




# Sedex Members Ethical Trade Audit Report

Version 6.0



Audit Details				
Sedex Company Reference: <i>(only available on Sedex System)</i>	ZC: 1027185	Sedex Site Reference: <i>(only available on Sedex System)</i>	ZS: 1034800	
Business name (Company name):	Liveon Industrial Co., Ltd.			
Site name:	Liveon Industrial Co., Ltd.			
Site address: <i>(Please include full address)</i>	No.46, Yudong Six Road, the 4th Industrial Zone, Yangdong District, Yangjiang City, Guangdong Province	Country:	China	
Site contact and job title:	Ms. Wang Fei Liang/CEO			
Site phone:	+86-662-8869 688	Site e-mail:	<a href="mailto:feiliang@liveon.cn">feiliang@liveon.cn</a>	
SMETA Audit Type:	<input checked="" type="checkbox"/> Labour Standards	<input checked="" type="checkbox"/> Health & Safety	<input checked="" type="checkbox"/> Environment	<input checked="" type="checkbox"/> Business Ethics
Date of Audit:	15~17/11/2017			
<b>Audit Company Name &amp; Logo:</b>  TUV Rheinland (Guangdong) Ltd.		<b>Report Owner (payee):</b> Liveon Industrial Co., Ltd.		

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

## Audit Content:

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

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

### 2-Pillar SMETA Audit

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

### 4-Pillar SMETA

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

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

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

## SMETA Declaration

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

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

Any exceptions to this must be recorded here (e.g. different sample size): N/A

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

Lead auditor: Chris Zhang

Team auditor: Chris Zhang

Interviewers: Chris Zhang

Report writer: Chris Zhang

Report reviewer: Anna Zhang

Date of declaration: 17 Nov 2017

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

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

## Non-Compliance Table

Issue <i>(please click on the issue title to go direct to the appropriate audit results by clause)</i> <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*:			NC Findings Only <i>(note to auditor, summarise in as few words as possible NC's only)</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	<ul style="list-style-type: none"> <li>None was observed</li> </ul>
0B	<a href="#">Management systems and code implementation</a>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1	0	0	<ul style="list-style-type: none"> <li>No training of ETI Code</li> </ul>
1.	<a href="#">Freely chosen Employment</a>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	0	0	0	<ul style="list-style-type: none"> <li>None was observed</li> </ul>
2	<a href="#">Freedom of Association</a>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	0	0	0	<ul style="list-style-type: none"> <li>None was observed</li> </ul>
3	<a href="#">Safety and Hygienic Conditions</a>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	0	0	0	<ul style="list-style-type: none"> <li>None was observed</li> </ul>
4	<a href="#">Child Labour</a>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	0	0	0	<ul style="list-style-type: none"> <li>None was observed</li> </ul>
5	<a href="#">Living Wages and Benefits</a>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>	1	0	0	<ul style="list-style-type: none"> <li>Insufficient social insurance</li> </ul>
6	<a href="#">Working Hours</a>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>	1	0	0	<ul style="list-style-type: none"> <li>Monthly overtime hours exceeded 36 hours</li> </ul>
7	<a href="#">Discrimination</a>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	0	0	0	<ul style="list-style-type: none"> <li>None was observed</li> </ul>
8	<a href="#">Regular Employment</a>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	0	0	0	<ul style="list-style-type: none"> <li>None was observed</li> </ul>

8A	<u>Sub-Contracting and Homeworking</u>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	0	0	0	• None was observed
9	<u>Harsh or Inhumane Treatment</u>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	0	0	0	• None was observed
10A	<u>Entitlement to Work</u>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	0	0	0	• None was observed
10B2	<u>Environment 2-Pillar</u>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	N/A	N/A	N/A	• N/A
10B4	<u>Environment 4-Pillar</u>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	0	0	0	• None was observed
10C	<u>Business Ethics</u>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	0	0	0	• None was observed

General observations and summary of the site:

**Positive:**

1. The factory obtained and provided valid business license (No.: 914417237314728028, period of validity was from 24 August 2001 to long term, update date: 21 April 2016) for review.
2. The construction project complete acceptance report and fire protection acceptance report were obtained and provided for review.
3. All employees were recruited directly by the factory. The factory required all employees to copy their personal ID cards before work. Both copy of ID cards and latest individual photos were kept properly in their personnel files.
4. The emergency evacuation floor plan was posted on the wall of each workshop, and the emergency assembly spot was easy to identify.
5. No child labour or young worker was found during the audit. The youngest worker was 18 years old, born on 29 June 1999 and his hire date was 18 October 2017.
6. No forced labour, discrimination & harsh or inhumane treatment were found during the audit.
7. Suggestion box was available for employees to complain or feedback their working condition. Meanwhile, they could also communicate with their supervisors directly or through worker representative.
8. Labour contract was signed with all employees in time when they obtained employment. Each employee retained one labour contract copy for individual.
9. EHS committee was established in 2016. The team leader was Mr. Zheng Bo Lin/Logistics Specialist. Quarterly/monthly meeting was held and meeting minutes were in place for review.
10. Fire drills including fire-fighting training and emergency escape drill had been conducted 25 May 2017 and twice a year for all employees. The record of fire drills was available for review.
11. 6 individual workers' interviews and 4 group interviews including 5 workers were conducted in the meeting room. Employees' attitude was positive and polite during the audit. And employees showed the favourable attitude toward the factory via workers interview.

12. Fire-fighting facilities were well equipped and checked regularly. Potable water and toilet were available and accessed easily.
13. The wages were paid on the end of next month by cash. All workers' wages were calculated by basic hourly rated. No arrear of wage was identified through worker interview and management interview.
14. During worker interview, the factory had provided a private space for auditor to carry out the interview successfully.

**Negative:**

1. Per document review and worker interview, it was noted that no training of ETI Code was provided for employees.
2. Per document review and management interview, it was noted that the factory had only provided endowment insurance, unemployment insurance, medical insurance and maternity insurance for 75 out of 138 employees, provided employment injury insurance for 100 out of 138 employees. And the factory did not obtain social insurance waiver from local government for review.  
Remark: the factory had provided commercial insurance for other employees (total 56).
3. According to 26 workers' attendance records from 1 October 2016 to audit day were randomly selected for review, 24 samples' monthly overtime hours exceeded 36 hours. The maximum monthly overtime hours were 66 hours in September 2017.

**Observation:** Nil**Good Examples:** Nil

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

## Site Details

Site Details																															
A: Company Name:	Liveon Industrial Co., Ltd.																														
B: Site name:	Liveon Industrial Co., Ltd.																														
C: Applicable business and other legally required licence numbers and documents for example, business license no, liability insurance, any other required government inspections	Business license: 914417237314728028 Period of validity was from 24 August 2001 to long term, update date: 21 April 2016																														
D: Products/Activities at site, for example, garment manufacture, electricals, toys, grower	Manufacture of Knives, Tableware and Bamboo & Wood products																														
E: Site description: (Include size, location, and age of site. Also, include structure and number of buildings)	<p>Liveon Industrial Co., Ltd. was located at No.46, Yudong Six Road, the 4th Industrial Zone, Yangdong District, Yangjiang City, Guangdong Province, China. The total land area occupied by the whole facility is about 5088.65 square meters. They started their operation at the existing location in 2001. Per on-site tour and document review, the auditee had 1) one 4-storey production building as workshops, warehouses; 2) one 4-story dormitory building as canteen/kitchen, living rooms, the canteen/kitchen facility occupied half of the 1st floor, other rooms were living rooms; 3) one 5-story office block as offices; and 4) one 4-storey office block as R&amp;D centre.</p> <table border="1"> <thead> <tr> <th>Production Building no 1</th> <th>Description</th> <th>Remark, if any</th> </tr> </thead> <tbody> <tr> <td>Floor 1</td> <td>Warehouses</td> <td>Nil</td> </tr> <tr> <td>Floor 2</td> <td>Assembly &amp; packing lines</td> <td>Nil</td> </tr> <tr> <td>Floor 3</td> <td>Assembly &amp; packing lines</td> <td>Nil</td> </tr> <tr> <td>Floor 4</td> <td>warehouses</td> <td>Nil</td> </tr> <tr> <td>Is this a shared building?</td> <td>No</td> <td>Nil</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th>Dormitory Building no 1</th> <th>Description</th> <th>Remark, if any</th> </tr> </thead> <tbody> <tr> <td>Floor 1</td> <td>Canteen/kitchen, living rooms</td> <td>Nil</td> </tr> <tr> <td>Floor 2 ~ 4</td> <td>Living rooms</td> <td>Nil</td> </tr> <tr> <td>Is this a shared building?</td> <td>No</td> <td>Nil</td> </tr> </tbody> </table>	Production Building no 1	Description	Remark, if any	Floor 1	Warehouses	Nil	Floor 2	Assembly & packing lines	Nil	Floor 3	Assembly & packing lines	Nil	Floor 4	warehouses	Nil	Is this a shared building?	No	Nil	Dormitory Building no 1	Description	Remark, if any	Floor 1	Canteen/kitchen, living rooms	Nil	Floor 2 ~ 4	Living rooms	Nil	Is this a shared building?	No	Nil
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Floor 1	Canteen/kitchen, living rooms	Nil																													
Floor 2 ~ 4	Living rooms	Nil																													
Is this a shared building?	No	Nil																													



	Office block no 1	Description	Remark, if any
	Floor 1 ~ 5	Offices	Nil
	Is this a shared building?	No	Nil
	Office block no 2	Description	Remark, if any
	Floor 1 ~ 4	Offices, R&D centre	Nil
	Is this a shared building?	No	Nil
	<p>There were 138 employees currently working in the factory including 61 male workers and 77 female workers, which included 56 production employees and 82 non-production employees. There were 104 local employees in this factory and 34 employees coming from other Province of China. The youngest worker was 18 years old, born on 29 June 1999 and his hire date was 18 October 2017.</p> <p>No child labour or young worker was found during the audit.</p> <p>All employees worked for 5 days a week, 1) the normal working hours were from 08:00-12:00 in the morning, 14:00-18:00 in the afternoon. The noon break was 2 hours from 12:00-14:00; 2) the security guards worked three shifts: 0:00-08:00, 08:00-16:00, 16:00-24:00.</p> <p>The fingerprint attendance machine was installed for time keeping. All workers' wages were calculated by basic hourly rated. And the wages were paid on the end of next month by cash. The slack season was not obvious per management and worker interviews.</p> <p>The latest wage was paid for September 2017, so during the audit, the reviewed attendance records were from 1 October 2016 to audit day and the reviewed payrolls were from October 2016 to September 2017.</p> <p>Visible structural integrity issues (large cracks) observed and without structural engineer evaluation</p> <p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p> <p>Details: Per on-site observation, no structural integrity issue was found during the audit.</p>		
	F: Site function:	<input type="checkbox"/> Agent <input checked="" type="checkbox"/> Factory Processing/Manufacturer <input type="checkbox"/> Finished Product Supplier <input type="checkbox"/> Grower <input type="checkbox"/> Homeworker	

	<input type="checkbox"/> Labour Provider <input type="checkbox"/> Pack House <input type="checkbox"/> Primary Producer <input type="checkbox"/> Service Provider <input type="checkbox"/> Sub-Contractor
G: Month(s) of peak season: (if applicable)	Not obvious
H: Process overview: <i>(Include products being produced, main operations, number of production lines, main equipment used)</i>	<p>Main products: Knives, Tableware and Bamboo &amp; Wood products</p> <p>Main production processes were listed as follows: Incoming materials – assembly – QC – packing</p> <p>Main equipment: Assembly &amp; packing line – 6 Blow molding machine – 8 Fusing machine – 1 Cleaning machine – 1</p>
I: What form of worker representation / union is there on site?	<input type="checkbox"/> Union (name) <input type="checkbox"/> Worker Committee <input checked="" type="checkbox"/> Other (specify) worker representative <input type="checkbox"/> None
J: Is there any night production work at the site?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
K: Are there any on site provided worker accommodation buildings e.g. dormitories	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If yes approx. 18.8% of workers in on site accommodation
L: Are there any off site provided worker accommodation buildings	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes approx. % of workers
M: Were the site provided accommodation buildings included in this audit	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If No, please give details

Audit Parameters			
A: Time in and time out	Day 1 Time in: 08:30 Day 1 Time out: 18:00	Day 2 Time in: 08:00 Day 2 Time out: 18:00	Day 3 Time in: 08:00 Day 3 Time out: 12:00
B: Number of Auditor Days Used:	One auditor in 2.5 days.		
C: Audit type:	<input type="checkbox"/> Full Initial <input checked="" type="checkbox"/> Periodic <input type="checkbox"/> Full Follow-up <input type="checkbox"/> Partial Follow-Up <input type="checkbox"/> Partial Other – 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)	Ms. Wang Fei Liang/CEO		
H: Is further information available (if Y please contact audit company for details)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
I: Previous audit date:	21~23/11/2016		
J: Previous audit type:	Periodic Audit		
K: Was any previous audit reviewed during this audit	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No  <input type="checkbox"/> N/A		

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

C: Present at the closing meeting?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
D: If Worker Representatives were not present please explain reasons why <i>(only complete if no worker reps present)</i>	One worker representative was present		
E: If Union Representatives were not present please explain reasons why: <i>(only complete if no union reps present)</i>	N/A There is no Labour Union in the factory.		

## Worker Analysis

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

Worker Analysis								
	Local			Migrant*			Home workers	Total
	Permanent	Temporary	Agency	Permanent	Temporary	Agency		
Worker numbers – Male	45	0	0	16	0	0	0	61
Worker numbers – female	59	0	0	18	0	0	0	77
Total	104	0	0	34	0	0	0	138
Number of Workers interviewed – male	7	0	0	4	0	0	0	11
Number of Workers interviewed – female	10	0	0	5	0	0	0	15
Total – interviewed sample size	17	0	0	9	0	0	0	26

A: Nationality of Management	China
B: Majority nationality of workers	Main countries: Country 1: <u>China</u> approx % total workforce <u>100%</u> Country 2: _____ approx % total workforce _____ Country 3: _____ approx % total workforce _____
C: Worker remuneration ( <i>management information</i> )	<u>      </u> % workers on piece rate <u>100</u> % hourly paid workers <u>      </u> % salaried workers  Payment cycle: <u>      </u> % daily paid <u>      </u> % weekly paid <u>100</u> % monthly paid <u>      </u> % other – please give details

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 type="checkbox"/> Yes <input checked="" 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>	4 groups of 5 workers
D: Number of individual interviews <i>(Please see SMETA Best Practice Guidance and Measurement Criteria)</i>	Male: 2      Female: 4
E: All groups of workers are included in the scope of this audit such as; Direct employees, Casual and agency workers, Workers employed by service providers such as security and catering staff as well as workers supplied by other contractors. <i>Note to auditor: please record details of migrant /agency/contractor workers in section 8 – Regular Employment, under Responsible Recruitment</i>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No  If N, please give details
F: Interviews were done in private and the confidentiality of the interview process was communicated to the workers?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
G: In general, what was the attitude of the workers towards their workplace?	<input checked="" type="checkbox"/> Favourable <input type="checkbox"/> Non-favourable <input type="checkbox"/> Indifferent
H: What was the most common worker complaint?	No negative complaint was arisen during interview.
I: What did the workers like the most about working at this site?	All workers were satisfied with the wages, and working environment
J: Any additional comment(s) regarding interviews:	Nil
K: Attitude of workers to hours worked:	Satisfactory
L. Is there any worker survey information available?	
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <i>If Yes, please give details:</i>	
M: Attitude of workers: <i>(Include their attitude to management, workplace, and the interview process. Both positive and negative information should be included) Note: Do not document any information that could put workers at risk</i>	
26 employees were interviewed by auditor including 6 individually and 4 groups of 5 workers.	

The employees' interviews were conducted at the conference room without any influence by the factory management.  
All the interviewees were favourable with the management and factory environment and no negative information was raised.

N: Attitude of worker's committee/union reps:  
*(Include their attitude to management, workplace, and the interview process. Both positive and negative information should be included) Note: Do not document any information that could put workers at risk*

The interviewed worker representative elected by workers showed that the management was kind and the workplace was comfortable. And the worker representative was open and expressed satisfactory to conditions of factory. No any negative information was observed.

O: Attitude of managers:  
*(Include attitude to audit, and audit process. Both positive and negative information should be included)*

The factory management cooperated with the auditor both in on-site observation and documents reviewed. The management was also willing to improve the shortage and the issues found during the audit. All audited areas were open for investigation.

## Audit Results by Clause

### 0A: Universal Rights covering UNGP

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

#### 0.A. Guidance for Observations

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

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

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

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

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

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

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

#### Current Systems and Evidence Examined

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

#### Current systems:

1. The factory had established social policies, procedures and work instructions to compliance with human rights
2. Mr. Deng Yu Hai/Purchasing Director was appointed to be responsible for the complying with human rights
3. The factory had communicated the social policies to the supplies and checked the code requirements were met or not.
4. The factory had communicated the social policies' human rights to the supplies and the schedule of survey was available for review.
5. The factory had established a system of corrections and corrective actions if an adverse impact on human rights within any of their stakeholders occurred.
6. The factory had established a system of confidentiality and privacy to protect the reporter.

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

Social responsibility manual, Suppliers management procedure, supplies assessment records and management interview.

Any other comments:

Nil

A: Policy statement that expresses commitment to respect human rights?

Yes

No

Please give details:

The factory had established a human rights' policy



	statement that was noticed and communicated to all employees during orientation training and post on notice board, which was confirmed by workers interview during the audit.
B: Does the business have a designated person responsible for implementing standards concerning Human Rights?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: Name: Mr. Deng Yu Hai Job title: Purchasing Director
C: Does the businesses have a transparent system in place for confidentially reporting, and dealing with human rights impacts without fear of reprisals towards the reporter?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The factory had established the employee grievance/complaint procedure. The workers could raise their concerns through suggestion box, telephone and email.
D: Does the business demonstrate effective data privacy procedures for workers' information, which is implemented?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: Ms. Wang Fei Liang/CEO confirmed that workers' information was kept by HR department confidential, all documents and procedures should be controlled strictly.

Findings	
<b>Finding: Observation</b> <input type="checkbox"/> <b>Company NC</b> <input type="checkbox"/> <b>Description of observation:</b> None was observed  <b>Local law or ETI/Additional elements / customer specific requirement:</b> N/A  <b>Comments:</b> Nil	<b>Objective evidence observed:</b> N/A

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

## Measuring Workplace Impact

Workplace Impact		
A: Annual worker turnover: Number of workers leaving in last 12 months as a % of average total number of workers on site over the year (annual worker turnover)	Last year: 15 %	This year 12 %
B: Current % quarterly (90 days) turnover: Number of workers leaving from the first of the 90 day period through to the last day of the 90 day period / ((number of employees on the 1 <sup>st</sup> day of 90 day period + number of employees on the last day of the 90 day period) / 2)	4%	
C: Annual % absenteeism: Number of days lost through job absence in the year / ((number of employees on 1 <sup>st</sup> day of the year + number employees on the last day of the year / 2) * number available workdays in the year	Last year: 25 %	This year 18 %
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	7.5%	6%
E: Are accidents recorded?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: Per document review and management interview, no accident was occurred.	
F: Annual Number of work related accidents and injuries per 100 workers: (Number of work related accidents and injuries * 100) / Number of total workers)	Last year: 2016 Number: 0	This year: 2017 Number: 0
G: Quarterly (90 days) number of work related accidents and injuries per 100 workers: (Number of work related accidents and injuries * 100) / Number of total workers)	0	0
H: Lost day work cases per 100 workers: ((Number of lost days due to work accidents and work related injuries * 100) / Number of total workers)	Last year: 0	This year: 0
I: % of workers that work on average more than 48 standard hours / week in the last 6 / 12 months:	6 months 0 % workers	12 months 0 % workers
J: % of workers that work on average more than 60 total hours / week in the last 6 / 12 months:	6 months 0 % workers	12 months 0 % workers

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

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

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

**Current Systems and Evidence Examined**

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

**Current systems:**

1. The factory had implemented the ETI Code and wanted to compliance with this code with the help of consultant.
2. Lease contract and business license were provided for review.
3. Mr. Deng Yu Hai/Purchasing Director was appointed to be responsible for the complying with the code.
4. The factory had posted the ETI code on the notice board, but no training record of ETI code was provided for review.
5. The factory kept the records of supplies' social responsibility assessment and checked the code requirements were met or not.

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

Social responsibility manual, suppliers management procedure, suppliers assessment records, lease contract and business license.

Any other comments:

Nil

**Management Systems:**

<p>A: In the last 12 months, has the site been subject to any fines/prosecutions for non-compliance to any regulations?</p>	<p><input type="checkbox"/> Yes  <input checked="" type="checkbox"/> No                  Please describe:                  No fines or prosecutions were occurred in the past 12 months, according to management and workers interview.</p>
<p>B: Do policies and/or procedures exist that reduce the risk of forced labour, child labour, discrimination, harassment &amp; abuse?</p>	<p><input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No                  Please describe:                  The policy of not employing child labour who was under age of 16 years old was established. Also the policy of against forced labour,</p>

	discrimination, harassment and abuse were provided for review.
C: If Yes, is there evidence (an indication) of effective implementation? Please give details.	No forced labour, discrimination, harassment and abuse were received in the factory according to worker interview. Per on-site tour and worker interview, it was noted that no forced labour or child labour was found, overtime was voluntary. The workers were free to leave after work, and they were equally treated both in wage and working condition.
D: Have managers and workers received training in the standards for forced labour, child labour, discrimination, harassment & abuse?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please describe: Managers were required to attend the training of child labour remedy policy, non-discrimination policy, non-forced labour and harassment & abuse regularly. But the facility did not training for the workers.
E: If Yes, is there evidence (an indication) that training has been effective e.g. training records etc.? Please give details	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please describe: The factory had provided the training to management. The related record was provided for review. Through management interview, they revealed that they were trained and learned about the policy. But the facility did not training for the workers.
F; Does the site have any internationally recognised system certifications e.g. ISO 9000, 14000, OHSAS 18000, SA8000 (or other social audits). <i>Please detail (Number and date).</i>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: ISO 9001:2008 certificate No.: 31499, valid until: 14 September 2018 ISO 14001:2004 certificate No.: E3021, valid until: 30 July 2018
G: Is there a Human Resources manager/department? If Yes, please detail.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: Ms. Wang Fei Liang/CEO was responsible for human resource management.
H: Is there a senior person /manager responsible for implementation of the Code	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: Mr. Deng Yu Hai/Purchasing Director was responsible for implementation of the Code.
I: Is there a policy to ensure all worker information is confidential	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe:

	Ms. Wang Fei Liang/CEO confirmed that workers' information was kept by HR department confidential, all documents and procedures should be controlled strictly.
J: Is there an effective procedure to ensure confidential information is kept confidential	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: The workers' information was kept by HR department confidential, all documents and procedures should be controlled strictly.
K: Are risk assessments conducted to evaluate policy and procedure effectiveness?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: The factory had established risk assessment policy and procedure and the risk lists were available for review.
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 Details: The factory had a process to address risks found and the administration control to reduce identified risks.
M: Does the facility have a policy/code which require labour standards of its own suppliers?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: The factory performed the supplies assessment on labour standards and checked it was conformance with the ETI Code or not.
<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 Details: The factory provided the land rights license and permission for review.
O: Does the site have systems in place to conduct legal due diligence to recognize and apply national laws and practices relating to land title	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: The factory provided the ownership certificate for review.
P: Does the site have a written policy and procedures specific to land rights. If yes, does it include any due diligence the company will undertake to obtain free, prior and informed consent, (FPIC) even if national/local law does not require it	<input type="checkbox"/> Yes <input type="checkbox"/> No If yes, how does the company obtain FPIC: N/A
Q: Is there evidence that facility site compensated the	<input type="checkbox"/> Yes

owner/lessor for the land prior to the facility being built or expanded. Please give details.	<input type="checkbox"/> No Details: N/A
R. Does the Facility demonstrate that alternatives to a specific land acquisition were considered to avoid or minimize adverse impacts Please give details.	<input type="checkbox"/> Yes <input type="checkbox"/> No Details: N/A
S: Is There any evidence of illegal appropriation of land for facility building or expansion of footprint.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Details: No any evidence was found during the audit.

Non-compliance:	
<p><b>1. Description of non-compliance:</b>  <input checked="" type="checkbox"/> NC against ETI    <input type="checkbox"/> NC against Local Law:    <input type="checkbox"/> NC against customer code:                      Per document review and worker interview, it was noted that no training of ETI Code was provided for employees.</p> <p><b>Local law and/or ETI requirement</b>  <b>ETI requirement: 0.B.4</b>                      Suppliers are expected to communicate this Code to all employees.</p> <p><b>Recommended corrective action:</b>                      The factory should communicate the Code of ETI to all employees.</p>	<p><b>Objective evidence observed:</b>  <i>Per onsite observed, document review and management interview</i></p>

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

Good Examples observed:	
<p><b>Description of Good Example (GE):</b>                      None was observed</p>	<p><b>Objective evidence observed:</b>                      N/A</p>

**1: Freely Chosen Employment**  
*(Click here to return to NC-table)*

**ETI**

- 1.1 There is no forced, bonded or involuntary prison labour.
- 1.2 Workers are not required to lodge "deposits" or their identity papers with their employer and are free to leave their employer after reasonable notice.

**Current Systems and Evidence Examined**

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

**Current systems:**

- 1. Relevant policy and documents on forced, bonded or involuntary prison labour was established.
- 2. The employees could freely resign after communication with management in advance of 30 days. Workers in probation could quite after notification of 3 days' in advance.
- 3. The employees obtained their job by themselves or by recommendation; they were not required to lodge deposits or their ID cards to the factory during working period. All new recruited employees kept their ID cards themselves, only the copy of ID cards should be handed up to HR Dept. for personnel file.
- 4. Per worker interview and document review, there was no forced, bonded or involuntary prison labour in the factory.

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

Recruitment policy, employee manual, employee roster, employee personnel file and employee labour contracts

Any other comments:  
 Nil

A: Is there any evidence of retention of original documents, e.g. passports/ID's	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes please give details and category of workers affected
B: Is there any evidence of a loan scheme in operation	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes please give details and category of worker affected
C: Is there Any evidence of retention of wages /deposits	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes please give details and category of worker affected
D: Are there any restrictions on workers' freedom to terminate employment?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please describe finding: No restrictions on workers' freedom
E: If any part of the business is UK based / registered & turnover is 36m+ there is a requirement to publish a 'modern day slavery statement.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please describe finding: No part of this business

F: Is there a modern day slavery statement published	<input checked="" type="checkbox"/> Not applicable
G: Is there evidence of any restrictions on workers' freedoms to leave the site at the end of the work day	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please describe finding: NA
H: Does the site understand the risks of forced / trafficked / bonded labour in it's supply chain	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No  If yes please give details and category of workers affected: The facility established a policy about forbidden of forced / trafficked / bonded labour and implement strictest management to control the risk of forced / trafficked / bonded labour in its supply chain. The facility sent agreement of commitment to its suppliers, and operated social responsibility audit on suppliers to control the risk of forced / trafficked / bonded labour in its supply chain.  <input type="checkbox"/> Not applicable
I: Is the site taking any steps taking to reduce the risk of forced / trafficked labour?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No  Please describe finding:

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 was observed</p> <p><b>Local law and/or ETI requirement:</b> N/A</p> <p><b>Recommended corrective action:</b> Nil</p>	<p><b>Objective evidence observed:</b> N/A</p>
<p><b>2. 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 was observed</p> <p><b>Local law and/or ETI requirement:</b> N/A</p> <p><b>Recommended corrective action:</b> Nil</p>	

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



<b>Comments:</b> Nil	
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<b>Good Examples observed:</b>	
Description of Good Example (GE): None was observed	<b>Objective evidence observed:</b> N/A

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

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

**ETI**

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

**Current Systems and Evidence Examined**

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

**Current systems:**

- 1. The right of association or collective bargaining was not restricted. Policy on respecting freedom of association and collective bargaining was conducted.
- 2. Workers were free to raise the suggestion through supervisors, telephone hotline, network, HR Department, suggestion box or report to boss directly. It could be verified per worker interviews.
- 3. The election of worker representatives was conducted regularly, which was on a fair and open situation.
- 4. Two worker representatives were responsible for all employees' suggestion collecting and reporting.

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

Policy on respecting freedom of association and collective bargaining was available for review.  
 Election records and meeting records were provided for review.

Any other comments:  
 Nil

<p>A: What form of worker representation/union is there on site?</p>	<p><input type="checkbox"/> Union (name)  <input type="checkbox"/> Worker Committee  <input checked="" type="checkbox"/> Other (specify) Worker representative  <input type="checkbox"/> None</p>
<p>B: Is it a legal requirement to have a union?</p>	<p><input type="checkbox"/> Yes  <input checked="" type="checkbox"/> No</p>
<p>C: Is it a legal requirement to have a worker's committee?</p>	<p><input type="checkbox"/> Yes  <input checked="" type="checkbox"/> No</p>
<p>D: Is there any other form of effective worker/management communication channel? (Other than union/worker committee) e.g. H&amp;S, sexual harassment</p>	<p><input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No                  Describe:                  Suggestion box, worker representative, e-mail, etc.</p>

	Is there evidence of free elections? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
E: Does the supplier provide adequate facilities to allow the Union or committee to conduct related business?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: The factory had provided activity place for workers to allow the employee committee to conduct related business.	
F: Name of union and union representative, if applicable:	N/A. No labour union was established in the factory.	Is there evidence of free elections? <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A
G: If no union what is parallel means of consultation with workers e.g. worker committees?	Suggestion box or worker representative	Is there evidence of free elections? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
H: Are all workers aware of who their representatives are?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
I: Were worker representatives freely elected?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Date of last election: 16 February 2017
J: Do workers know what topics can be raised with their representatives?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
K: Were worker representatives/union representatives interviewed	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If <b>Yes</b> , please state how many: Two worker representatives	
L: State any evidence that union/worker's committee is effective? <i>Specify date of last meeting; topics covered; how minutes were communicated etc.</i>	Latest worker representative was elected on 16 February 2017. The election result was posted in the factory. Regular meetings were held between worker representative and management. Per document review and worker representative interview that the latest meeting was held on 10 October 2017, about 1) worker representative's responsibility; 2) health and safety training. Also orientation training including worker communication was held when the new employees joined the factory.	
M: Are any workers covered by Collective Bargaining Agreement (CBA)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
N: If <b>Yes</b> what percentage by trade Union/worker representation	___% workers covered by Union CBA N/A	___% workers covered by worker rep CBA N/A
O: If <b>Yes</b> , does the Collective Bargaining Agreement (CBA) include rates of pay	<input type="checkbox"/> Yes <input type="checkbox"/> No N/A	

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 was observed</p> <p><b>Local law and/or ETI requirement:</b> N/A</p> <p><b>Recommended corrective action:</b> Nil</p> <p><b>2. 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 was observed</p> <p><b>Local law and/or ETI requirement:</b> N/A</p> <p><b>Recommended corrective action:</b> Nil</p>	<p><b>Objective evidence observed:</b> N/A</p>

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

Good Examples observed:	
<p><b>Description of Good Example (GE):</b> None was observed</p>	<p><b>Objective evidence observed:</b> N/A</p>

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

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

**ETI**

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

**Current Systems and Evidence Examined**

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

**Current systems:**

- 1. The factory established EHS procedures and the documentary files were available for review.
- 2. EHS training was hosted every year, especially at the time of recruiting new employees.
- 3. Toilets and potable water facilities were set enough in each production area, and office area.
- 4. Dormitory and canteen/kitchen facility were clean and safety for employees per onsite observation and worker interview.
- 5. Mr. Zheng Bo Lin/Logistics Specialist was appointed as the EHS monitor and the relevant training records were kept.
- 6. Sufficient first aid kits stocked with necessary supplies were provided in workshops.
- 7. The factory arranged the fire drill twice a year, which included the evacuation exercise in production area and the use of the fire-fighting facilities. The last fire drill was conducted on 25 May 2017.
- 8. Per worker interview and management interview, the factory provided appropriate safety trainings to workers. And the factory retained relevant records for review.

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

- 1. First aid training records were reviewed.
- 2. Healthy and safety hand book was reviewed.
- 3. Fire drill record, safety and healthy training records were kept for review.
- 4. Inspection records of fire-fighting equipment (fire extinguishers, fire hydrants)
- 5. Management interview
- 6. Employee interview
- 7. Certificate for first aiders
- 8. Construction acceptance and fire protection acceptance of production building
- 9. Employee manual and factory rule
- 10. Inspection report of working environment

Any other comments:

Nil

<p>A: Does the facility have general Health &amp; Safety 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</p> <p>Details: The factory had established EHS administrative manual, annual training plan including Health &amp; Safety training was hosted for all departments and new employees. The factory kept the training records for review.</p>
<p>B: Are the policies included in worker's manual?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Details: Per document review and worker interview, the EHS policies were found in employee manual.</p>
<p>C: Are there any structural additions without required permits/inspections (e.g. floors added)?</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>Details: No any structural addition occurred during the audit.</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</p> <p>Details: The factory informed visitors on H&amp;S and provided for visitors with personal protective equipment.</p>
<p>E: Is a medical room or medical facility provided for workers?  If yes, do the room(s) meet legal requirements and is the size/number of rooms suitable for the number of workers.</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Details: The first aid kits were equipped in each workshop.</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</p> <p>Details: Four qualified first aiders were found in the factory, the first aiders' contact information was posted beside each first aid kit.</p>
<p>G: Where facility provides worker transport - it is fit for purpose, safe and maintained and operated by competent persons e.g. buses and other vehicles</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>Details: No transport facility was provided for employees. The employees commuted by themselves.</p>
<p>H: Secure personal storage space is provided for workers in their living space and is fit for purpose</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Details: Per on-site observation, secure personal storage space</p>

	was provided for workers in their living space.
I: H&S Risk assessments are conducted (including evaluating the arrangements for workers doing overtime e.g. driving after a long shift) and there are controls to reduce identified risk	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: The factory had established risk assessments system including H&S Risk assessments. The risk lists were available for review.
J: Is the site meeting its legal obligations on environmental requirements including required permits for use and disposal of natural resources	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: The factory had established Environmental administrative manual and obtained Environmental Impact Assessment Approval for review.
K: Is the site meeting its customer requirements on environmental standards, including the use of banned chemicals	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: The factory had collected its customer requirements on environmental standards. Per document review and management interview, no banned chemical was found during the audit.

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 was observed</p> <p><b>Local law and/or ETI requirement:</b> N/A</p> <p><b>Recommended corrective action:</b> Nil</p> <p><b>2. 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 was observed</p> <p><b>Local law and/or ETI requirement:</b> N/A</p> <p><b>Recommended corrective action:</b> Nil</p>	<p><b>Objective evidence observed:</b>                      N/A</p>

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

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



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

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

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

**Current Systems and Evidence Examined**

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

**Current systems:**

- 1. No child labour or young worker was recruited by the factory. And the factory established a policy that would never employ and use any child labour under the age of 16 years old. The factory also established a child labour remedy procedure for review.
- 2. The factory verified all employees' original ID cards at the time of recruitment and kept the photocopies of employees' ID cards in the personnel files. The youngest worker was 18 years old, born on 29 June 1999 and his hire date was 18 October 2017.
- 3. Sufficient numbers of employees' personal files were provided for review. Each employee file included a bio-data sheet, a recent photo and the age documentation, which was in the form of photocopied national identification card. The card listed the employee's name, household address and the date of birth etc.
- 4. From employee interview and factory tour, no child labour was found.

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

- 1. The factory established a policy that would never employ and use any child labour under the age of 16 years old.
- 2. Sufficient numbers of employees' personal files were provided for review.
- 3. Employee interview
- 4. Factory tour

Any other comments:

Nil

A: Legal age of employment	16
B: Age of youngest worker found:	18
C: Children present on workforce but not working at 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: Workers under 18 subject to hazardous	<input type="checkbox"/> Yes

work assignments? (Go to clause 3 – Health and Safety)	<input checked="" type="checkbox"/> No If Y give details
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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 was observed  <b>Local law and/or ETI requirement:</b> N/A  <b>Recommended corrective action:</b> Nil	<b>Objective evidence observed:</b> N/A
<b>2. 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 was observed  <b>Local law and/or ETI requirement:</b> N/A  <b>Recommended corrective action:</b> Nil	

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

Good Examples observed:	
<b>Description of Good Example (GE):</b> None was observed	<b>Objective evidence observed:</b> N/A

**5: Living Wages are Paid**

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

**ETI**

5.1 Wages and benefits paid for a standard working week meet, at a minimum, national legal standards or industry benchmark standards, whichever is higher. In any event wages should always be enough to meet basic needs and to provide some discretionary income.  
 5.2 All workers shall be provided with written and understandable information about their employment conditions in respect to wages before they enter employment and about the particulars of their wages for the pay period concerned each time that they are paid.  
 5.3 Deductions from wages as a disciplinary measure shall not be permitted nor shall any deductions from wages not provided for by national law be permitted without the expressed permission of the worker concerned. All disciplinary measures should be recorded.

**Current Systems and Evidence Examined**

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

**Current systems:**

1. The local legal minimum wage was RMB 1210 since 1 May 2015. The minimum wage document issued by the local government was obtained and posted in the factory area.
2. Through payroll and worker interviews, it was shown that all workers' wage was calculated by basic hourly rate. And the minimum average hourly rate was RMB 8.62 equivalent RMB 1500 per month for regular working hours.
3. Overtime hours on normal working days were paid according to 150% of the normal wages. Overtime hours on rest days were paid according to 200% of the normal wages. (Remark: no overtime on statutory holidays was found during the audit).
4. The wages were paid on the end of next month with cash.
5. The wage record was reviewed from October 2016 to September 2017 by payroll records together with attendance records.
6. Per document review and management interview, it was noted that the factory had only provided endowment insurance, unemployment insurance, medical insurance and maternity insurance for 75 out of 138 employees, provided employment injury insurance for 100 out of 138 employees. And the factory did not obtain social insurance waiver from local government for review.  
 Remark: the factory had provided commercial insurance for other employees (total 56).

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

Payroll records, attendance records, management interview, worker interview, social insurance receipt

Any other comments:  
 Nil

**Non-compliance:**

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

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

Per document review and management interview, it was noted that the factory

**Objective evidence observed:**

*Document review and management interview*

<p>had only provided endowment insurance, unemployment insurance, medical insurance and maternity insurance for 75 out of 138 employees, provided employment injury insurance for 100 out of 138 employees. And the factory did not obtain social insurance waiver from local government for review. Remark: the factory had provided commercial insurance for other employees (total 56).</p> <p><b>Local law and/or ETI requirement</b>  <b>Labor Law of the People’s Republic of China (1994), Article 72</b>          The sources of social insurance funds shall be determined according to the categories of insurance, and an overall pooling of insurance funds from the society shall be introduced step by step. The employing unit and laborers must participate in social insurance and pay social insurance premiums in accordance with the law.</p> <p><b>Article 73</b>          Laborers shall, in accordance with the law, enjoy social insurance benefits under the following circumstances:</p> <ol style="list-style-type: none"> <li>1. Retirement;</li> <li>2. illness or injury;</li> <li>3. Disability caused by work-related injury or occupational disease;</li> <li>4. Unemployment; and</li> <li>5. Child-bearing.</li> </ol> <p><b>ETI requirement 5.1</b>          Wages and benefits paid for a standard working week meet, at a minimum, national legal standards or industry benchmark standards, whichever is higher. In any event wages should always be enough to meet basic needs and to provide some discretionary income.</p> <p><b>Recommended corrective action:</b>          The factory should provide social insurance for all employees according to local law requirement.</p>	
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<b>Observation:</b>	
<b>Description of observation:</b> None was observed  <b>Local law or ETI requirement:</b> N/A  <b>Comments:</b> Nil	<b>Objective evidence observed:</b> N/A

<b>Good Examples observed:</b>	
<b>Description of Good Example (GE):</b> None was observed	<b>Objective evidence observed:</b> N/A

**Summary Information**

Criteria	Local Law <i>(Please state legal requirement)</i>	Actual at the Site <i>(Record site results against the law)</i>	Is this part of a Collective Bargaining Agreement?
A: Standard/Contracted work hours: <i>(Maximum legal and actual required working hours excluding overtime, please state if possible per day, week, and month)</i>	Legal maximum: 8 hours per day and 40 hours per week	8 hours per day and 40 hours per week	<input type="checkbox"/> Yes <input type="checkbox"/> No N/A
B: Overtime hours: <i>(Maximum legal and actual overtime hours, please state if possible per day, week, and month)</i>	Legal maximum: Not exceed 3 hours per day and 36 hours per month	Maximum 2 overtime hours per normal working day. Maximum 18 overtime hours per week. Maximum 66 overtime hours per month.	<input type="checkbox"/> Yes <input type="checkbox"/> No N/A
D: wage for standard/contracted hours: <i>(Minimum legal and actual minimum wage at site, please state if possible per hr, day, week, and month)</i>	Legal minimum: RMB 1210 per month equivalent to RMB 6.95 (1210/21.75/8) per hour since 1st May 2015.	RMB 8.62 per hour equivalent to RMB 1500 (8.62x21.75x8) per month during the past 12 months	<input type="checkbox"/> Yes <input type="checkbox"/> No N/A
E: overtime wage: <i>(Minimum legal and actual minimum overtime wage at site, please state if possible per hr, day, week, and month)</i>	Legal minimum: The employing unit shall, according to the following standards, pay labourers remuneration higher than those for normal working hours under any of the following circumstances: 1) to pay no less than 150% of the normal wages if the extension of working hours is arranged; 2) to pay no less than 200% of the normal	Overtime hours on normal working days were paid according to 150% of the normal wages. Overtime hours on rest days were paid according to 200% of the normal wages. (Remark: no overtime on statutory holidays was found during the audit. however, as per factory policy and interview, the overtime hours on	<input type="checkbox"/> Yes <input type="checkbox"/> No N/A

	<p>wages if the extended hours are arranged on days of rest and no deferred rest can be taken; 3) To pay no less than 300% of the normal wages if the extended hours are arranged on statutory holidays.</p>	<p>statutory holidays would be paid according to 300% of the normal wages)</p>	
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<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	
B: If <b>No</b> , why not?	N/A	
C: 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>	26 samples in December 2016 (Random month) 26 samples in March 2017 (Random month) 26 samples in September 2017 (Current month)	
D: Are there different legal minimum wage grades? If <b>Yes</b> , please specify all.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If <b>Yes</b> , please give details:	
E: If there are different legal minimum grades, are all workers graded and paid correctly?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A If <b>No</b> , please give details:	
F: For the lowest paid production workers, are wages paid for standard/contracted hours (excluding overtime) below or above the legal minimum?	Lowest Wages found: <i>Note: full time employees and please state hour / week / month etc.</i>  <input type="checkbox"/> Below legal min <input type="checkbox"/> Meet <input checked="" type="checkbox"/> Above	Please indicate the breakdown of workforce per earnings: RMB 8.62~9.78/hour RMB 345~391/week (8.62~9.78x40) RMB 1500~1700/month (8.62~9.78x21.75x8)
		_____% of workforce earning under min wage _____% of workforce earning min wage _____100% of workforce earning above min wage
G: Bonus (amount specify)	Bonus Scheme found: Attendance allowance: RMB 30/month <i>Note: full time employees and please state hour / week / month</i>	

	etc.
H: What deductions are required by law e.g. social insurance? Please state all types:	Wage tax, Individual parts of social insurance, Housing fund
I: Have these deductions been made? Please list all deductions that have/have not been made.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If No, please describe: Please list all deduction that have been made: Individual parts of social insurance Please list all deduction that have not been made: Wage tax, Housing fund
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 type="checkbox"/> Poor record keeping <input checked="" type="checkbox"/> No <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 Details: Per document review and worker interview, the records reflected 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 Please specify amount/time:
If yes, what was the calculation method used.	<input type="checkbox"/> ISEAL/Anker Benchmarks <input type="checkbox"/> Asia Floor Wage <input type="checkbox"/> Figures provided by Unions <input type="checkbox"/> Living Wage Foundation UK <input type="checkbox"/> Fair Wear Wage Ladder <input type="checkbox"/> Fairtrade Foundation Other – please give details: N/A
N: Are there periodic reviews of wages? If Yes give details (include whether there is consideration to basic needs of workers plus discretionary income).	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Details: Per document review and management interview, no periodic review record was kept.
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 Details: Per employee manual review and worker interview, it was confirmed that equal rates were being paid for equal work.

Q: How are workers paid:	<input checked="" type="checkbox"/> Cash <input type="checkbox"/> Cheque <input type="checkbox"/> Bank Transfer <input type="checkbox"/> Other If other explain:
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**6: Working Hours are not Excessive**

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

**ETI**

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

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

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

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

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

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

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

**Current Systems and Evidence Examined**

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

**Current systems:**

1. The normal working hour was 8 hours per day and 5 days per week which was written in the employee manual.
2. As shown in the working time records, there was maximum 2 hours overtime per day, maximum 18 hours overtime per week, and maximum 66 hours overtime per month.
3. Per worker interview, workers confirmed that they worked overtime voluntarily.
4. At least one day off after 6 consecutive working days was guaranteed.
5. The maximum weekly total working hours including overtime hours were 58 hours which did not exceed 60 hours by the ETI code.
6. The attendance system was in a good condition. The records would be downloaded before the 25th of next month, and HR department was responsible for records collecting and keeping.
7. According to 26 sample workers' attendance records from 1 October 2016 to audit day were randomly selected for review, 24 sample workers' day overtime hours did not exceed 3 hours that meet local law requirement and monthly overtime hours exceeded 36 hours that not meet local law requirement.

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

Employee manual, overtime policy, attendance records, payroll records, the records of materials in and out, worker interview and management interview

Any other comments:

Nil

**Non-compliance:**

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

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

According to 26 workers' attendance records from 1 October 2016 to audit day were randomly selected for review, 24 samples' monthly overtime hours exceeded 36 hours. The maximum monthly overtime hours were 66 hours in September 2017.

**Local law and/or ETI requirement**

**Labor Law of the People's Republic of China (1994), 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 laborers, 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 laborers is guaranteed. However, the total extension in a month shall not exceed thirty six hours.

**ETI Code: 6.1**

Working hours comply with national laws and benchmark industry standards, whichever affords greater protection.

**Recommended corrective action:**

The factory should control overtime hours to ensure monthly overtime hours within 36 hours.

**Objective evidence observed:**

*Document review and management interview*

**Observation:**

**Description of observation:** None was observed

**Local law or ETI requirement:** N/A

**Comments:** Nil

**Objective evidence observed:**

N/A

**Good Examples observed:**

**Description of Good Example (GE):**  
None was observed

**Objective evidence observed:**

N/A

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

Standard/Contracted Hours worked		
G: Standard working hours over 48 per week found	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If yes, % of workers & frequency
H: Any local waivers/local law or permissions which allow averaging/annualised hours for this site?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If YES, please give details
Overtime Hours worked		
I: Actual overtime hours worked in sample (State per day/week/month)	Highest OT hours:	2 hours/day, 14 hours/week, 52 hours/month in December 2016 (Random month) 2 hours/day, 14 hours/week, 56 hours/month in March 2017 (Random month) 2 hours/day, 18 hours/week, 66 hours/month in September 2017 (Current month)
J: Combined hours (standard/contracted plus= total) 60 found?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
K: Approximate percentage of total workers on highest overtime hours	<u>92.3</u> %	
L: Is overtime voluntary?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Conflicting Information	<i>Please detail evidence e.g. Wording of contract/employment agreement/handbook/worker interviews/refusal arrangements:            Per worker interview and management interview</i>
Overtime Premiums		
M: Are the correct legal overtime premiums paid?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A – there is no legal requirement to OT premium	<i>Please give details of normal day overtime premium as a % of <b>standard</b> wages:            Overtime hours on normal working days and rest days were compensated by 150% and 200% respectively of normal wage standard.            (Remark: no overtime hours were noted on holidays through payrolls and attendance records review, however, as per factory policy and interview, the overtime hours on holidays would be paid by 300% of normal wage)</i>
N: Is overtime paid at a premium?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<i>If yes, please describe % of workers &amp; frequency:            100% of workers &amp; monthly paid</i>

<p>O: ETI Code requires a prevailing standard to give greatest worker protection. If a site pays less than 125% OT premium and this is allowed under local law, are there other considerations? Please complete the boxes where relevant. Multi select is possible.</p>	<p><input type="checkbox"/> No  <input type="checkbox"/> Consolidated pay (May be standard wages above minimum legal wage, with no/low overtime premium)  <input type="checkbox"/> Collective Bargaining agreements  <input type="checkbox"/> Other  N/A</p>
	<p>Please explain any checked boxes above e.g. detail of consolidated pay CBA or Other</p>
	<p>N/A</p>
<p>P: If more than 60 total hours per week and this is legally allowed, are there other considerations? Please complete the boxes where relevant. Multi select is possible.</p>	<p><input type="checkbox"/> <b>Overtime is voluntary</b>  <input type="checkbox"/> Onsite Collective bargaining allows 60+ hours/week  <input type="checkbox"/> Safeguards are in place to protect worker's health and safety  <input type="checkbox"/> Site can demonstrate exceptional circumstances  <input type="checkbox"/> Other reasons (please specify)  N/A</p>
	<p>Please explain any checked boxes above</p>
	<p>N/A. The maximum weekly working hours were 58 hours.</p>
<p>Q: Is there evidence that overtime hours are being used for extended periods to make up for labour shortages or increased order volumes?</p>	<p><input type="checkbox"/> Yes  <input checked="" type="checkbox"/> No  If yes, please describe</p>
<p>R: If sufficient workers cannot be hired, are new working time arrangements explored to ensure that overtime is the exception rather than the rule.</p>	<p><input type="checkbox"/> Yes  <input type="checkbox"/> No  N/A</p>

**7: No Discrimination is Practiced**

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

**ETI**

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

**Current Systems and Evidence Examined**

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

**Current systems:**

1. No evidence of discrimination in employment, promotion, compensation, welfare, dismissal or retirement was found.
2. Workers came from different provinces of China, and no discrimination or unfair treatments were identified.
3. Per worker interviews, it was found that there was no unequal, abuse, unusual disciplinary practices, and there were no preference on the religion, origin, political affiliation or age.
4. Non-discrimination policy was reviewed. And no discrimination issue was found.
5. Employment contracts were provided for review and they showed that male and female employees were on the same pay grade for same work.

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

Management interview and employee interview  
 Non-discrimination policy, employment contracts

Any other comments:  
 Nil

A: Gender breakdown of Management + Supervisors (Include as one combined group)	Male: <u>53.66</u> % Female <u>46.34</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	# : 0
C: Is there any evidence of discrimination based on race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation?:	<input type="checkbox"/> Hiring <input type="checkbox"/> Compensation <input type="checkbox"/> access to training <input type="checkbox"/> promotion <input type="checkbox"/> termination or retirement N/A

**Professional Development**

<p>A: What type of training and development are available for workers?</p>	<p>Please give details: Per worker interview, it was noted that New employee orientation training, job training, safety training, etc. were available for all workers.</p>
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<p>B: Are HR decisions on e.g. promotion, training, compensation based on objective, transparent criteria?</p>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>If no, please give details:</p>
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Non-compliance:	
<p><b>1. Description of non-compliance:</b></p> <p><input type="checkbox"/> NC against ETI      <input type="checkbox"/> NC against Local Law      <input type="checkbox"/> NC against customer code:</p> <p>None was observed</p> <p><b>Local law and/or ETI requirement:</b> N/A</p> <p><b>Recommended corrective action:</b> Nil</p> <p><b>2. Description of non-compliance:</b></p> <p><input type="checkbox"/> NC against ETI      <input type="checkbox"/> NC against Local Law      <input type="checkbox"/> NC against customer code:</p> <p>None was observed</p> <p><b>Local law and/or ETI requirement:</b> N/A</p> <p><b>Recommended corrective action:</b> Nil</p>	<p><b>Objective evidence observed:</b></p> <p>N/A</p>

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

Good Examples observed:	
<p><b>Description of Good Example (GE):</b></p> <p>None was observed</p>	<p><b>Objective evidence observed:</b></p> <p>N/A</p>

**8: Regular Employment Is Provided**

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

**ETI**

8.1 To every extent possible work performed must be on the basis of recognised employment relationship established through national law and practice.  
 8.2 Obligations to employees under labour or social security laws and regulations arising from the regular employment relationship shall not be avoided through the use of labour-only contracting, sub-contracting, or home-working arrangements, or through apprenticeship schemes where there is no real intent to impart skills or provide regular employment, nor shall any such obligations be avoided through the excessive use of fixed-term contracts of employment.

**Additional Elements: Responsible Recruitment**

8.3 Suppliers have full understanding of the entire recruitment process and assess all labour recruiters and intermediaries against legal and/or ethical requirements.  
 8.4 There are effective management systems in place to identify and monitor the hiring and management of all migrant workers, contract workers, agency workers, temporary or casual labour. The supplier shall implement processes to enable adequate control over agencies with regards the above points and related legislation.  
 8.5 Employment agencies must only supply workers registered with them.  
 8.6 Workers pay no recruitment fee at any stage of the recruitment process.  
 8.7 Worker contracts accurately reflect the agreed payment and terms in the recruitment process and are understood and signed by workers.

**Current Systems and Evidence Examined**

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

**Current systems:**

1. Work performed was on the basis of recognized employment relationship established through national law and practice.
2. The factory signed labour contracts with employees within 30 days after employment.
3. No sub-contracting was found in the factory.
4. The factory had established a process to assess all labour recruiters or ethical requirements.
5. The factory had established a management system to identify and monitor the hiring, and the factory should implement system to enable adequate control over agencies with regards the above points and related legislation.
6. All employees were hired directly without employment agencies.
7. Per document review and worker interview, no any recruitment fee was paid by workers at any recruitment process.
8. Workers confirmed all terms of employment contract and signed by workers, and they retained one copy of employment contract themselves.

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

1. Labour contract of employees and roster were reviewed in the audit.
2. Management interview and worker interview confirmed the compliance of the employment.

Any other comments:  
 Nil



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 was observed</p> <p><b>Local law and/or ETI requirement:</b> N/A</p> <p><b>Recommended corrective action:</b> Nil</p> <p><b>2. 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 was observed</p> <p><b>Local law and/or ETI requirement:</b> N/A</p> <p><b>Recommended corrective action:</b> Nil</p>	<p><b>Objective evidence observed:</b> N/A</p>

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

Good Examples observed:	
<p><b>Description of Good Example (GE):</b> None was observed</p>	<p><b>Objective evidence observed:</b> N/A</p>

### Responsible Recruitment

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

purpose of recruitment/placement?	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 N/A
C: If any checked, give details:	N/A

<b>Migrant Workers:</b> <i>The term "migrant worker" refers to a person who is engaged or has been engaged in a remunerated activity in a country of which they are not a national and where they do not intend to remain permanently or has purposely migrated on a temporary basis to another in-country region to seek and engage in a remunerated activity</i>			
A: Type of work undertaken by migrant workers:	Assembly, QC and packing department		
B: Migrant worker recruitment	Total number of (in country recruitment agencies) used: Nil Total number of (outside of local country) recruitment agencies used: Nil		
C: Migrant workers' voluntary deductions (such as for remittances) confirmed in writing by the worker and evidence of transaction is supplied by the facility to the worker.	<table border="1" style="width: 100%;"> <tr> <td style="width: 60%;"> <input type="checkbox"/> Yes  <input checked="" type="checkbox"/> No  Please describe finding: </td> <td style="width: 40%;"> Observations  Nil </td> </tr> </table>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please describe finding:	Observations Nil
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please describe finding:	Observations Nil		
D: Are Any migrant workers in skilled, technical, or management roles  <b>Migrant Workers (this should include all migrant workers including permanent workers, temporary and/or seasonal workers)</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No  If Yes number and example of roles  About 6 migrant employees including finance manager, logistics Specialist, project manager, project supervisor and two sale managers		

### NON-EMPLOYEE WORKERS

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

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

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

<p><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></p>	
<p>A: Any contractors on site?</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>Please describe finding: If Y, how many contractors are present</p>
<p>B: If <b>Yes</b>, how many workers supplied by contractors</p>	<p>N/A</p>
<p>C: Do all contractor workers understand their terms of employment?</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Please describe finding: N/A</p>
<p>D: If <b>Yes</b>, please give evidence for contractor workers being paid per law:</p>	<p>N/A</p>

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

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

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

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

*Note to auditor on homeworking:*

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

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

**Current Systems and Evidence Examined**

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

**Current systems:**

1. Per management interview and worker interview, no worker was hired from sub-contractors.
2. No process was done by sub-contractors during the audit.
3. No homeworking was found in this factory, and the factory established policy on not hiring homeworking.

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

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

Process Subcontracted	Process 1	Process 2
Name of factory	N/A	N/A
Address	N/A	N/A

Process Subcontracted	Process 3	Process 4
Name of factory	N/A	N/A
Address	N/A	N/A

Process Subcontracted	Process 5	Process 6
Name of factory	N/A	N/A
Address	N/A	N/A

**Details:**

1. In and out records at warehouse
2. Production plan
3. Management interview and worker interview

**Non-compliance:**

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

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

**Objective evidence observed:**

N/A

<p>None was observed</p> <p><b>Local law and/or ETI /Additional Elements requirement:</b> N/A</p> <p><b>Recommended corrective action:</b> Nil</p> <p><b>2. 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 was observed</p> <p><b>Local law and/or ETI /Additional Elements requirement:</b> N/A</p> <p><b>Recommended corrective action:</b> Nil</p>	
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Observation:	
<p><b>Description of observation:</b> None was observed</p> <p><b>Local law and/or ETI /Additional Elements requirement:</b> N/A</p> <p><b>Comments:</b> Nil</p>	<p><b>Objective evidence observed:</b> N/A</p>

Good Examples observed:	
<p><b>Description of Good Example (GE):</b> None was observed</p>	<p><b>Objective evidence observed:</b> N/A</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 hours or undeclared sub-contracting</p>	<p><input type="checkbox"/> Yes  <input type="checkbox"/> No                  Please describe:                  N/A</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                  If <b>Yes</b>, summarise details: N/A</p>
<p>C: Number of sub-contractors/agents used</p>	<p>N/A</p>
<p>D: Is there a site policy on sub-contracting?</p>	<p><input type="checkbox"/> Yes  <input type="checkbox"/> No</p>

	If <b>Yes</b> , summarise details: N/A
E: What checks are in place to ensure no child labour is being used and work is safe?	N/A

<b>Summary of homeworking – if applicable</b> <input checked="" type="checkbox"/> Not Applicable please x			
A: If homeworking is being used, is there evidence this has been agreed with the main client?	<input type="checkbox"/> Yes <input type="checkbox"/> No If <b>Yes</b> , summarise details: N/A		
B: Number of homeworkers	Male: N/A	Female: N/A	Total: N/A
C: Are homeworkers employed direct or through agents?	<input type="checkbox"/> Directly <input type="checkbox"/> Through Agents N/A		
D: If through agents, number of agents	N/A		
E: Is there a site policy on homeworking?	<input type="checkbox"/> Yes <input type="checkbox"/> No N/A		
F: How does site ensure worker hours and pay meet local laws for homeworkers?	N/A		
G: What processes are carried out by homeworkers?	N/A		
H: Do any contracts exist for homeworkers	<input type="checkbox"/> Yes <input type="checkbox"/> No  Please give details: N/A		
I: Are full records of homeworkers available at the site?	<input type="checkbox"/> Yes <input type="checkbox"/> No N/A		

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

*(Click here to return to NC-table)*

**ETI**

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

Additional elements:

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

<p>A: Are there published, anonymous and/or open channels available for reporting any violations of Labour standards and H&amp;S or any other grievances to a 3<sup>rd</sup> party?</p>	<p><input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No                  Please describe: The contact information of 3rd party such as Chinese association of labour, local labour union and community were posted in the factory.</p>
<p>B: If <b>Yes</b>, are workers aware of these channels and have access? Please give details.</p>	<p>Per management interview and worker interview, the workers confirmed they knew the way to report their complaints or grievances to 3rd party. And management revealed that they did not interfere with such reporting channels.</p>
<p>C: If yes, what type of mechanism is used e.g. hotline, whistle blowing mechanism, comment box etc. Please give details.</p>	<p>Suggestion box, hotline, email etc. were used for employees.</p>
<p>D: Is there a grievance mechanism in place for:</p>	<p><input checked="" type="checkbox"/> Workers  <input type="checkbox"/> Communities  <input checked="" type="checkbox"/> Suppliers  <input type="checkbox"/> Other                  Details: The factory had established a grievance mechanism for workers and their suppliers. The procedure was available for review.</p>
<p>E: Are there any open disputes?</p>	<p><input type="checkbox"/> Yes  <input checked="" type="checkbox"/> No                  If yes, please give details</p>
<p>F: Does grievance mechanism meet with UNGP requirement of e.g. (Legitimate, Accessible, Predictable, Equitable, Transparent, Rights-compatible, a source of continuous learning and based on stakeholder engagement)?</p>	<p><input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No                  If no, please give details</p>
<p>G: Does the site \ encourage its business partners (e.g., suppliers) provide individuals and communities with access to effective grievance mechanisms (e.g., help lines or whistle blowing mechanism</p>	<p><input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No                  If No Please give details</p>



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

**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. Per management interview and worker interview, no case of abuse or discipline were happened in the factory at past and the disciplinary procedure of the factory was verbally warning and workers signed a slip to confirm they had understood the procedures.
2. No negative evidence of mental/ physical abuse, sexual or other harassment and verbal abuse were identified during the audit.
3. The policy of anti-harsh or inhumane treatment was established in the factory.
4. The policy of a confidential grievance mechanism was established in the factory.

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

1. The factory established anti-harsh or inhumane treatment policy.
2. The factory established a confidential grievance mechanism policy.
3. Management interview and worker interview

Any other comments:  
Nil

**Non-compliance:**

<p><b>1. Description of non-compliance:</b></p> <p> <input type="checkbox"/> NC against ETI                         <input type="checkbox"/> NC against Local Law                         <input type="checkbox"/> NC against customer code:                 </p> <p>None was observed</p> <p><b>Local law and/or ETI requirement</b> N/A</p> <p><b>Recommended corrective action:</b> Nil</p> <p><b>2. Description of non-compliance:</b></p> <p> <input type="checkbox"/> NC against ETI                         <input type="checkbox"/> NC against Local Law                         <input type="checkbox"/> NC against customer code:                 </p>	<p><b>Objective evidence observed:</b></p> <p>N/A</p>
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<p>None was observed</p> <p><b>Local law and/or ETI requirement:</b> N/A</p> <p><b>Recommended corrective action:</b> Nil</p>	
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Observation:	
<p><b>Description of observation:</b> None was observed</p> <p><b>Local law or ETI requirement:</b> N/A</p> <p><b>Comments:</b> Nil</p>	<p><b>Objective evidence observed:</b> N/A</p>

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

1. Per worker interviews, they had a legal right to work shall be employed or used by the supplier.  
 2. Per management interview, no any agency staff, employment agencies and immigration worker were used in the factory.

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

1. Employee manual
2. Employee Roster
3. Personnel file

Any other comments:  
 Nil

**Non-compliance:**

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

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

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

**Recommended corrective action:** Nil

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

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

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

**Recommended corrective action:** Nil

**Objective evidence**

**observed:**  
 N/A

Observation:	
<p><b>Description of observation:</b> None was observed</p> <p><b>Local law and/or ETI /Additional Elements requirement:</b> N/A</p> <p><b>Comments:</b> Nil</p>	<p><b>Objective evidence observed:</b> N/A</p>

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

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

*(Click here to return to NC-table)*

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

**B.4. Compliance Requirements**

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

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

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

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

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

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

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

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

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

**B4. Guidance for Observations**

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

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

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

**Current Systems and Evidence Examined**

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

**Current systems:**

1. One senior manager Mr. Zheng Bo Lin/Logistics Specialist was responsible for continuous improvements in their environmental performance.
2. The main hazards wastes of this factory were waste machine oil, waste fluorescent lamp, and they were collected by qualified authority (Dongjiang Environmental Protection Technology Co., Ltd.). The main waste water was sanitary wastewater. No waste gas produced by the factory. Besides, the factory had taken some effective measures to decrease the noise and dust.
3. The factory had obtained duplicated forms for transferring hazardous wastes, hazardous waste transport receipt and hazardous waste disposing contract.
4. The factory had obtained Environmental Impact Assessment approval for review.
5. The factory had an environmental policy, covering their environmental impact, which is communicated to all appropriate parties, including its own suppliers.

- 6. The discharge of natural resources e.g. electricity use, water use were analysed by the factory, and the calculation results were available to review.
- 7. Policy on sustainable development was established.
- 8. The factory had taken some measures such as eliminate or reduce the industrial waste in order to improve environmental performance.
- 9. By searching the internet and management review, there was never any violation or noncompliance to environmental regulations.
- 10. Per management interview and the website review, the factory had not been subject to any fines/prosecutions for noncompliance to environmental regulations.

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

Details:

Duplicated forms for transferring hazardous wastes, EIA report & approval, hazardous waste transport receipt, hazardous waste disposing contract, and documents on environmental protection, ISO 14001:2004 certificate

Any other comments: Nil

**Non-compliance:**

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

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

**Local law and/or ETI requirement** N/A

**Recommended corrective action:** Nil

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

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

**Local law and/or ETI requirement:** N/A

**Recommended corrective action:** Nil

**Objective evidence observed:**

N/A

**Observation:**

**Description of observation:**

None was observed

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

**Comments:** N/A

**Objective evidence observed:**

N/A

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

<b>Environmental Analysis</b> <i>(Site declaration only – this has not been verified by auditor. Please state units in all cases below.)</i>	
A: Responsible for Environmental issues (Name and Position):	Mr. Zheng Bo Lin/Logistics Specialist
B: Has the site conducted a risk assessment on the environmental impact of the site, including implementation of controls to reduce identified risks	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: The factory had conducted a risk assessment about the environmental impact, control and reduce identified risks. The risk lists were available for review.
C: Does the site have a recognised environmental system certification such as ISO 14000 or equivalent? Please detail.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: ISO 14001:2004 certificate No.: E3021, valid until: 30 July 2018
D: Does the site have an Environmental policy? <i>(For guidance, please see Measurement criteria)</i>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If yes, is it publicly available? Yes, the policy was available for review.
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 Details: The factory had taken some effective measures to control and reduce the risks.
F: Does the site have a Biodiversity policy? <i>(For guidance, please see Measurement criteria)</i>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
G: Is there any other sustainability systems present such as Chain of Custody, Forest Stewardship Council (FSC), Marine Stewardship Council (MSC) etc.? Please detail. <i>(For guidance, please see Measurement criteria)</i>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Details: N/A
H: Have all legally required permits been shown? Please detail.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: Environmental Impact Declaration form and approval,
I: Is there a documentation process to record hazardous chemicals used in the manufacturing process?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A Details: Relevant records and policy were provided for review. The factory had established the policy of storing and using hazardous chemicals and the disposing the waste.
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 Details: Communicated with the client on environmental and chemical issues. The factory conducted the Code of Conduct on environmental and chemical issues. The records were kept properly.
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 Details: The factory had established an environmental performance objectives, targets and implementation plans.



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 Details: The factory had collected the volume of waste recycling. The records were available for review.	
M: Facility has a system in place for accurately measuring and monitoring consumption of key utilities of water, energy and natural resources that follows recognised protocols or standards	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: The factory had provided the test report of environmental impact (including waste air, waste water and boundary noise). The test report was available for review.	
N: Facility has checked that any Sub-Contracting agencies or business partners operating on the premises have appropriate permits and licences and are conducting business in line with environmental expectations of the facility	<input type="checkbox"/> Yes <input type="checkbox"/> No Details: N/A. No any Sub-Contracting agencies or business partners were in place.	
Usage/Discharge analysis		
Criteria	Previous year: Please state period: January to December 2016	Current Year: Please state period: January to October 2017
Electricity Usage: <i>Kw/hrs</i>	230,000 Kw	210,000 Kw
Renewable Energy Usage: <i>Kw/hrs</i>	N/A	N/A
Gas Usage: <i>Kw/hrs</i>	Petrol: 700 L	Petrol: 525 L
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	N/A	N/A
Water Sources: <i>Please list all sources e.g. lake, river, and local water authority.</i>	<ul style="list-style-type: none"> <li>• River</li> <li>• Lake</li> <li>• Reservoir</li> </ul>	<ul style="list-style-type: none"> <li>• River</li> <li>• Lake</li> <li>• Reservoir</li> </ul>
Water Volume Used: <i>(m<sup>3</sup>)</i>	6,600 m <sup>3</sup>	5,500 m <sup>3</sup>
Water Discharged: <i>Please list all receiving waters/recipients.</i>	<ul style="list-style-type: none"> <li>• Urban sewage network</li> </ul>	<ul style="list-style-type: none"> <li>• Urban sewage network</li> </ul>
Water Volume Discharged: <i>(m<sup>3</sup>)</i>	6,600 m <sup>3</sup>	5,500 m <sup>3</sup>
Water Volume Recycled: <i>(m<sup>3</sup>)</i>	0	0
Total waste Produced <i>(please state units)</i>	1.5 Tons	1.2 Tons

Total hazardous waste Produced: <i>(please state units)</i>	0.4 Tons	0.3 Tons
Waste to Recycling: <i>(please state units)</i>	0	0
Waste to Landfill: <i>(please state units)</i>	0	0
Waste to other: <i>(please give details and state units)</i>	1.1 Tons Urban waste disposal station	0.9 Tons Urban waste disposal station
Total Product Produced <i>(please state units)</i>	15,600,000 pcs	13,000,000 pcs

**10C: Business Ethics – 4-Pillar Audit**

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

*To be completed for a 4-Pillar SMETA Audit*

**10C. Compliance Requirements**

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

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

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

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

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

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

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

**10C. Guidance for Observations**

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

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

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

**Current Systems and Evidence Examined**

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

**Current systems:**

1. The management policy of integrity and business ethic was established for review during the audit.
2. The factory had designated a senior manager, Mr. Deng Yu Hai/Purchasing Director as supervisor for integrity and business ethic.
3. The factory had established written procedure for against bribery and corruption and it was clearly communicated to suppliers and clients by email or telephone.
4. The factory had established reporting measures regarding unethical business practices such as suggestion box, email and anonymity complaint hotline.
5. Relevant laws and regulation on business ethic were collected regularly, and the factory had established the policy upon the laws
6. The policy of concerning bribery, corruption, or unethical Business Practice was delivered to relevant parties.
7. All employees and management could report any unethical Business Ethics by telephone hotline or online website to the local authority without and restrictions.
8. Per management interview and the website review, the factory had not been subject to any

fines/prosecutions for noncompliance to Business Ethics regulations.

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

Details:

1. Document review
2. Factory tour
3. Management interview

Any other comments: Nil

**Non-compliance:**

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

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

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

**Recommended corrective action:** Nil

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

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

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

**Recommended corrective action:** Nil

**Objective evidence observed:**

N/A

**Observation**

**Description of observation:** None was observed

**Local law or ETI requirement:** N/A

**Comments:** Nil

**Objective evidence observed:**

N/A

**Good examples observed:**

**Description of Good Example (GE):**  
None was observed

**Objective Evidence Observed:**

N/A

<p>A: Does the facility have a Business Ethics Policy and is the policy communicated and applied internally, externally or both, as appropriate?</p>	<p><input checked="" type="checkbox"/> Internal Policy  <input checked="" type="checkbox"/> Policy for third parties including suppliers</p> <p>Please give details: The factory had established a Business Ethics Policy and the policy was noted and communicated to workers and suppliers.</p>
<p>B: Does the site give training to relevant personnel (e.g. sales and logistics) on business ethics issues</p>	<p>Yes, the training records were available for review.</p>
<p>C: Is the policy updated on a regular (as needed) basis?</p>	<p><input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No</p> <p>Please give details: The policy was updated regularly per document review and management interview.</p>
<p>D: Does the site require third parties including suppliers to complete their own business ethics training</p>	<p><input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No</p> <p>Please give details: The factory had established written procedure for against bribery and corruption and it was clearly communicated to suppliers and clients by email or telephone.</p>

Other Findings Outside the Scope of the Code
None

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

## Appendix 1

<p><b>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."</b></p> <p><input checked="" type="checkbox"/> Not Applicable please x</p>	
<p><b>NOTE:</b> The provisions of the ETI base Code constitute minimum and not maximum standards, and this code should not be used to prevent companies from exceeding these standards. Companies applying the ETI Base Code are expected to comply with national and other applicable law and, where the provisions of law and the ETI Base Code address the same subject, to apply that provision which affords the greater protection.</p>	<p><b>Instruction to Audit Company:</b> fill in the relevant clauses from the Customer Supplier Code - where applicable.</p>
<p><b>ETI Code / Additional Elements</b></p>	<p><b>Customer's Supplier Code equivalent</b></p>
<p><b>0.A. Universal Rights covering UNGP</b></p>	<p><b>0.A. Universal Rights covering UNGP</b></p>
<p><b>0.A. Guidance for Observations</b>            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.</p>	<p>Nil</p>
<p><b>0.B. Management Systems &amp; Code Implementation</b></p>	<p><b>0.B. Management Systems &amp; Code Implementation</b></p>
<p>0.1 Suppliers are expected to implement and maintain systems for delivering compliance to this Code.            0.2 Suppliers shall appoint a senior member of</p>	<p>Nil</p>

<p>management who shall be responsible for compliance with the Code.          0.3 Suppliers are expected to communicate this Code to all employees.          0.4 Suppliers should communicate this code to their own suppliers and, where reasonably practicable, extend the principles of this Ethical Code through their supply chain.</p>	
<p><b>ETI 1. Forced Labour</b></p>	<p><b>ETI 1. Forced Labour</b></p>
<p>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.</p>	<p>Nil</p>
<p><b>ETI 2. Freedom of association and the right to collective bargaining are respected</b></p>	<p><b>ETI 2. Freedom of association and the right to collective bargaining are respected</b></p>
<p>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.</p>	<p>Nil</p>
<p><b>ETI 3. Working conditions are safe and hygienic</b></p>	<p><b>ETI 3. Working conditions are safe and hygienic</b></p>
<p>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 &amp; 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</p>	<p>Nil</p>



<p>clean, safe, and meet the basic needs of the workers.</p> <p>3.5 The company observing the code shall assign responsibility for Health &amp; Safety to a senior management representative.</p>	
<p><b>ETI 4. Child labour shall not be used</b></p>	<p><b>ETI 4. Child labour shall not be used</b></p>
<p>4.1 There shall be no new recruitment of child labour.</p> <p>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.</p> <p>4.3 Children and young persons under 18 shall not be employed at night or in hazardous conditions.</p> <p>4.4 These policies and procedures shall conform to the provisions of the relevant ILO Standards.</p>	<p>Nil</p>
<p><b>ETI 5. Living wages are paid</b></p>	<p><b>ETI 5. Living wages are paid</b></p>
<p>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.</p> <p>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.</p> <p>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.</p>	<p>Nil</p>
<p><b>ETI 6. Working Hours are not excessive</b></p>	<p><b>ETI 6. Working Hours are not excessive</b></p>
<p>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.</p> <p>6.2 Working hours, excluding overtime, shall be defined by contract, and shall not exceed 48 hours per week.</p> <p>6.3 All overtime shall be voluntary. Overtime shall</p>	<p>Nil</p>

<p>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.</p> <p>6.4 The total hours worked in any 7 day period shall not exceed 60 hours, except where covered by clause 6.5 below.</p> <p>6.5 Working hours may exceed 60 hours in any 7 day period only in exceptional circumstances where <b>all</b> of the following are met:</p> <ul style="list-style-type: none"> <li>- this is allowed by national law;</li> <li>- this is allowed by a collective agreement freely negotiated with a workers' organisation representing a significant portion of the workforce;</li> <li>- appropriate safeguards are taken to protect the workers' health and safety; and</li> <li>- The employer can demonstrate that exceptional circumstances apply such as unexpected production peaks, accidents or emergencies.</li> </ul> <p>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.</p>	
<p><b>ETI 7. No discrimination is practised</b></p>	<p><b>ETI 7. No discrimination is practised</b></p>
<p>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.</p>	<p>Nil</p>
<p><b>ETI 8. Regular employment is provided</b></p>	<p><b>ETI 8. Regular employment is provided</b></p>
<p>8.1 To every extent possible work performed must be on the basis of recognised employment relationship established through national law and practice.</p> <p>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</p>	<p>Nil</p>


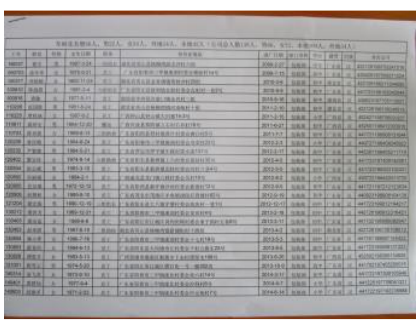







<p>obligations be avoided through the excessive use of fixed-term contracts of employment.</p> <p><b>Additional Elements: Responsible Recruitment</b></p> <p>8.3 Suppliers have full understanding of the entire recruitment process and assess all labour recruiters and intermediaries against legal and/or ethical requirements.</p> <p>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.</p> <p>8.5 Employment agencies must only supply workers registered with them.</p> <p>8.6 Workers pay no recruitment fee at any stage of the recruitment process.</p> <p>8.7 Worker contracts accurately reflect the agreed payment and terms in the recruitment process and are understood and signed by workers.</p>	
<p><b>8A: Sub-Contracting and Homeworking</b></p>	<p><b>8A: Sub-Contracting and Homeworking</b></p>
<p>8A.1 There should be no sub-contracting unless previously agreed with the main client.</p> <p>8A.2 Systems and processes should be in place to manage sub-contracting, homeworking and external processing.</p>	<p>Nil</p>
<p><b>ETI 9. No harsh or inhumane treatment is allowed</b></p>	<p><b>ETI 9. No harsh or inhumane treatment is allowed</b></p>
<p>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.</p> <p>Additional elements:</p> <p>9.2 companies should provide access to a confidential grievance mechanism for all workers</p>	<p>Nil</p>
<p><b>10. Other Issue areas: 10A: Entitlement to Work and Immigration</b></p>	
<p><b>Additional Elements</b></p> <p>10A.1 Only workers with a legal right to work shall be employed or used by the supplier.</p> <p>10A.2 All workers, including employment agency staff, must be validated by the supplier for their legal right to work by reviewing original documentation.</p>	<p>Nil</p>
<p><b>10. Other issue areas 10B2: Environment 2-Pillar</b></p>	









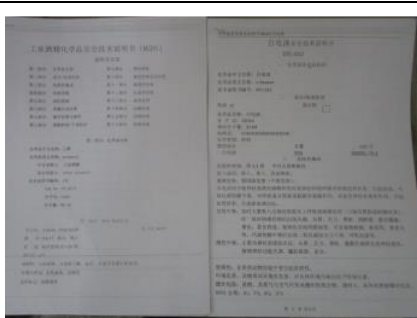



<p>10B2.1 Suppliers must comply with the requirements of local and international laws and regulations including having necessary permits.          10B2.2 The supplier should be aware of and comply with their end clients' environmental requirements.  <i>Note for auditors and readers, This is not a full environmental assessment but a check on basic systems and management approach.</i></p>	<p>Nil</p>
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SMETA Extra Sections for 4 Pillar Audit:	SMETA Extra Sections for 4 Pillar Audit:
Environment Section	Environment Section
<p><b>B.4. Compliance Requirements</b>            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.</p> <p><b>B4. Guidance for Observations</b>            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.</p>	<p>Nil</p>
Business Practices Section	

<p><b>10C. Compliance Requirements</b></p> <p>10C.1 Businesses shall conduct their business ethically without bribery, corruption, or any type of fraudulent Business Practice.</p> <p>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.</p> <p>10C.3 Where it is a legal requirement, businesses must be able to demonstrate that they comply with all fiscal legislative requirements.</p> <p>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.</p> <p>10C.5 Businesses should have a Business Ethics policy, covering bribery, corruption, or any type of fraudulent Business Practice,</p> <p>10C.6 Businesses should have a designated person responsible for implementing standards concerning Business Ethics</p> <p>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.</p> <p><b>10C. Guidance for Observations</b></p> <p>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.</p> <p>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.</p>	<p>Nil</p>
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**Photo Form**

		
<p>Business license</p>	<p>Employee roster</p>	<p>Factory gate</p>
		
<p>Factory name</p>	<p>Guard room</p>	<p>Office block</p>
		
<p>R&amp;D centre</p>	<p>Production building</p>	<p>Dormitory building</p>

		
<p>Raw materials warehouse</p>	<p>Assembly &amp; packing line 1</p>	<p>Assembly &amp; packing line 2</p>
		
<p>Assembly &amp; packing line 3</p>	<p>Assembly &amp; packing line 4</p>	<p>Finished goods warehouse 1</p>
		
<p>Finished goods warehouse 2</p>	<p>Chemicals stored with secondary container</p>	<p>MSDS</p>
		
<p>PPE sign</p>	<p>Eye-washing station</p>	<p>Fire hydrant</p>

		
<p>Fire extinguishers' box</p>	<p>Emergency light, exit indicator</p>	<p>Emergency evacuation plan</p>
		
<p>Fire alarms</p>	<p>Emergency assembly point</p>	<p>Slid door with small side hung door as emergency exit door</p>
		
<p>First aid kit</p>	<p>Suggestion box</p>	<p>Drinking water station</p>





Toilet

Canteen

Kitchen



Living room

Attendance machine

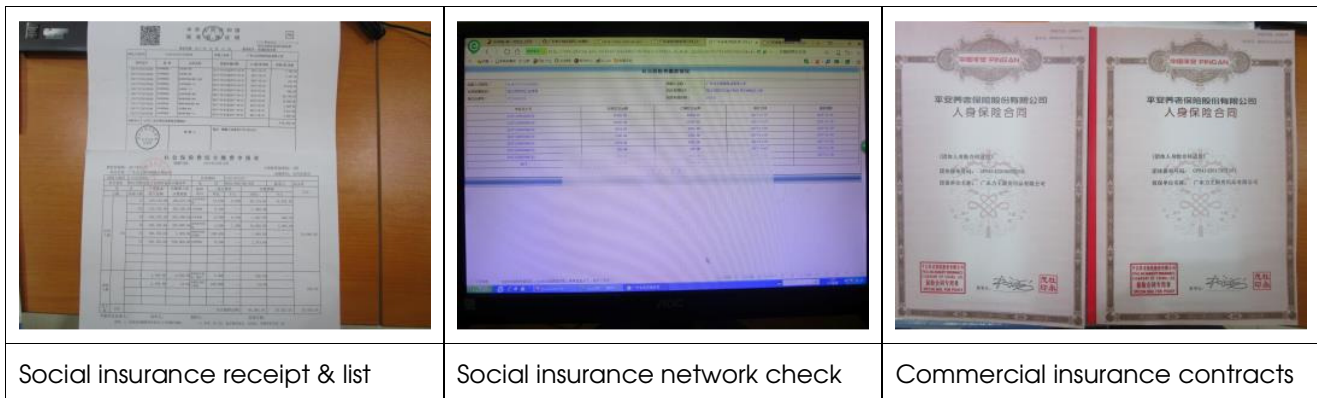
Employee files



Labour contracts

Time record

Payroll









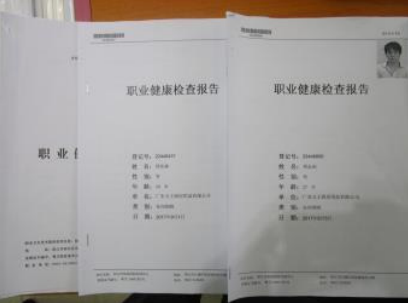


Social insurance receipt & list

Social insurance network check

Commercial insurance contracts

<p>Factory rules &amp; regulations</p>	<p>Food business license</p>	<p>Kitchen workers' health certificates</p>
<p>First aiders' training certificates</p>	<p>Special operators' certificates</p>	<p>Fire protection completion acceptance reports</p>
<p>Contraction project completion acceptance reports</p>	<p>State-owned land use certificate</p>	<p>Environmental Impact Assessment report</p>

		
<p>Environmental Impact Assessment approval</p>	<p>Environmental protection completion acceptance approval</p>	<p>The test report of workplace occupational disease hazards factors</p>
		
<p>The test report of environment</p>	<p>The test reports of drinking water</p>	<p>Medical agreement</p>
		
<p>Fire drill record</p>	<p>Hazardous waste handle contract</p>	<p>Occupational health examination reports</p>

		
<p>The audit checklists of suppliers</p>	<p>ISO 14001:2004 certificate</p>	<p>ISO 9001:2008 certificate</p>

**NC Photo:**

		<p style="text-align: center;">Nil</p>
<p>NC Photo 1: Insufficient social insurance</p>	<p>NC Photo 2: Monthly overtime hours exceeded 36 hours</p>	



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

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

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[http://www.surveymonkey.com/s.aspx?sm=riPsbE0PQ52ehCo3Inq5lw\\_3d\\_3d](http://www.surveymonkey.com/s.aspx?sm=riPsbE0PQ52ehCo3Inq5lw_3d_3d)

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

[http://www.surveymonkey.com/s.aspx?sm=d3vYsCe48fre69DRglY\\_2brg\\_3d\\_3d](http://www.surveymonkey.com/s.aspx?sm=d3vYsCe48fre69DRglY_2brg_3d_3d)