in November 2019(random month)  
 40-78 hours/month in June 2019 (random month)

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

Details:

- Employee interview
- Management interview
- Local and national laws
- Facility policy on working hours
- Attendance records from 1 May 2019 to 2 June 2020
- Sample pay slips with recorded hours all employees interviewed
- Employees contracts
- Quality and production records to cross check hours

Any other comments:

None

**Non-compliance:**

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

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

Overtime hours exceeded the legal requirement. During document review, auditor found that:

- 1) In April 2020 (current month), the monthly overtime hours of 9 out of 10 randomly selected employees were 66 hours;
- 2) In November 2019 (random month), the monthly overtime hours of all 10 randomly selected employees were 40-82 hours;
- 3) In June 2019 (random month), the monthly overtime hours of all 10 randomly selected employees were 40-78 hours.

**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:**

**Objective evidence observed:**

(where relevant please add photo numbers)  
 Document review and employee interview

It was recommended that the facility should control overtime hours to ensure the monthly overtime to be within 36 hours per month to with the legal requirement

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

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

Working hours' analysis			
Please include time e.g. hour/week/month <i>(Go back to Key information)</i>			
Systems & Processes			
A. What timekeeping systems are used: time card etc.	Describe: Electronic attendance system		
B: Is sample size same as in wages section?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No B1: If no, please give details		
C: Are standard/contracted working hours defined in <b>all</b> contracts/employment agreements?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	C1: If NO, please give details including % and which type of workers do NOT have standard hours defined in contracts/employment agreements. Please give details:	
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

		If "Other", Please define:
		NA
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	<i>E1: If <b>yes</b>, please detail hours, %, types of workers affected and frequency</i> Please give details:
F: Are workers provided with at least 1 day off in every 7-day-period, or 2 in 14-day-period?	F2: Please select all applicable: <input checked="" type="checkbox"/> 1 in 7 days <input type="checkbox"/> 2 in 14 days <input type="checkbox"/> No If 'No', please explain:	F3: Is this allowed by local law? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
		Maximum number of days worked without a day off (in sample):
		6 days
		Maximum number of days worked without a day off in the attendance samples: 6 days in April 2020 (current month) 6 days in November 2019 (random month) 6 days in June 2019 (random month)
<b>Standard/Contracted Hours worked</b>		
G: Were standard working hours over 48 hours per week found?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	G1: If yes, % of workers & frequency:  NA
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:  NA
<b>Overtime Hours worked</b>		
I: Actual overtime hours worked in sample (State per day/week/month)	Highest OT hours: 2 hours/ day in April 2020 (current month) 2 hours / day in November 2019 (random month) 2 hours / day in June 2019 (random month)  18 hours/week in April 2020 (current month) 18 hours/ week in November 2019 (random month) 18 hours/ week in June 2019 (random month)  66 hours/month in April 2020 (current month)	

	82 hours/month in November 2019(random month) 78 hours/month in June 2019 (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:	__30__%	
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 interview, all interviewed employees stated that overtime was voluntary, and they were free to refuse the overtime work.
<b>Overtime Premiums</b>		
M: Are the correct legal overtime premiums paid?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A – there is no legal requirement to OT premium	<i>M1: Please give details of normal day overtime premium as a % of <b>standard</b> wages:</i> Employees were paid at least 150% and 200% rate of standard wage for overtime hours in normal workdays and rest days respectively, and no overtime hours in public holidays observed.
N: Is overtime paid at a premium?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<i>N1: If yes, please describe % of workers &amp; frequency:</i> 100% workers paid at a premium monthly.
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 NA	
	O1: Please explain any checked boxes above e.g. detail of consolidated pay / CBA or Other	
	NA	
P: If more than 60 total hours per week and this is legally allowed, are	<input type="checkbox"/> <b>Overtime is voluntary</b> <input type="checkbox"/> Onsite Collective bargaining allows 60+ hours/week <input type="checkbox"/> Safeguards are in place to protect worker's health and safety	

<p>there other considerations? Please complete the boxes where relevant.</p>	<p><input type="checkbox"/> Site can demonstrate exceptional circumstances  <input type="checkbox"/> Other reasons (please specify)</p> <p>P1: Please explain any checked boxes above e.g. detail of consolidated pay / CBA or other:</p> <p>Not applicable</p>
<p>Q: Is there evidence that overtime hours are being used for extended periods to make up for labour shortages or increased order volumes?</p>	<p><input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No</p> <p>Q1: If yes, please give details: Trough management review, it was noted that overtime hours were being used for extended periods to make up for increased order volumes.</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 checked="" type="checkbox"/> No</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:**

- As informed by interviewed employees, most employees spoke highly of the facility owner.
- Equal pay for equal job in the facility.
- No employee was required to do the examination of the hepatitis B virus and HIV.
- Anti-discrimination procedure on hiring, compensation, promotion and access to training was available during the audit.
- Gender divisions did not exist in the facility; both female and male employees were distributed in all types of work.
- There was an internal grievance process, all sampled employees were aware of the grievance channels in case they encountered any discrimination cases.
- There was no evidence of sexual harassment.

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

Details:

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

Any other comments:

None

A: Gender breakdown of Management + Supervisors (Include as one combined group)	A1: Male: <u>  50  </u> % A2: Female <u>  50  </u> %
B: Number of women who are in skilled or technical roles e.g. where specific qualifications are needed i.e. machine engineer / laboratory analyst:	#: 12 These 12 women employees were in sale, HR, Design and Development position.
C: Is there any evidence of discrimination based on race, caste, national origin, religion, age, disability,	<input type="checkbox"/> Hiring <input type="checkbox"/> Compensation <input type="checkbox"/> Access to training <input type="checkbox"/> Promotion

gender, marital status, sexual orientation, union membership or political affiliation?:	<input type="checkbox"/> Termination or retirement <input type="checkbox"/> No evidence of discrimination found  C1: Please give details: NA, none observed
---	---

**Professional Development**

A: What type of training and development are available for workers?	Human rights training, such as safety, occupational health etc
---	--

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

Non-compliance:	
<b>1. Description of non-compliance:</b> <input type="checkbox"/> NC against ETI <input type="checkbox"/> NC against Local Law: <input type="checkbox"/> NC against customer code: None observed  <b>Local law and/or ETI requirement</b> Not applicable  <b>Recommended corrective action:</b> Not applicable	<b>Objective evidence observed:</b> (where relevant please add photo numbers) Not applicable

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

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

- All employees were recruited by the facility directly. No labor agency was used to hire employees. No temporary Employee, apprenticeship schemes or home employee was identified by the auditors.
- No subcontractors were used.
- All employees had received copies of signed labor contracts.
- The effective management system was in place to identify and monitor the hiring and management of all workers. The local workers and migrant workers were hired legally and treated equally in the facility.
- Workers were not required to pay any recruitment fee at any stage of the recruitment process, which was confirmed by interviews with management and workers as well as reviewing of the written recruitment policy and procedure, the recruitment notice at gate, payrolls, etc.
- The labour contracts of all workers were available for review. The labour contracts were signed by workers themselves. The interviewed workers knew clearly the contents of the labour contracts. The terms and conditions stated in the contracts accurately reflected the agreed payment and terms in the recruitment process and complied with local laws.

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

**Details:**

- The Recruitment and termination practices
- Personal files with labour contracts and ID copies for the employees
- Payroll records were provided for review.

- Trainings records about the recruitment policy and procedure.  
 - Management interview and worker interview

Any other comments:  
 None

Non-compliance:	
<p><b>1. Description of non-compliance:</b>  <input type="checkbox"/> NC against ETI      <input type="checkbox"/> NC against Local Law:    <input type="checkbox"/> NC against customer code:                      None observed</p> <p><b>Local law and/or ETI requirement</b>                      Not applicable</p> <p><b>Recommended corrective action:</b>                      Not applicable</p>	<p><b>Objective evidence observed:</b>                      (where relevant please add photo numbers)                      Not applicable</p>

Observation:	
<p><b>Description of observation:</b>                      None observed</p> <p><b>Local law or ETI requirement:</b>                      Not applicable</p> <p><b>Comments:</b>                      Not applicable</p>	<p><b>Objective evidence observed:</b>                      Not applicable</p>

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

**Responsible Recruitment**

All Workers	
<p>A: Were all workers presented with terms of employment at the time of recruitment, did they understand them and are they same as current conditions?</p>	<p><input checked="" type="checkbox"/> Terms &amp; Conditions presented  <input checked="" type="checkbox"/> Understood by workers  <input checked="" type="checkbox"/> Same as actual conditions</p> <p>A1: If any are unchecked, please describe finding and specific category(ies) of workers affected:</p>

	Workers were clear about all the terms and conditions of their employment. Newer workers and cleaners realised that they were being paid the same as other workers.
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:
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: NA
D: If any checked, give details:	Not applicable (workers need not pay any fee, taxes, deposit or bond at any stage of the employment)

<b>Migrant Workers:</b> <i>The term "migrant worker" refers to a person who is engaged or has been engaged in a remunerated activity in a country of which they are not a national 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:	No foreign employee in facility. Migrant employees worked in all production processes and non-production post.
B: Please give details about recruitment agencies for migrant workers:	B1: Total number of (in country recruitment agencies) used: None  B2: Total number of (outside of local country) recruitment agencies used: None All employees were hired directly by the facility.
C: Are migrant workers' voluntary deductions (such as for remittances) confirmed in writing by the worker and	<input type="checkbox"/> Yes <input type="checkbox"/> No C2: Observations: Not applicable, no such deduction.

<p>is evidence of the transaction supplied by the facility to the worker?</p>	<p>C1: Please describe finding: Not applicable, no such deduction.</p>	
<p>D: Are Any migrant workers in skilled, technical, or management roles</p> <p><i>Migrant Workers (this should include all migrant workers including permanent workers, temporary and/or seasonal workers)</i></p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>D1: If yes, number and example of roles: 53 migrant employees belonged to skilled, technical and management roles such as sales, production supervisors and HR supervisors.</p>	

**NON-EMPLOYEE WORKERS**

<p><b>Recruitment Fees:</b></p>	
<p>A: Are there any fees?</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
<p>B: If yes, check all that apply:</p>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Recruitment / hiring fees</li> <li><input type="checkbox"/> Service fees</li> <li><input type="checkbox"/> Application costs</li> <li><input type="checkbox"/> Recommendation fees</li> <li><input type="checkbox"/> Placement fees</li> <li><input type="checkbox"/> Administrative, overhead or processing fees</li> <li><input type="checkbox"/> Skills tests</li> <li><input type="checkbox"/> Certifications</li> <li><input type="checkbox"/> Medical screenings</li> <li><input type="checkbox"/> Passports/ID's</li> <li><input type="checkbox"/> Work / resident permits</li> <li><input type="checkbox"/> Birth certificates</li> <li><input type="checkbox"/> Police clearance fees</li> <li><input type="checkbox"/> Any transportation and lodging costs after employment offer</li> <li><input type="checkbox"/> Any transport costs between work place and home</li> <li><input type="checkbox"/> Any relocation costs after commencement of employment</li> <li><input type="checkbox"/> New hire training / orientation fees</li> <li><input type="checkbox"/> Medical exam fees</li> <li><input type="checkbox"/> Deposit bonds or other deposits</li> <li><input type="checkbox"/> Any other non-monetary assets</li> <li><input type="checkbox"/> Other</li> </ul> <p>B1 – If other, please give details:</p> <p>Not applicable, no fees required</p>
<p>C: If any checked, give details:</p>	<p>Not applicable, no fees required</p>

**Agency Workers (if applicable)**

*(workers sourced from a local agent who are not directly paid by the site, but paid by the agency, Usually the agencies are paid by the site and the wages of the individual workers are paid by the agency.)*

A: Number of agencies used (average):	A1: Names if available: Not applicable, site did not use 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, site did not use agencies.
C: Were sufficient documents for agency workers available for review?	<input type="checkbox"/> Yes <input type="checkbox"/> No Not applicable, site did not use agencies.
D: Is there a legal contract / agreement with all agencies?	<input type="checkbox"/> Yes <input type="checkbox"/> No  D1: Please give details: Not applicable, site did not use agencies.
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, site did not use agencies.

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



**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:**

- A site tour showed that all production processes were present in the unit.
- There was no subcontractors or homeworking used by the facility.
- The facility had established a policy to ensure sub-contracting would not be used unless previously agreed with the main client.

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

- Site tour (Calculation on total production and estimated capacity)
- Reviewing of the production records such as materials receiving and issuing records
- Management interview
- Worker interview

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

Details: NA

**Non-compliance:**

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

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

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

Not applicable

**Recommended corrective action:**

Not applicable

**Objective evidence observed:**

(where relevant please add photo numbers)

Not applicable

**Observation:**

<p><b>Description of observation:</b> None observed</p> <p><b>Local law or ETI/Additional elements requirement:</b> Not applicable</p> <p><b>Comments:</b> Not applicable</p>	<p><b>Objective evidence observed:</b> Not applicable</p>
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Good Examples observed:	
<p>Description of Good Example (GE): None observed</p>	<p><b>Objective Evidence Observed:</b> 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 identify possible unrecorded work or undeclared sub-contracting</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No A1: Please describe:</p>
<p>B: If sub-contractors are used, is there evidence this has been agreed with the main client?</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No B1: If <b>Yes</b>, summarise details:</p>
<p>C: Number of sub-contractors/agents used:</p>	
<p>D: Is there a site policy on sub-contracting?</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No D1: If <b>Yes</b>, summarise details:</p>
<p>E: What checks are in place to ensure no child labour is being used and work is safe?</p>	

Summary of homeworking – if applicable			
<input checked="" type="checkbox"/> Not Applicable please x			
<p>A: If homeworking is being used, is there evidence this has been agreed with the main client?</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No A1: If <b>Yes</b>, summarise details:</p>		
<p>B: Number of homeworkers</p>	B1: Male:	B2: Female:	Total:
<p>C: Are homeworkers employed direct or through agents?</p>	<p><input type="checkbox"/> Directly <input type="checkbox"/> Through Agents</p>		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 <sup>rd</sup> party?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No A1: Please give details: There were published, anonymous and/or open channels available for reporting any violations of Labour standards and H&S or any other grievances to a 3 <sup>rd</sup> party.
B: If <b>Yes</b> , are workers aware of these channels and have access? Please give details.	The workers could express their own feeling by suggestion box
C: If yes, what type of mechanism is used e.g. hotline, whistle blowing mechanism, comment box etc. Please give details.	Suggestion box
D: Which of the following groups is there a grievance mechanism in place for?	<input checked="" type="checkbox"/> Workers <input type="checkbox"/> Communities <input type="checkbox"/> Suppliers <input type="checkbox"/> Other  D1: Please give details: There was suggestion box, and an internal phone number of managers for reporting grievances.
E: Are there any open disputes?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No  E1: If yes, please give details
F: Does the site encourage its business partners (e.g. suppliers) to provide individuals and communities with access to effective grievance mechanisms (e.g. helplines or whistle blowing mechanism)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No  F1: If no, please give details
G: Is there a published and transparent disciplinary procedure?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No  G1: If no, please explain

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

**Current Systems and Evidence Examined**

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

**Current systems:**

- According to the documentation, the facility management had established a disciplinary procedure for employees' misbehaviour which included oral warning, written warning and finally termination and the site, had developed a training program for all employees on the procedure. Employee interview confirmed that employees were aware of the disciplinary procedure.
- As per management interview, document review and employees' interview, there was a policy on Harsh Treatment.
- There was an internal process for grievance, which was an anonymous email address, where employees could report grievances (harassment, bullying, discrimination etc.), any received complaint would be handled by management, without any reprisal for the employee in question. All sampled employees were aware this system.

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

Details:

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

Any other comments:

None

**Non-compliance:**

<p><b>1. Description of non-compliance:</b>  <input type="checkbox"/> NC against ETI      <input type="checkbox"/> NC against Local Law:   <input type="checkbox"/> NC against customer code:                  None observed</p> <p><b>Local law and/or ETI requirement</b>                  Not applicable</p> <p><b>Recommended corrective action:</b>                  Not applicable</p>	<p><b>Objective evidence observed:</b>                  (where relevant please add photo numbers)                  Not applicable</p>
--	---

Observation:	
<p><b>Description of observation:</b>                  None observed</p> <p><b>Local law or ETI requirement:</b>                  Not applicable</p> <p><b>Comments:</b>                  Not applicable</p>	<p><b>Objective evidence observed:</b>                  Not applicable</p>

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

**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:**

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

-As per management interview, document review and employees' interview, there was a policy on Harsh Treatment.

- There was an internal process for grievance, which was an anonymous email address, where employees could report grievances (harassment, bullying, discrimination etc.), any received complaint would be handled by management, without any reprisal for the employee in question. All sampled employees were aware this system.

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

Details:

-The relevant policy on prevention of harassment and abuse

-Internal grievance procedure documentation.

-Training records

-Management and employee interview

Any other comments:

None

**Non-compliance:**

<p><b>1. Description of non-compliance:</b>  <input type="checkbox"/> NC against ETI/Additional Elements      <input type="checkbox"/> NC against Local Law  <input type="checkbox"/> NC against customer code:                  None observed</p> <p><b>Local law and/or ETI /Additional Elements requirement:</b>                  Not applicable</p> <p><b>Recommended corrective action:</b>                  Not applicable</p>	<p><b>Objective evidence observed:</b>                  (where relevant please add photo numbers)                  Not applicable</p>
--	---

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

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



**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 had established written environmental policy.
- Mr. Wang Peng/Manager was responsible for continuous improvements in their environmental performance.
- The facility had obtained the environment impact assessment report, approval of Environmental Impact Assessment (EIA) for processes and environmental protection acceptance checks report for completed construction project for review.
- The facility had not been fined for noncompliance to environmental regulation recently.

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

Details:

- The facility conducted some training for all employees on the avoidance of environmental impact.

-The facility established a comprehensive and tested emergency plan to mitigate environmental impact in case of incidents

Any other comments:  
None

**Non-compliance:**

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

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

**Objective evidence observed:**

*(where relevant please add photo numbers)*  
Not applicable

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

Not applicable

**Recommended corrective action:**

Not applicable

**Observation:**

**Description of observation:**

None observed

**Objective evidence observed:**

Not applicable

**Local law or ETI/Additional elements requirements:**

Not applicable

**Comments:**

Not applicable

**Good examples observed:**

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

None observed

**Objective Evidence Observed:**

Not applicable

**Environmental Analysis**

*(Site declaration only – this has not been verified by auditor. Please state units in all cases below.)*

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

Mr. Wang Peng/Manager

B: Has the site conducted a risk assessment on the environmental impact of the site, including

Yes  No

B1: Please give details: The facility conducted a risk assessment on the environmental impact of the site.

implementation of controls to reduce identified risks?	
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:
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? Yes. Posted on site.
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 policy addressed the key impacts from their operations and their commitment to improvement.
F: Does the site have a Biodiversity policy? <i>(For guidance, please see Measurement criteria)</i>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
G: Is there any other sustainability systems present such as Chain of Custody, Forest Stewardship Council (FSC), Marine Stewardship Council (MSC) etc.? Please give details. <i>(For guidance, please see Measurement criteria)</i>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No G1: Please give details: No such system in the facility.
H: Have all legally required permits been shown? Please give details.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No H1: Please give details: The facility had obtained the environment impact assessment report, approval of Environmental Impact Assessment (EIA) for processes and environmental protection acceptance checks report for completed construction project for review
I: Is there a documentation process to record hazardous chemicals used in the manufacturing process?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A I1: Please give details: No hazardous chemical existed in the facility.
J: Is there a system for managing client's requirements and legislation in the destination countries regarding environmental and chemical issues?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No J1: Please give details: The facility had established related system.
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: The facility had established related system.
L: Facility has evidence of waste recycling and is monitoring volume of waste that is recycled.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No L1: Please give details: All related records had been provided for review.
M: Does the facility have a system in place for accurately measuring and monitoring	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

consumption of key utilities of water, energy and natural resources that follows recognised protocols or standards?	M1: Please give details: The facility had established related system.	
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: All related records had been provided for review.	
Usage/Discharge analysis		
Criteria	Previous year: Please state period: _____from May 2018 to June 2019__	Current Year: Please state period: _ from July 2019 to June 2020__
Electricity Usage: Kw/hrs	1403560	1232513
Renewable Energy Usage: Kw/hrs	0	0
Gas Usage: Kw/hrs	0	0
Has site completed any carbon Footprint Analysis?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If <b>Yes</b> , please state result	Not applicable	Not applicable
Water Sources: Please list all sources e.g. lake, river, and local water authority.	City water company	City water company
Water Volume Used: (m <sup>3</sup> )	16528	14380
Water Discharged: Please list all receiving waters/recipients.	Wastewater treatment facility	Wastewater treatment facility
Water Volume Discharged: (m <sup>3</sup> )	12448	11846
Water Volume Recycled: (m <sup>3</sup> )	0	0
Total waste Produced (please state units)	360 tons	390 tons
Total hazardous waste Produced: (please state units)	0 tons	0 tons
Waste to Recycling:	280 tons	300 tons

<i>(please state units)</i>		
Waste to Landfill: <i>(please state units)</i>	0	0
Waste to other: <i>(please give details and state units)</i>	80 tons solid waste was entrusted to city sanitation department to deal with.	90 tons solid waste was entrusted to city sanitation department to deal with.
Total Product Produced <i>(please state units)</i>	3,720,000 pieces	3,500,000 pieces

**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. Mr. Wang Peng/ Vice General Manger had been designated person responsible for implementing standards concerning Business Ethics.
2. Training for relevant staff on taking action to Business Ethics issue had been reviewed.
3. The site had received and read the Business Ethics policy of the auditor/audit company.
4. There were some internal grievance processes, which was a management suggestion box.

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

Details:

1. The company business ethics policy including Bribery and Corruption.
2. Employee handbook
3. Records from anonymous suggestion scrip.
4. Employee and management interview.
5. Site tour

Any other comments: None

Non-compliance:	
<p><b>1. Description of non-compliance:</b>  <input type="checkbox"/> NC against ETI/Additional Elements      <input type="checkbox"/> NC against Local  <input type="checkbox"/> NC against customer code:                      None observed</p> <p><b>Local law and/or ETI/Additional Elements requirement:</b>                      Not applicable</p> <p><b>Recommended corrective action:</b>                      Not applicable</p>	<p><b>Objective evidence observed:</b>                      (where relevant please add photo numbers)                      Not applicable</p>

Observation	
<p><b>Description of observation:</b>                      None observed</p> <p><b>Local law or ETI/Additional elements requirement:</b>                      Not applicable</p> <p><b>Comments:</b>                      Not applicable</p>	<p><b>Objective evidence observed:</b>                      Not applicable</p>

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

<p>A: Does the facility have a Business Ethics Policy and is the policy communicated and applied internally, externally or both, as appropriate?</p>	<p><input checked="" type="checkbox"/> Internal Policy  <input checked="" type="checkbox"/> Policy for third parties including suppliers</p> <p>A1: Please give details: policy for or third parties including suppliers and communicate to suppliers.</p>
<p>B: Does the site give training to relevant personnel (e.g. sales and logistics) on business ethics issues?</p>	<p><input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No</p> <p>B1: Please give details: Relevant documents provided for review.</p>

<p>C: Is the policy updated on a regular (as needed) basis?</p>	<p><input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No</p> <p>C1: Please give details: The policy updated annually.</p>
<p>D: Does the site require third parties including suppliers to complete their own business ethics training</p>	<p><input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No</p> <p>D1: Please give details: Relevant documents provided for review.</p>



Other Findings Outside the Scope of the Code
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None observed
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Community Benefits
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<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>
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None
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## Appendix 1

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

Not Applicable please x

## Photo Form

NC Photos:










<p>NC Photo 1: Partial goods were directly leaned against the pillar</p>	<p>NC Photo 2: Partial goods were directly leaned against the wall</p>	

General Photos:

<p>Facility name</p>	<p>Facility gate</p>	<p>Production building</p>
<p>Dormitory building</p>	<p>Wrapping workshop</p>	<p>Weaving workshop</p>





Dormitory inside	Suggesting box	Evacuation sign and emergency light in staircase
		
First aid box	Exit sign, emergency light and fire alarm	Evacuation map
		
Drinking water	Cutting employee wearing PPE (metal gloves) on site	No smoking sign
		
Fire hydrant and fire extinguisher	Sewing machines with belt guard	PPE notice

		
<p>Sewing machines with needle safety device</p>	<p>Attendance machine</p>	<p>Smoke detector, sprinkler system and anti-explosion light</p>
		
<p>Electronic box</p>	<p>Toilets</p>	

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