



Sedex Members Ethical Trade Audit Report

Version 6.0



Audit Details

Sedex Company Reference: <i>(only available on Sedex System)</i>	ZC: not supplied	Sedex Site Reference: <i>(only available on Sedex System)</i>	ZS: not supplied
Business name (Company name):	Guangzhou Yilan Leather Co., Ltd.		
Site name:	Guangzhou Yilan Leather Co., Ltd.		
Site address: <i>(Please include full address)</i>	Gegang Road 2, Shiling Town, Huadu District, Guangzhou, China	Country:	China
Site contact and job title:	Xiang Shengyin/Manager		
Site phone:	86-20-36972727	Site e-mail:	bag@yilanbag.com
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:	25 th -26 th September 2018		

Audit Company Name & Logo:

Report Owner (payee):

Guangzhou Yilan Leather 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): None

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

Lead auditor: Mr. Justin Huang/Senior Social Auditor

Team auditor: None

Interviewers: Mr. Justin Huang

Report writer: Mr. Justin Huang

Report reviewer: Ms. Coco Zhou/Report Reviewer

Date of declaration: 26th September 2018

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

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

Non-Compliance Table

Issue <i>(please click on the issue title to go direct to the appropriate audit results by clause) Note to auditor, please ensure that when issuing the audit report, hyperlinks are retained.</i>	Area of Non-Conformity <i>(Only check box when there is a non-conformity, and only in the box/es where the non-conformity can be found)</i>				Record the number of issues by line*:			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	Universal Rights covering UNGP			<input type="checkbox"/>	<input type="checkbox"/>		0	0	None observed
0B	Management systems and code implementation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	0	0	0	None observed
1.	Freely chosen Employment	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	0	0	0	None observed
2	Freedom of Association	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	0	0	0	None observed
3	Safety and Hygienic Conditions	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>	2	0	0	NC: 1. No health examination for employees engaged in post with occupational disease hazards. 2. No safety label for hazardous chemical.
4	Child Labour	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	0	0	0	None observed
5	Living Wages and Benefits	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>	1	0	0	NC: 1. Insufficient social insurance participated.
6	Working Hours	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>	1	0	0	NC: 1. Overtime hours exceeded the legal

									requirement.
7	<u>Discrimination</u>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	0	0	0	None observed
8	<u>Regular Employment</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	0	0	0	None observed
8A	<u>Sub-Contracting and Homeworking</u>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	0	0	0	None observed
9	<u>Harsh or Inhumane Treatment</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	0	0	0	None observed
10A	<u>Entitlement to Work</u>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	0	0	0	None observed
10B2	Environment 2-Pillar		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	N/A	N/A	N/A	N/A This is a 4-pillar audit
10B4	<u>Environment 4-Pillar</u>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	0	1	0	OB: 1. The facility did not complete the SAQ.
10C	<u>Business Ethics</u>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	0	1	0	OB: 1. The facility did not communicate their Business Ethics policy, covering bribery, corruption, or any type of fraudulent Business Practice to all appropriate parties, including its own suppliers.

General observations and summary of the site:

Site summary:

- The facility was established on 23rd August 2016. The products manufactured at this site are handbags.
- Overall responsibility for meeting the standards is taken by the facility management Xiang Shengyin/Manager .
- A total of 98 employees were currently working in the facility, which included 92 production employees and 6 non-production employees. There was 6 local employee working in this facility. The migrant employees came from different provinces of China, such as Hunan and Guangxi.
- The youngest employee on site was 20 years old.
- Workers committee is available in this facility, one worker representative was present at opening and closing meeting.
- There is no union at this facility.

- There is evidence of both male and female in management and among supervisor. The distribution was Male 60%, Female 40%.
- The peak season is not obvious in the facility.
- 10 employees were randomly selected for interview including 6 male employee and 4 female employees, they were interviewed as 1 group of 4 employees and the balance of 6 employees were interviewed individually.
- 10 attendance records and payroll records from July 2018 (Current month), May 2018 (Random month) and March 2018 (Random month) were reviewed in this audit.
- Payroll records from August 2017 to July 2018 and attendance records from 1st August 2017 to 26th September 2018 were provided for review in this audit.
- Based on the provided attendance records, standard working hours in this facility were 8 hours per day, 40 hours per week with at least 1 day off in a week.
- Employees were paid 150% and 200% of the normal wages for the overtime on regular working days and rest days respectively, no overtime on holiday was observed.
- Based on the provided attendance records, the status of monthly overtime hours in sample was as below:
58 hours / month in July 2018 (Current month)
60-62 hours / month in May 2018 (Random month)
46-58 hours / month in March 2018 (Random month)

Issues Found

NC's

3.

- **No health examination for employees engaged in post with occupational disease hazards.** Through document review and employee interview, auditor found that there were one employee working in edge painting section and 3 employees working in glue spraying section, but facility did not provide occupational health examination for them.
- **No safety label for hazardous chemical.** During facility tour, auditor found that there was no label for 2 bottles of paint used at edge painting section on 2/F of production building.

5.

- **Insufficient social insurance participated.** Through document review, auditor found that only 9 out of 98 employees had participated in basic endowment insurance, employment injury insurance, basic medical insurance, unemployment insurance and maternity insurance.

6.

- **Overtime hours exceeded the legal requirement.** Through document review, auditor found that the monthly overtime hours of all 10 randomly selected employees were 58 hours in July 2018 (Current month), all 10 randomly selected employees were 60-62 hours in May 2018 (Random month), and all 10 randomly selected employees were 46-58 hours in March 2018 (Random month).

Observation

10 B4

- During management interview and document review, auditor found that the facility did not complete the SAQ.

10C

- During management interview and document review, auditor found that the facility did not communicate their Business Ethics policy, covering bribery, corruption, or any type of fraudulent Business Practice to all appropriate parties, including its own suppliers.

GE

None observed

Additional Auditor Remark: None

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

Site Details

Site Details							
A: Company Name:	Guangzhou Yilan Leather Co., Ltd.						
B: Site name:	Guangzhou Yilan Leather 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 number: 9144901MA59EG59X13 Valid date: From 23 rd August 2016 to long term						
D: Products/Activities at site, for example, garment manufacture, electricals, toys, grower	Handbags						
E: Site description: (Include size, location, and age of site. Also, include structure and number of buildings)	<p>Guangzhou Yilan Leather Co.,Ltd is located in Gegang Road 2, Shiling Town, Huadu District, Guangzhou, China.</p> <p>A total of 98 employees including 44 male employees and 54 female employees are currently working in the facility. The ages ranged from 20-54 years old. There are 92 production employees (including warehouse, QC, etc.) and 6 non-production employees. There is 6 local employee in this facility. Others are migrant employees coming from different provinces of China such as Hunan and Guangxi. All employees are hired by the facility directly.</p> <p>Employees work for 5 days a week in 1 shift for all employees. The normal working hour is from 08:00 to 17:30 with 1.5 hours lunch break from 12:00 to 13:30. Electronic IC cards System is used for time keeping. Employees' wages are calculated on hourly-rated basis. The peak season is not obvious.</p> <p>The total land area occupied by the whole facility is about 3000 square meters. They started their operation at the existing location on 23rd August 2016. The facility occupies half of 1/F and whole 2/F of one 3-storey building used as production area and warehouse, and 2/F of one 3-storey building used as office and showroom. No canteen, kitchen, or dormitory was available for employees.</p> <p>For details, see below.</p> <table border="1" data-bbox="639 1771 1469 2000"> <thead> <tr> <th>Production Building</th> <th>Description</th> <th>Remark, if any</th> </tr> </thead> <tbody> <tr> <td>Building 1</td> <td>Cutting, warehouse, glue</td> <td>Year of</td> </tr> </tbody> </table>	Production Building	Description	Remark, if any	Building 1	Cutting, warehouse, glue	Year of
Production Building	Description	Remark, if any					
Building 1	Cutting, warehouse, glue	Year of					

		spraying	establishment: 2003
	Floor 2	Sewing, packing, handwork, edge painting	Year of establishment: 2003
	Is this a shared building?	Yes	Half of 1/F and the whole 3/F are occupied by another facility named Guangzhou Yinghuilu Leather Product Limited, it has separate business license.
	Office Building	Description	Remark, if any
	Floor 2	Office, showroom	Year of establishment: 2003
	Is this a shared building?	Yes	1/F is occupied by Guangzhou Da Zhan Glasses Limited, 3/F is occupied by Guangzhou You Ni Ge Leather Limited, both of them have separate business licenses.
<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 Details: N/A</p>			
F: Site function:	<p><input type="checkbox"/> Agent</p> <p><input checked="" type="checkbox"/> Factory Processing/Manufacturer</p> <p><input type="checkbox"/> Finished Product Supplier</p>		

	<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)	The peak season is not obvious in the facility.
H: Process overview: <i>(Include products being produced, main operations, number of production lines, main equipment used)</i>	<p>The main products manufactured by the facility are handbags.</p> <p>Main production processes are listed as following: Cutting, sewing, glue spraying, edge painting, handwork, inspection, packing.</p> <p>The main machine list of the facility is as following: Total 116 machines, such as punching machine, high sewing machine, computerized sewing machine, twin needle machine, cutting machine, nailing machine, and etc.</p>
I: What form of worker representation / union is there on site?	<input type="checkbox"/> Union (name) <input checked="" type="checkbox"/> Worker Committee <input type="checkbox"/> Other (specify) <input type="checkbox"/> None
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 type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes approx.: No dormitory was available for employees.
L: Are there any off site provided worker accommodation buildings	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes approx. % of workers: N/A
M: Were the site provided accommodation buildings included in this audit	<input type="checkbox"/> Yes <input type="checkbox"/> No If No, please give details: N/A. There was no accommodation building in the facility.

Audit Parameters			
A: Time in and time out	Day 1 Time in: 09:30 Day 1 Time out: 17:30	Day 2 Time in: 09:30 Day 2 Time out: 13:30	Day 3 Time in: N/A Day 3 Time out: N/A
B: Number of Auditor Days Used:	1.5 Manday (One auditor in 1.5 days)		
C: Audit type:	<input checked="" type="checkbox"/> Full Initial <input type="checkbox"/> Periodic <input type="checkbox"/> Full Follow-up <input type="checkbox"/> Partial Follow-Up <input type="checkbox"/> Partial Other – Define		
D: Was the audit announced?	<input type="checkbox"/> Announced <input checked="" type="checkbox"/> Semi – announced: Window detail: 17 th September 2018-22 nd October 2018 <input type="checkbox"/> Unannounced		
E: Was the Sedex SAQ available for review?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If No, why not: Facility claimed they were not asked to fill in the SAQ.		
F: Any conflicting information SAQ/Pre-Audit Info to Audit findings?	<input type="checkbox"/> Yes <input type="checkbox"/> No If Yes , please capture detail in appropriate audit by clause: N/A. SAQ was not available.		
G: Who signed and agreed CAPR (Name and job title)	Xiang Shengyin/Manager		
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:	N/A. This is an initial audit.		
J: Previous audit type:	N/A. This is an initial audit.		
K: Was any previous audit reviewed during this audit	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A		

Audit attendance	Management	Worker Representatives	
	Senior management	Worker Committee representatives	Union representatives

A: Present at the opening meeting?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
B: Present at the audit?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input 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>	N/A		
E: If Union Representatives were not present please explain reasons why: <i>(only complete if no union reps present)</i>	The facility does not have labour union.		

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	2	0	0	42	0	0	0	44
Worker numbers – female	4	0	0	50	0	0	0	54
Total	6	0	0	92	0	0	0	98
Number of Workers interviewed – male	0	0	0	6	0	0	0	6
Number of Workers interviewed – female	0	0	0	4	0	0	0	4
Total – interviewed sample size	0	0	0	10	0	0	0	10

Remark: Additional 1 management employee was interviewed for checking Environmental and Business Ethics performance, which did not cover in the above table.

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

	_____ % other – please give details
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Worker Interview Summary			
A: Were workers aware of the audit?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
B: Were workers aware of the code?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
C: Number of group interviews: <i>(Please specify number and size of groups. Please see SMETA Best Practice Guidance and Measurement Criteria. If the auditor was not able to follow the BPG, please state within the declaration)</i>	1 group with 4 employees		
D: Number of individual interviews <i>(Please see SMETA Best Practice Guidance and Measurement Criteria)</i>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; padding: 5px;">Male: 4</td> <td style="width: 50%; padding: 5px;">Female: 2</td> </tr> </table>	Male: 4	Female: 2
Male: 4	Female: 2		
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: N/A		
F: Interviews were done in private and the confidentiality of the interview process was communicated to the workers?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
G: In general, what was the attitude of the workers towards their workplace?	<input checked="" type="checkbox"/> Favourable <input type="checkbox"/> Non-favourable <input type="checkbox"/> Indifferent		
H: What was the most common worker complaint?	None observed		
I: What did the workers like the most about working at this site?	General is good.		
J: Any additional comment(s) regarding interviews:	None observed		
K: Attitude of workers to hours worked:	Through employees' interview, overtime is voluntary.		
L. Is there any worker survey information available?			
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <i>If Yes, please give details: N/A</i>			
M: Attitude of workers: <i>(Include their attitude to management, workplace, and the interview process. Both positive and negative information should be</i>			

included) Note: Do not document any information that could put workers at risk

10 employees were randomly selected for interview including 6 male and 4 female employees; they were interviewed as 1 group of 4 interviewees and the balance of 6 employees were interviewed individually. The employees were assured of confidentiality and they spoke freely of their views of the facility.

All employees said they were satisfied with their employment at the facility and that they were satisfied with the offer provided by the facility. They felt free to leave this employer and understood the notice period required. They had good relationships with their supervisors and managers who treated them with respect.

They were able to make suggestions to their supervisors or team leaders. They felt able to complain directly to their supervisors and also felt free to give their general concerns.

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

Through worker representative interview, the facility's working environment is acceptable. She stated that they hold meeting with management level when necessary and could give suggestions on all parts of the site's practices. No negative information was raised.

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

The facility management was positive in collaboration during the audit. All documents were provided timely as per request. The facility management gave the full access to all necessary areas for tour, and a private room was arranged for employees' interview.

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:

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

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

Details:

- Policy of social responsibilities
- Appointment letter
- Stakeholders mapping
- Grievance reporting procedure
- Management and employees interview

Any other comments: None

<p>A: Policy statement that expresses commitment to respect human rights?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The policy of social responsibilities was expressed commitment to respect human rights including prohibition of child labour, prohibition of forced labour, no discrimination, reasonable compensation and benefits, reasonable work hours, providing safety working condition, obey national labour law, environmental law and ETI Code requirement, continue improvement, etc.</p>
<p>B: Does the business have a designated person responsible for implementing standards concerning Human Rights?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: Name: Xiang Shengyin Job title: Manager</p>
<p>C: Does the businesses have a transparent system in place for confidentially reporting, and dealing with human rights impacts without fear of reprisals towards the reporter?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The facility had established grievance reporting system such as suggestion box available and direct talk to management.</p>
<p>D: Does the business demonstrate effective data privacy procedures for workers' information, which is implemented?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The facility had established privacy data protection procedure for workers' information. All personal files were kept and controlled by HR department.</p>

Findings		
<p>Finding: Observation <input type="checkbox"/> Company NC <input type="checkbox"/></p> <p>Description of observation: None observed</p> <p>Local law or ETI/Additional elements / customer specific requirement: Not applicable</p> <p>Comments: Not applicable</p>		<p>Objective evidence observed: Not applicable</p>

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

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: <u>20</u> %	This year <u>16</u> %
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 st day of 90 day period + number of employees on the last day of the 90 day period) / 2]	10%	
C: Annual % absenteeism: Number of days lost through job absence in the year / [(number of employees on 1 st day of the year + number employees on the last day of the year / 2] * number available workdays in the year	Last year: ____ % No such information was provided	This year ____ % No such information was provided
D: Quarterly (90 days) % absenteeism: Number of days lost through job absence in the period / [(Number of employees on 1 st of the period + Number of employees on the last day of the period / 2] * Number of available workdays in the month	No such information was provided	
E: Are accidents recorded?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: According to accident management procedure, all accidents will be investigated and recorded. As per management interview, no accident happened before.	
F: Annual Number of work related accidents and injuries per 100 workers: [Number of work related accidents and injuries * 100) / Number of total workers]	Last year: Number: 0	This year: Number: 0
G: Quarterly (90 days) number of work related accidents and injuries per 100 workers: [Number of work related accidents and injuries * 100) / Number of total workers]	0	
H: Lost day work cases per 100 workers: [(Number of lost days due to work accidents and work related injuries * 100) / Number of total workers]	Last year: 0	This year: 0
I: % of workers that work on average more than 48 standard hours / week in the last 6 / 12 months:	6 months <u>0</u> % workers	12 months <u>0</u> % workers
J: % of workers that work on average	6 months	12 months

more than 60 total hours / week in the last 6 / 12 months:	__0__% workers	__0__% workers
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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:

- The facility obtained legal business license and permissions.
- Manager was appointed to be responsible for compliance with ETI Code.
- The facility communicated ETI Code to all employees and through their supply chain.

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

Details:

- Business license
- Certificate of land rights
- Facility policy and procedures
- Management appointment letter
- ETI Code communication records
- Management and employee interview

Any other comments: None

Management Systems:

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

- Yes
- No

Please describe: The facility had not received any fines/prosecutions for non-compliance to any regulations before.

B: Do policies and/or procedures exist that reduce the risk of forced labour, child labour, discrimination, harassment & abuse?

- Yes
- No

Please describe: The facility had established policies and procedures to reduce the risk of forced labour, child labour, discrimination, harassment & abuse.

<p>C: If Yes, is there evidence (an indication) of effective implementation? Please give details.</p>	<p>Through facility tour, document review and employees' interview, no forced labor, child labor, discrimination, harassment & abuse was observed and reported.</p>
<p>D: Have managers and workers received training in the standards for forced labour, child labour, discrimination, harassment & abuse?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: The facility had provided training on policies of forced labour, child labour, discrimination, harassment and abuse to all employees during orientation training and annual refresh training.</p>
<p>E: If Yes, is there evidence (an indication) that training has been effective e.g. training records etc.? Please give details</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: Training records including annual refresh training and orientation training were provided to managers and workers. This was also confirmed via management and employee interview.</p>
<p>F: Does the site have any internationally recognised system certifications e.g. ISO 9000, 14000, OHSAS 18000, SA8000 (or other social audits). Please detail (Number and date).</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please describe: The facility had not obtained any recognised system certification.</p>
<p>G: Is there a Human Resources manager/department? If Yes, please detail.</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: There was a Human Resources manager in the facility.</p>
<p>H: Is there a senior person /manager responsible for implementation of the Code</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe Xiang Shengyin/Manager was responsible for implementation of the Code.</p>
<p>I: Is there a policy to ensure all worker information is confidential</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: The facility had established policy to ensure all worker information is confidential.</p>
<p>J: Is there an effective procedure to ensure confidential information is kept confidential</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: The facility had established an effective procedure to ensure confidential information is kept confidential. All personal files were kept and controlled by HR department.</p>
<p>K: Are risk assessments conducted to evaluate policy and procedure effectiveness?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: The facility conducted risk assessments annually to evaluate policy and procedure effectiveness.</p>

<p>L: Does the facility have a process to address issues found when conducting risk assessments, including implementation of controls to reduce identified risks?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: According to the risk assessment report, the facility had a process to reduce identified risks.</p>
<p>M: Does the facility have a policy/code which require labour standards of its own suppliers?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: The facility had communicated the ETI Code to its own suppliers for implementation.</p>
<p>Land rights</p>	
<p>N: Does the site have all required land rights licenses and permissions (<i>see SMETA Measurement Criteria</i>)?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: The facility had provided property ownership certificates for all buildings for review.</p>
<p>O: Does the site have systems in place to conduct legal due diligence to recognize and apply national laws and practices relating to land title</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Details: Not applicable. No local law applies.</p>
<p>P: Does the site have a written policy and procedures specific to land rights. If yes, does it include any due diligence the company will undertake to obtain free, prior and informed consent, (FPIC) even if national/local law does not require it</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes, how does the company obtain FPIC: Not applicable</p>
<p>Q: Is there evidence that facility site compensated the owner/lessor for the land prior to the facility being built or expanded. Please give details.</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: The facility use the land according to law.</p>
<p>R. Does the Facility demonstrate that alternatives to a specific land acquisition were considered to avoid or minimize adverse impacts Please give details.</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No Details: N/A. Not applicable for this facility.</p>
<p>S: Is There any evidence of illegal appropriation of land for facility building or expansion of footprint.</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Details: N/A. no illegal appropriation of land for facility building or expansion of footprint.</p>

Non-compliance:

1. Description of non-compliance:

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

NC against Local Law

None observed

Local law and/or ETI requirement:

Not applicable

Recommended corrective action:

Not applicable

Objective evidence observed:
Not applicable

Observation:

Description of observation:

None observed

Local law or ETI requirement:

Not applicable

Comments:

Not applicable

Objective evidence observed:
Not applicable

Good Examples observed:

Description of Good Example (GE):

None observed

Objective evidence observed:
Not applicable

1: Freely Chosen Employment
[\(Click here to return to NC-table\)](#)

ETI

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

Current Systems and Evidence Examined

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

Current systems:

- The facility has a policy which prohibits forced labour and this was available for review.
- There was an application procedure which states that employees must present their ID's for proof of age but that only copies must be kept in the personnel files and the original given back to the employees.
- The employee handbook – given to all employees on joining, states that employees within their probation period are free to leave with 3 days written notice and once an employee is permanent (this is out of probation) they can resign from the facility with one month's prior written notice, given to their supervisor or the personnel office. The handbook also states that they will be given their full wages on their last day of work. There was a procedure for how employees would receive their last wages if they leave e.g. after Chinese New Year.
- The terms and conditions of employment in the handbook state that the employees are free to leave the workplace outside of their working hours.
- Job description for security guards state that they must not prevent employees from leaving the premises outside of working hours and where they are conducting searches that this is at the request of management, is done on a sample basis and is performed discretely and without significant delay to employees leaving at the end of shift.
- The above was confirmed in management and employee interview.

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

Details:

- Personnel files (all were checked)
- Resignation records
- Factory rules
- Employee handbook
- Management and employee interview
- Job description for security guards

Any other comments: None

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

- Yes
- No

If Yes please give details and category of workers affected: N/A

<p>B: Is there any evidence of a loan scheme in operation</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes please give details and category of worker affected: N/A</p>
<p>C: Is there Any evidence of retention of wages /deposits</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes please give details and category of worker affected: N/A</p>
<p>D: Are there any restrictions on workers' freedom to terminate employment?</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please describe finding: N/A</p>
<p>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. F: Is there a modern day slavery statement published</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No Please describe finding: N/A</p> <p><input checked="" type="checkbox"/> Not applicable</p>
<p>G: Is there evidence of any restrictions on workers' freedoms to leave the site at the end of the work day</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please describe finding: N/A</p>
<p>H: Does the site understand the risks of forced / trafficked / bonded labour in it's supply chain</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If yes please give details and category of workers affected: The facility communicated the ETI Code to all suppliers/subcontractor and monitored their performance of social compliance.</p> <p><input type="checkbox"/> Not applicable</p>
<p>I: Is the site taking any steps taking to reduce the risk of forced / trafficked labour?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe finding: The facility gave training on prohibition of forced / trafficked labour to all employees and conducted internal audit annually to reduce the risk of forced / trafficked labour.</p>

Non-compliance:

1. Description of non-compliance:

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

None observed

Local law and/or ETI requirement:

Not applicable

Recommended corrective action:

Not applicable

Objective evidence observed:

Not applicable

Observation:

Description of observation:

None observed

Local law or ETI requirement:

Not applicable

Comments:

Not applicable

Objective evidence observed:

Not applicable

Good Examples observed:

Description of Good Example (GE):

None observed

Objective evidence observed:

Not applicable

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

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

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

Current Systems and Evidence Examined

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

Current systems:

- There is no union at the site.
- There is workers committee at the site
- The committee members were chosen by fellow employees
- Employee interview confirmed that the members of the workers committee had been freely elected.

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

Details:

- Minutes of the works committee meeting
- Site policy on freedom of association
- Interview with management and employees
- Interview with workers committee members

Any other comments: None

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

<p>communication channel? (<i>Other than union/worker committee</i>) e.g. H&S, sexual harassment</p>	<p>Describe: One worker representative was freely elected and hold meeting with management as needed quarterly.</p> <p>Is there evidence of free elections? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>	
<p>E: Does the supplier provide adequate facilities to allow the Union or committee to conduct related business?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: The facility provided adequate facilities such as meeting room to allow worker representatives to conduct related business.</p>	
<p>F: Name of union and union representative, if applicable:</p>	<p>N/A</p>	<p>Is there evidence of free elections? <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A</p>
<p>G: If no union what is parallel means of consultation with workers e.g. worker committees?</p>	<p>Worker committee</p>	<p>Is there evidence of free elections? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A</p>
<p>H: Are all workers aware of who their representatives are?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>	
<p>I: Were worker representatives freely elected?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>	<p>Date of last election: 12th June 2018</p>
<p>J: Do workers know what topics can be raised with their representatives?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>	
<p>K: Were worker representatives/union representatives interviewed</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If Yes, please state how many: 1 worker representative was interviewed during this audit.</p>	
<p>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></p>	<p>The last meeting between worker representative and management was conducted on 10th September 2018. The topic focused on the wages and benefit.</p>	
<p>M: Are any workers covered by Collective Bargaining Agreement (CBA)</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	
<p>N: If Yes what percentage by trade Union/worker representation</p>	<p>___% workers covered by Union CBA N/A. No CBA</p>	<p>___% workers covered by worker rep CBA N/A. No CBA</p>
<p>O: If Yes, does the Collective Bargaining Agreement (CBA) include rates of pay</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No N/A. No CBA</p>	

Non-compliance:

1. Description of non-compliance:

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

None observed

Local law and/or ETI requirement:

Not applicable

Recommended corrective action:

Not applicable

Objective evidence observed:

Not applicable

Observation:

Description of observation:

None observed

Local law or ETI requirement:

Not applicable

Comments:

Not applicable

Objective evidence observed:

Not applicable

Good Examples observed:

Description of Good Example (GE):

None observed

Objective evidence observed:

Not applicable

3: Working Conditions are Safe and Hygienic

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

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

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. General Health and Safety management

- Xiang Shengyin/Manager is appointed as Health & Safety Management Representative for the site.
- Potable water was freely available in all areas and test certificates were up-to-date.
- Sufficient clean toilets segregated by gender were available at all times to employees.
- Ventilation, temperature and lighting were adequate for the production processes.
- Minutes of meetings showed that there were meetings between the H&S committee (workers) and the manager, and each point was acted on.

2. Fire Safety

- There were at least 2 exits from each work area and these were clearly marked.
- Firefighting equipment was adequate and checks were up-to-date
- Fire drills were organised and recorded every 6 months of both production units.
- Training had been given by the local fire department and fire marshals had been specially selected for extra training.

3. Electrical safety

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

4. Medical services

- There were adequate first aid kits in each production area and they were well stocked.
- There were 2 first aiders on site.

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

Details:

- Health and safety policy/procedures
- Health and safety committee minute
- Training records and certificates
- Fire equipment maintenance records
- Fire drill records
- Building structure safety certificate

- Trained first aider certificate
- Accident report
- Interview with H&S Representative
- Interview with employees

Any other comments: None

<p>A: Does the facility have general Health & Safety and occupational Health & 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 facility had established OHS policy and procedures and communicated to all employees via training.</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: The policies were included in the worker's manual.</p>
<p>C: Are there any structural additions without required permits/inspections (e.g. floors added)?</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>Details: No floor added was observed during audit.</p>
<p>D: Are visitors to the site informed on H&S and provided with personal protective equipment</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Details: Visitors to the site were informed on H&S and provided with personal protective equipment if necessary.</p>
<p>E: Is a medical room or medical facility provided for workers?</p> <p>If yes, do the room(s) meet legal requirements and is the size/number of rooms suitable for the number of workers.</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>Details: No medical room or medical facility was provided for workers as no such legal requirement.</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: No doctor or nurse was available on site, but first aid kits were provided on each floor and trained first aider were available in the facility</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 type="checkbox"/> No</p> <p>Details: N/A, no worker transport was provided by the facility.</p>

<p>H: Secure personal storage space is provided for workers in their living space and is fit for purpose</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No Details: N/A. No dormitory was provided for employees.</p>
<p>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</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: The facility had conducted H & S risk assessment annually, but there is still H&S issue identified in this audit.</p>
<p>J: Is the site meeting its legal obligations on environmental requirements including required permits for use and disposal of natural resources</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: The facility obtained the valid environmental certificates and reports, e.g. the environmental impact assessment report, the environmental impact assessment approval, environmental protection acceptance check report, and the monitoring testing report for pollutants.</p>
<p>K: Is the site meeting its customer requirements on environmental standards, including the use of banned chemicals</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please describe: No such evidence was provided for review.</p>

Non-compliance:

1. Description of non-compliance:

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

No health examination for employees engaged in post with occupational disease hazards. Through document review and employee interview, auditor found that there were one employee working in edge painting section and 3 employees working in glue spraying section, but facility did not provide occupational health examination for them.

Local law and/or ETI requirement

Local law: In accordance with the PRC Law of Prevention and Control of Occupational Diseases Article 35, the employer shall conduct regular occupational health examination for those labourers who are engaged in works with occupational hazard(s) as required by production safety supervision and administration department and public health administrative department under the State Council. The occupational health examination shall be conducted before labourers start to take the post, in the course of the work and after leave the post and the employer shall provide the results of the occupational health examinations to labourers in written. The expenses of the occupational health examination shall be borne by employers. The employer shall not arrange labourers to engage in the work with occupational hazard(s) prior to the pre-post occupational health examination, or labourers with any occupational prohibition to engage in the prohibited work from them. Once the occupational health examination indicates that employee is suffering from the occupational damage in relation to his or her occupation, the employer shall transfer such a

Objective evidence observed:

Documentation review and employee interview

<p>labourer out of his or her original post, and allocate him or her in a proper way. The employer shall not rescind or terminate the labour contracts signed with those employees without the occupational health examination at time of leaving the post. The occupational health examination shall be undertaken by the Medical and Health Institutions with Practicing Licence of Medical Institution. The Health Administrative Department shall strengthen the standardization management of occupational health examination. The specific administrative measures shall be formulated by the Health Administrative Department of State Council.</p> <p>ETI requirement: 3.1 A safe and hygienic working environment shall be provided, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Adequate steps shall be taken to prevent accidents and injury to health arising out of, associated with, or occurring in the course of work, by minimising, so far as is reasonably practicable, the causes of hazards inherent in the working environment.</p> <p>Recommended corrective action: It is recommended that the facility should ensure occupational health examination are provided to all employees engaged in post with occupational disease hazards.</p> <p>Action By: Xiang Shengyin/Manager Recommended completion timescale: 90 days Verification method: Desktop</p>	
<p>2. Description of non-compliance: <input checked="" type="checkbox"/> NC against ETI <input checked="" type="checkbox"/> NC against Local Law <input type="checkbox"/> NC against customer code:</p> <p>No safety label for hazardous chemical. During facility tour, auditor found that there was no label for 2 bottles of paint used at edge painting section on 2/F of production building.</p> <p>Local law and/or ETI requirement Local law: In accordance with the Regulations on the Safe Use of Chemicals in Workplace, Article 12 The unit, which uses chemical, shall set up identification label for all chemicals in using. For dangerous chemical, a safety label shall be applied and MSDS be provided for worker.</p> <p>ETI requirement: 3.1 A safe and hygienic working environment shall be provided, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Adequate steps shall be taken to prevent accidents and injury to health arising out of, associated with, or occurring in the course of work, by minimising, so far as is reasonably practicable, the causes of hazards inherent in the working environment.</p> <p>Recommended corrective action: It is recommended that the facility should ensure all chemical containers have proper labels.</p> <p>Action By: Xiang Shengyin/Manager Recommended completion timescale: 30 days Verification method: Desktop</p>	<p>Objective evidence observed:</p> <p>On-site observation Please refer to NC photo 1</p>

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

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

4: Child Labour Shall Not Be Used

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

ETI

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

Current Systems and Evidence Examined

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

Current systems:

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

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

Details:

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

Any other comments: None

A: Legal age of employment	16 years old
B: Age of youngest worker found:	20 years old
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 % No employee under 18 years old was employed.
E: Workers under 18 subject to hazardous work assignments? (Go to clause 3 – Health and Safety)	<input type="checkbox"/> Yes <input type="checkbox"/> No If Y give details: N/A. No employee under 18 years old was employed.

Non-compliance:

1. Description of non-compliance:

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

None observed

Local law and/or ETI requirement:

Not applicable

Recommended corrective action:

Not applicable

Objective evidence observed:

Not applicable

Observation:

Description of observation:

None observed

Local law or ETI requirement:

Not applicable

Comments:

Not applicable

Objective evidence observed:

Not applicable

Good Examples observed:

Description of Good Example (GE):

None observed

Objective Evidence Observed:

Not applicable

5: Living Wages are Paid

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

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:

- The local minimum wage standard was RMB 1895 per month equivalent to RMB 10.89 per hour (1895/21.75/8) before 1st July 2018 and RMB 2100 per months equivalent to RMB 12.07 per hour (2100/21.75/8) since 1st July 2018.
- Production employees' wages were calculated by hourly rate. The minimum wage paid by the facility was RMB 1895 per month before 1st July 2018, and RMB 2100 per months since 1st July 2018 based on provided payroll records.
- Overtime wages were paid at legal premium rate.
- All employees were provided with written and understandable information about their employment conditions in respect to wages before they entered employment and about the particulars of their wages for the pay period concerned each time that they were paid.
- Benefit of paid annual leave was given to all employees and child-bearing leave to appropriate female employees. Part of employees had participated in social insurance.
- All employees were paid on 30th of each month after previous wage calculation period by cash and each employee was given a pay slip and signed for their wages.

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

Details:

- Wages and benefits policy
- Local legal minimum wage documents
- Payroll records from August 2017 to July 2018 and attendance records from 1st August 2017 to 26th September 2018 were provided for review in this audit.
- Leave records
- Resignation records
- Social insurance and payment receipts from the local labour department
- Labour contracts for all employees
- Interviews with management and employees

Any other comments: None

Non-compliance:

1. Description of non-compliance:

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

Insufficient social insurance participated. Through document review, auditor found that only 9 out of 98 employees had participated in basic endowment insurance, employment injury insurance, basic medical insurance, unemployment insurance and maternity insurance.

Remark: The facility had provided commercial accident insurance for 92 employees.

Local law and/or ETI requirement:

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

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

Recommended corrective action:

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

Action By: Xiang Shengyin/Manager
 Recommended completion timescale: 120 days
 Verification method: Desktop

Objective evidence observed:

Social insurance receipts, employee interview.

Observation:

Description of observation:

None observed

Local law or ETI requirement:

Not applicable

Objective evidence observed:

Not applicable

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

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. No Collective Bargaining Agreement in the facility.
B: Overtime hours: <i>(Maximum legal and actual overtime hours, please state if possible per day, week, and month)</i>	Legal maximum: Not exceed 3 hours per day and 36 hours per month	Maximum daily overtime hours: 2 hours for all sampled months. Maximum monthly overtime hours: 58 hours / month in July 2018 (Current month) 62 hours / month in May 2018 (Random month) 58 hours / month in March 2018 (Random month)	<input type="checkbox"/> Yes <input type="checkbox"/> No N/A. No Collective Bargaining Agreement in the facility.
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 1895 per month equivalent to RMB 10.89 per hour (1895/21.75/8) before 1 st July 2018, and is RMB 2100 per months equivalent to RMB 12.07 per hour (2100/21.75/8) since 1 st July 2018.	RMB 1895 per month before 1 st July 2018, and RMB 2100 per months since 1 st July 2018	<input type="checkbox"/> Yes <input type="checkbox"/> No N/A. No Collective Bargaining Agreement in the facility.

<p>E: overtime wage: <i>(Minimum legal and actual minimum overtime wage at site, please state if possible per hr, day, week, and month)</i></p>	<p>Legal minimum: The employing unit shall, according to the following standards, pay labourers remuneration higher than those for normal working hours under any of the following circumstances: 1) to pay no less than 150% of the normal wages if the extension of working hours is arranged; 2) to pay no less than 200% of the normal wages if the extended hours are arranged on days of rest and no deferred rest can be taken; and 3) to pay no less than 300% of the normal wages if the extended hours are arranged on statutory holidays.</p>	<p>The facility paid 150% or 200% of the normal wages for the extended hours on normal days or rest days, and there was no overtime work on statutory holidays.</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>N/A. No Collective Bargaining Agreement in the facility.</p>

<p style="text-align: center;">Wages analysis: <i>(Click here to return to Key Information)</i></p>	
<p>A: Were accurate records shown at the first request?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>B: If No, why not?</p>	<p>N/A</p>
<p>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></p>	<p>10 samples from July 2018 (Current month) 10 samples from May 2018 (Random month) 10 samples from March 2018 (Random month)</p>
<p>D: Are there different legal minimum</p>	<p><input type="checkbox"/> Yes If Yes, please give details: N/A</p>

wage grades? If Yes , please specify all.	<input checked="" type="checkbox"/> No	
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 No , please give details: N/A
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: RMB 1895 per month before 1st July 2018, and RMB 2100 per months since 1st July 2018	Please indicate the breakdown of workforce per earnings:
	<input type="checkbox"/> Below legal min <input checked="" type="checkbox"/> Meet <input type="checkbox"/> Above	___% of workforce earning under min wage ___100___% of workforce earning min wage ___% of workforce earning above min wage
G: Bonus (amount specify)	Bonus Scheme found: full time attendance bonus (RMB 50 per month)	
H: What deductions are required by law e.g. social insurance? Please state all types:	Social insurance, individual income tax	
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: N/A	
J: Were appropriate records available to verify hours of work and wages?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
K: Were any inconsistencies found? (if yes describe nature)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Poor record keeping <input type="checkbox"/> Isolated incident <input type="checkbox"/> Repeated occurrence:
L: Do records reflect all time worked? (For instance, are workers asked to attend meetings before or after work but not paid for their time)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: 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: N/A	
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: N/A
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: Through facility rules review, payroll records review and employees' interview, it was confirmed that equal rates were being paid for equal work.
Q: How are workers paid:	<input checked="" type="checkbox"/> Cash <input type="checkbox"/> Cheque <input type="checkbox"/> Bank Transfer <input type="checkbox"/> Other If other explain: N/A

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:

- Electronic IC cards attendance system was used to record time in /out for each employee.
- No inconsistency was observed via cross-checking various types of production records and attendance records.
- Through employees' interview, overtime is voluntary.
- According to provided attendance records and employee interview basic working hours were 8 hours per day and 40 hours per week with no overtime on weekdays.
- Based on provided attendance records, monthly overtime hours exceeded legal requirement. Employees had at least 1 day off per week.

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

Details:

- Employee interview

- Management interview
- Facility policy on working hours
- Electronic attendance system
- Employees contracts
- Attendance records from 1st August 2017 to 26th September 2018 (audit day)
- Production records such as daily production record, material in/out record

Any other comments: None

Non-compliance:

1. Description of non-compliance:

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

Overtime hours exceeded the legal requirement. Through document review, auditor found that the monthly overtime hours of all 10 randomly selected employees were 58 hours in July 2018 (Current month), all 10 randomly selected employees were 60-62 hours in May 2018 (Random month), and all 10 randomly selected employees were 46-58 hours in March 2018 (Random month).

Local law and/or ETI requirement:

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

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

Recommended corrective action:

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

Action By: Xiang Shengyin/Manager
 Recommended completion timescale: 60 days
 Verification method: Follow-up

Objective evidence observed:

Document review (attendance records and payroll records) and employees interview

Observation:

Description of observation:

None observed

Local law or ETI requirement:

Not applicable

Objective evidence observed:

Not applicable

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

Working hours' analysis
Please include time e.g. hour/week/month <i>(Go back to Key information)</i>

Systems & Processes

A. What timekeeping systems are used: time card etc.	<i>Describe: Electronic IC cards attendance system</i>				
B: <i>Is sample size same as in wages section</i>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <i>If N, please give details: N/A</i>				
C: Are standard/contracted working hours defined in all contracts/employment agreements?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<i>If NO, please give details including % and which type of workers do NOT have standard hours defined in contracts/employment agreements.</i> Details: N/A			
D: Are there any other types of contracts/employment agreements used?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<i>If YES, please complete as appropriate:</i>			
		<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	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<i>If Y please %detail hours, % and types of workers & affected and frequency</i> Details: N/A			

48 hours per week		
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	
	Maximum 6 days worked in samples from three tested months of July 2018, May 2018 and March 2018.	
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
		N/A
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
		N/A
Overtime Hours worked		
I: Actual overtime hours worked in sample (State per day/week/month)	Highest OT hours:	58 hours / month in August 2018 (Current month) 62 hours / month in May 2018 (Random month) 58 hours / month in March 2018 (Random 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>90</u> %	
L: Is overtime voluntary?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Conflicting Information	Please detail evidence e.g. Wording of contract/employment agreement/handbook/worker interviews/refusal arrangements: Through working hours' policy and employees' interview, the employees would only need to tell the direct supervisor orally if they did not want to have overtime work.

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 standard wages: If there are overtime on normal days, 150% of standard wages will be paid for overtime on normal days</i>
N: Is overtime paid at a premium?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<i>If yes, please describe % of workers & frequency:</i> If there are overtime on normal days, 150% of standard wages will be paid for overtime on normal days. The facility paid all employees 200% of the normal wages for the overtime worked on rest days.
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.	<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	
	Please explain any checked boxes above e.g. detail of consolidated pay CBA or Other	
	N/A	
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.	<input type="checkbox"/> Overtime is voluntary <input type="checkbox"/> Onsite Collective bargaining allows 60+ hours/week <input type="checkbox"/> Safeguards are in place to protect worker's health and safety <input type="checkbox"/> Site can demonstrate exceptional circumstances <input type="checkbox"/> Other reasons (please specify)	
	N/A. The maximum weekly work hours were 56 total hours.	
	Please explain any checked boxes above	
	N/A. The maximum weekly work hours were 56 total hours.	
Q: Is there evidence that overtime hours are being used for extended periods to make up for labour shortages or increased order volumes?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If yes, please describe: Overtime hours exceeded the legal requirement.	
R: If sufficient workers cannot be hired, are new working time arrangements explored to ensure that overtime is the	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	

exception rather than the rule.	
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7: No Discrimination is Practiced

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

ETI

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

Current Systems and Evidence Examined

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

Current systems:

- As informed by interviewed employees, most employees spoke highly of the facility owner. No discrimination case was reported.
- Anti-discrimination procedure on hiring, compensation, promotion and access to training is available during the audit.
- Gender divisions did not exist in the facility; both female and male employees were distributed in all types of work.
- There was an internal grievance process, all sampled employees were aware of the grievance channels in case they encountered any discrimination cases.

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

Details:

- Hiring and termination procedure, leave application records and employee handbook.
- Payroll records
- Attendance records
- Termination records
- Training records
- Employee interview

Any other comments: None

A: Gender breakdown of Management + Supervisors (Include as one combined group)	Male: __60__ % Female_40__ %
B: Number of women who are in skilled or technical roles e.g. where specific qualifications are needed i.e. machine engineer / laboratory analyst	#: 0 There were no jobs that specific qualifications are needed in the facility.
C: Is there any evidence of discrimination based on race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation,	<input type="checkbox"/> Hiring <input type="checkbox"/> Compensation <input type="checkbox"/> access to training <input type="checkbox"/> promotion

union membership or political affiliation?:	<input type="checkbox"/> termination or retirement No evidence of discrimination was found.
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Professional Development	
A: What type of training and development are available for workers?	Please give details: Only internal trainings relevant to job requirements and machine operation etc. were provided to employees.

B: Are HR decisions on e.g. promotion, training, compensation based on objective, transparent criteria?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If no, please give details: N/A
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Non-compliance:	
<p>1. Description of non-compliance: <input type="checkbox"/> NC against ETI <input type="checkbox"/> NC against Local Law: <input type="checkbox"/> NC against customer code: None observed</p> <p>Local law and/or ETI requirement: Not applicable</p> <p>Recommended corrective action: Not applicable</p>	<p>Objective evidence observed: Not applicable</p>

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

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

8: Regular Employment Is Provided

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

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:

- The facility signed labour contracts with employees within 30 days after employment. Employees had a copy of the contract in their own language and received the pay slip in their own language.
- All employees were recruited by the facility directly. No labour agency was used to hire employees. No temporary employee, apprenticeship schemes or home employee was identified by the auditor.

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

Details:

- Personal files
- Labour contracts
- Payroll records
- Facility rules
- Interview with employees and management

Any other comments: None

Non-compliance:

1. Description of non-compliance:

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

None observed

Local law and/or ETI requirement:

Not applicable

Recommended corrective action:

Not applicable

Objective evidence observed:

Not applicable

Observation:

Description of observation:

None observed

Local law or ETI requirement:

Not applicable

Comments:

Not applicable

Objective evidence observed:

Not applicable

Good Examples observed:

Description of Good Example (GE):

None observed

Objective Evidence Observed:

Not applicable

Responsible Recruitment

All Workers

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

- Terms & Conditions presented
- Understood by workers
- Same as actual conditions

If any are unchecked, please describe finding and specific category(ies) of workers affected: N/A

<p>B: Did workers' pay any fees, taxes, deposits or bonds for the purpose of recruitment/placement?</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes Please describe details and specific category(ies) of workers affected: N/A</p>
<p>C: If yes, check all that apply:</p>	<p><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</p>
<p>C: If any checked, give details:</p>	<p>N/A</p>

Migrant Workers:

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

<p>A: Type of work undertaken by migrant workers:</p>	<p>Migrant employees could undertake all types of processes in the facility.</p>	
<p>B: Migrant worker recruitment</p>	<p>Total number of (in country recruitment agencies) used: N/A Total number of (outside of local country) recruitment agencies used: N/A</p>	
<p>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.</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No Please describe finding: N/A</p>	<p>Observations No such deduction was applicable.</p>
<p>D: Are Any migrant workers in skilled, technical, or management roles</p> <p>Migrant Workers (this should include all migrant workers including permanent</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes number and example of roles: N/A</p>	

workers, temporary and/or seasonal workers)	
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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):	0 And names if available: N/A, no agency was used.
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
E: Does the site have a system for checking labour standards of agencies? If yes, please give details.	<input type="checkbox"/> Yes <input type="checkbox"/> No Please describe: N/A

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

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:

- Through document review, facility tour, management interview and employee interview, no home working or subcontracting was used by the facility

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

Not applicable.

Details:

- Site tour
- Goods in/out records
- Management interview
- Employee interview

Any other comments: None

Non-compliance:

1. Description of non-compliance:

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

None observed

Local law and/or ETI requirement:

Not applicable

Recommended corrective action:

Not applicable

Objective evidence observed:

Not applicable

Observation:

Description of observation:

None observed

Local law or ETI/Additional elements requirement:

Not applicable

Comments:

Not applicable

Objective evidence observed:

Not applicable

Good Examples observed:

Description of Good Example (GE):

None observed

Objective Evidence Observed:

Not applicable

Summary of sub-contracting – if applicable

Not Applicable please x

A: Has the auditor made a simple calculation to compare capacity with workers' work load in order to identify possible unrecorded work hours or undeclared sub-contracting

Yes
 No

Please describe: No sub-contractor or agent was used in the facility.

B: If sub-contractors are used, is

Yes

there evidence this has been agreed with the main client?	<input type="checkbox"/> No N/A, No sub-contractor or agent was used in the facility.
C: Number of sub-contractors/agents used	N/A, No sub-contractor or agent was used in the facility.
D: Is there a site policy on sub-contracting?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes , summarise details: N/A
E: What checks are in place to ensure no child labour is being used and work is safe?	N/A, No sub-contractor or agent was used in the facility.

Summary of homeworking - if applicable			
<input checked="" type="checkbox"/> Not Applicable please x			
A: If homeworking is being used, is there evidence this has been agreed with the main client?	<input type="checkbox"/> Yes <input type="checkbox"/> No If Yes , summarise details: N/A. No homeworking was being used.		
B: Number of homeworkers	Male: 0	Female: 0	Total: 0
C: Are homeworkers employed direct or through agents?	<input type="checkbox"/> Directly <input type="checkbox"/> Through Agents N/A. No homeworking was being used.		
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. No homeworking was being used.		
F: How does site ensure worker hours and pay meet local laws for homeworkers?	N/A. No homeworking was being used.		
G: What processes are carried out by homeworkers?	N/A. No homeworking was being used.		
H: Do any contracts exist for homeworkers	<input type="checkbox"/> Yes <input type="checkbox"/> No Please give details: N/A. No homeworking was being used.		
I: Are full records of homeworkers available at the site?	<input type="checkbox"/> Yes <input type="checkbox"/> No N/A. No homeworking was being used.		

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&S or any other grievances to a 3rd party?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: Grievance reporting mechanism such as suggestion box, worker representative or direct talk to management was established for reporting any violations of labour standards and H & S.</p>
<p>B: If Yes, are workers aware of these channels and have access? Please give details.</p>	<p>The facility gave training on grievance reporting mechanism to all employees.</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, worker representative or direct talk to management</p>
<p>D: Is there a grievance mechanism in place for:</p>	<p><input checked="" type="checkbox"/> Workers <input checked="" type="checkbox"/> Communities <input checked="" type="checkbox"/> Suppliers <input type="checkbox"/> Other Details: Suggestion box, worker representative or direct talk to management</p>
<p>E: Are there any open disputes?</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes, please give details: N/A</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: N/A</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: N/A</p>

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

Current Systems and Evidence Examined

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

Current systems:

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

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

Details:

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

Any other comments: None

Non-compliance:

1. Description of non-compliance:

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

None observed

Local law and/or ETI requirement:

Not applicable

Recommended corrective action:

Not applicable

Objective evidence observed:

Not applicable

Observation:

Description of observation:

None observed

Local law or ETI requirement:

Not applicable

Comments:

Not applicable

Objective evidence observed:

Not applicable

Good Examples observed:

Description of Good Example (GE):

None observed

Objective Evidence Observed:

Not applicable

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

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

Additional Elements

10A.1 Only workers with a legal right to work shall be employed or used by the supplier.
 10A.2 All workers, including employment agency staff, must be validated by the supplier for their legal right to work by reviewing original documentation.

Current Systems and Evidence Examined

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

Current systems:

- Per document review, facility management and employee interview, all employees in the facility were Chinese, there were 92 migrant employees which mostly came from other provinces out of Guangdong province (mainly from Guangxi), 6 was local employee. All employees had the proper legal rights to work in this region. The youngest age was 20 years old. All of them were recruited directly by the facility and no agency was involved in facility's recruitment processes.

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

Details:

- Hiring procedure
- Personnel files
- Employee handbook
- Interview with management and employees

Any other comments: None

Non-compliance:

1. Description of non-compliance:

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

None observed

Local law and/or ETI requirement:

Not applicable

Recommended corrective action:

Not applicable

Objective evidence observed:

Not applicable

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

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

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

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

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:

- The facility had a written environmental policy.
- Xiang Shengyin/Manager was responsible for continuous improvements in their environmental performance.
- All necessary environmental permits were obtained.

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

Details:

- Environmental policy
- Site tour
- Interview with management and employee

Any other comments: None

Non-compliance:

<p>1. Description of non-compliance: <input type="checkbox"/> NC against ETI/Additional Elements <input type="checkbox"/> NC against Local Law <input type="checkbox"/> NC against customer code:</p> <p>None observed</p> <p>Local law and/or ETI requirement:</p> <p>Not applicable</p> <p>Recommended corrective action:</p> <p>Not applicable</p>	<p>Objective evidence observed:</p> <p>Not applicable</p>
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Observation:

<p>Description of observation: During management interview and document review, auditor found that the facility did not complete the SAQ.</p> <p>Local law or ETI/Additional Elements requirement: In accordance with the ETI/Additional Elements requirement: 10B4.10 Suppliers should have completed the appropriate section of the SAQ and made it available to the auditor.</p> <p>Comments: Facility claimed they just registered on SEDEX but they did not know there was a SAQ. Facility stated they would complete the SAQ within one week.</p>	<p>Objective evidence observed:</p> <p>Management interview</p>
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Good examples observed:

<p>Description of Good Example (GE):</p> <p>None observed</p>	<p>Objective Evidence Observed:</p> <p>Not applicable</p>
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Environmental Analysis <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):	Xiang Shengyin/Manager
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 facility conducted the including implementation of controls to reduce identified risks
C: Does the site have a recognised environmental system certification such as ISO 14000 or equivalent? Please detail.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Details: N/A
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
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: Environmental policy addressed the key impacts from their operations and their commitment to improvement(Such as the waste water)
F: Does the site have a Biodiversity policy? <i>(For guidance, please see Measurement criteria)</i>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
G: Is there any other sustainability systems present such as Chain of Custody, Forest Stewardship Council (FSC), Marine Stewardship Council (MSC) etc.? Please 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: The facility obtained the valid environmental certificates and reports, e.g. the environmental impact assessment report, the environmental impact assessment approval, environmental protection acceptance check report and the monitoring testing report for pollutants.
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: There is a policy to collect and handle the hazardous chemicals.
J: Is there a system for managing client's requirements and legislation in the destination countries regarding environmental and chemical issues?	<input type="checkbox"/> Yes <input type="checkbox"/> No Details: N/A. There is no client's requirements.
K: Facility has reduction targets in place for environmental aspects e.g. water consumption and discharge, waste, energy and green-house gas	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: The facility had set up targets for environmental aspects e.g. water consumption and

emissions	discharge, waste, energy.	
L: Facility has evidence of waste recycling and is monitoring volume of waste that is recycled.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Details: No such data was provided.	
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: 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	
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 checked="" type="checkbox"/> No Details: N/A	
Usage/Discharge analysis		
Criteria	Previous year: Please state period: Jan 2017-Dec-2017	Current Year: Please state period: Jan 2018-Aug 2018
Electricity Usage: <i>Kw/hrs</i>	254,000 Kw/hrs	180,025 Kw/hrs
Renewable Energy Usage: <i>Kw/hrs</i>	None	None
Gas Usage: <i>Kw/hrs</i>	None	None
Has site completed any carbon Footprint Analysis?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If Yes , please state result	N/A	N/A
Water Sources: <i>Please list all sources e.g. lake, river, and local water authority.</i>	Local water authority	Local water authority
Water Volume Used: <i>(m³)</i>	8,800 m ³	6,750 m ³
Water Discharged: <i>Please list all receiving waters/recipients.</i>	To site effluent plant	To site effluent plant
Water Volume Discharged: <i>(m³)</i>	8,800 m ³	6,750 m ³
Water Volume Recycled: <i>(m³)</i>	None	None
Total waste Produced <i>(please state units)</i>	30 ton	18 ton
Total hazardous waste Produced:	500 kg	300 kg

<i>(please state units)</i>		
Waste to Recycling: <i>(please state units)</i>	0	0
Waste to Landfill: <i>(please state units)</i>	30 ton	18 ton
Waste to other: <i>(please give details and state units)</i>	Nil	Nil
Total Product Produced <i>(please state units)</i>	1,500,000 pcs	970,000 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:

- The Ethics manual contains the details of Business Ethics, which are also published on the public board.
- Based on management interview, the facility was familiar with national regulations/laws concerning business integrity standards.
- Business integrity policy was established and communicated to all employees by company manual, employee manual and induction training and regular training.
- Xiang Shengyin/Manager was appointed responsible for business integrity.
- The facility has a transparent system in place for confidentially reporting, and dealing with unethical Business Practices without fear of reprisals towards the reporter
- The employees have their induction training on business ethics when they first start their job. They have their regular training on business ethics yearly. The HR department determines all job roles categorised by section; through this, employee are identified the level of risk and the HR department provides ethical training to the staff whose job roles carry a higher level of risk in the area of ethical Business Practice.

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

Details:

- Ethics manual, CSR manual which issued in December 2016 and business ethics training records which conducted in June 2018 were reviewed
- Employees' interview and Management interview

Any other comments:
None

Non-compliance:

1. Description of non-compliance:

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

NC against Local Law

None observed

Local law and/or ETI requirement:

Not applicable

Recommended corrective action:

Not applicable

Objective evidence observed:

Not applicable

Observation

Description of observation:

During management interview and document review, auditor found that the facility did not communicate their Business Ethics policy, covering bribery, corruption, or any type of fraudulent Business Practice to all appropriate parties, including its own suppliers.

Local law or ETI/Additional Elements requirement:

In accordance with the ETI/Additional Elements requirement: 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.

Comments:

Facility stated they would communicate their Business Ethics policy to all appropriate parties within one month.

Objective evidence observed:

Management interview

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

A: Does the facility have a Business Ethics Policy and is the policy communicated and applied internally, externally or both, as appropriate?	<input checked="" type="checkbox"/> Internal Policy <input type="checkbox"/> Policy for third parties including suppliers Please give details: The facility has a Business Ethics Policy and the policy is communicated and applied internally.
B: Does the site give training to relevant personnel (e.g. sales and logistics) on business ethics issues	Yes
C: Is the policy updated on a regular (as needed) basis?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The policy is updated annually.
D: Does the site require third parties including suppliers to complete their own business ethics training	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: The site has not required third parties including suppliers to complete their own business ethics training.

Other Findings Outside the Scope of the Code

None observed

Community Benefits

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

None observed

Appendix 1

<p>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."</p> <p><input checked="" type="checkbox"/> Not Applicable please x</p>	
<p><i>NOTE: 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.</i></p>	<p><i>Instruction to Audit Company: fill in the relevant clauses from the Customer Supplier Code - where applicable.</i></p>
ETI Code / Additional Elements	Customer's Supplier Code equivalent
0.A. Universal Rights covering UNGP	0.A. Universal Rights covering UNGP
<p>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. <i>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.</i></p>	<p>N/A. No additional customer requirement.</p>
0.B. Management Systems & Code Implementation	0.B. Management Systems & Code Implementation
<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>N/A. No additional customer requirement.</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>ETI 1. Forced Labour</p>	<p>ETI 1. Forced Labour</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>N/A. No additional customer requirement.</p>
<p>ETI 2. Freedom of association and the right to collective bargaining are respected</p>	<p>ETI 2. Freedom of association and the right to collective bargaining are respected</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>N/A. No additional customer requirement.</p>
<p>ETI 3. Working conditions are safe and hygienic</p>	<p>ETI 3. Working conditions are safe and hygienic</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 & 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>N/A. No additional customer requirement.</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 & Safety to a senior management representative.</p>	
<p>ETI 4. Child labour shall not be used</p>	<p>ETI 4. Child labour shall not be used</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>N/A. No additional customer requirement.</p>
<p>ETI 5. Living wages are paid</p>	<p>ETI 5. Living wages are paid</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>N/A. No additional customer requirement.</p>
<p>ETI 6. Working Hours are not excessive</p>	<p>ETI 6. Working Hours are not excessive</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>N/A. No additional customer requirement.</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 all of the following are met:</p> <ul style="list-style-type: none"> - 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. <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>ETI 7. No discrimination is practised</p>	<p>ETI 7. No discrimination is practised</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>N/A. No additional customer requirement.</p>
<p>ETI 8. Regular employment is provided</p>	<p>ETI 8. Regular employment is provided</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>N/A. No additional customer requirement.</p>

<p>obligations be avoided through the excessive use of fixed-term contracts of employment.</p> <p>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.</p>	
<p>8A: Sub-Contracting and Homeworking</p>	<p>8A: Sub-Contracting and Homeworking</p>
<p>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.</p>	<p>N/A. No additional customer requirement.</p>
<p>ETI 9. No harsh or inhumane treatment is allowed</p>	<p>ETI 9. No harsh or inhumane treatment is allowed</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. Additional elements: 9.2 companies should provide access to a confidential grievance mechanism for all workers</p>	<p>N/A. No additional customer requirement.</p>
<p>10. Other Issue areas: 10A: Entitlement to Work and Immigration</p>	
<p>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.</p>	<p>N/A. No additional customer requirement.</p>
<p>10. Other issue areas 10B2: Environment 2-Pillar</p>	

<p>10B2.1 Suppliers must comply with the requirements of local and international laws and regulations including having necessary permits.</p> <p>10B2.2 The supplier should be aware of and comply with their end clients' environmental requirements.</p> <p><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>N/A. No additional customer requirement.</p>
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SMETA Extra Sections for 4 Pillar Audit:	SMETA Extra Sections for 4 Pillar Audit:
<p>Environment Section</p>	<p>Environment Section</p>
<p>B.4. Compliance Requirements</p> <p>10B4.1 Businesses as a minimum must meet the requirements of local and national laws related to environmental standards.</p> <p>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.</p> <p>10B4.3 Businesses shall be aware of their end client's environmental standards/code requirements</p> <p>10B4.4 Suppliers should have an environmental policy, covering their environmental impact, which is communicated to all appropriate parties, including its own suppliers.</p> <p>10B4.5 Suppliers shall be aware of the significant environmental impact of their site and its processes.</p> <p>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).</p> <p>10B4.7 Businesses shall make continuous improvements in their environmental performance.</p> <p>10B4.8 Businesses shall have available for review any environmental certifications or any environmental management systems documentation</p> <p>10B4.9 Businesses should have a nominated individual responsible for co-ordinating the site's efforts to improve environmental performance.</p> <p>B4. Guidance for Observations</p> <p>10B4.10 Suppliers should have completed the appropriate section of the SAQ and made it available to the auditor.</p> <p>10B4.11 Has the site recently been subject to (or pending) any fines/prosecutions for noncompliance to environmental regulations.</p>	<p>N/A. No additional customer requirement.</p>
<p>Business Practices Section</p>	

<p>10C. Compliance Requirements</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>10C. Guidance for Observations</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>N/A. No additional customer requirement.</p>
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Photo Form

Best Practice Photos:

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

Non Compliance Photos:

	None observed	None observed
No label for chemical container	N/A	N/A

General Site Tour Photos:

Facility entrance	Facility name	Office building

		
<p>Production building</p>	<p>Cutting</p>	<p>Material warehouse</p>
		
<p>Finished goods warehouse</p>	<p>Glue spraying</p>	<p>Packing</p>
		
<p>Sewing</p>	<p>Handwork</p>	<p>Edge painting</p>
		
<p>Suggestion box</p>	<p>Attendance recorder</p>	<p>Evacuation plan</p>

		
<p>No smoking sign</p>	<p>Exit sign and emergency light</p>	<p>Eye wash station</p>
		
<p>Toilet</p>	<p>Occupational hazard notification</p>	<p>MSDS</p>
		
<p>Fire alarm</p>	<p>First aid kit</p>	<p>Fire extinguisher</p>
		
<p>Drinking water facility</p>	<p>Fire hydrant</p>	<p>Evacuation sign</p>

 <p>09.25.2018 11:14</p>	 <p>09.25.2018 11:17</p>	 <p>09.25.2018 14:18</p>
<p>Aisle</p>	<p>Safety exit</p>	<p>Worker with PPE</p>

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End of report.



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