



# Sedex Members Ethical Trade Audit Report

Version 6.0



### Audit Details

Sedex Company Reference: (only available on Sedex System)	ZC1023011	Sedex Site Reference: (only available on Sedex System)	ZS1065205
Business name (Company name):	HUGO WAY CO.,LTD		
Site name:	Hua Way Metal Handcraft Factory 中山市小榄镇铎威金属制品厂		
Site address: (Please include full address)	Building-3-032,Yinan Industry Area,Yongning Industrial Road,Xiaolan Town,Zhongshan City,Guangdong Province 广东省中山市小榄镇永宁工业大道宜男工业区 3-032 栋	Country:	China
Site contact and job title:	Mr.Lin Shengpei/Sales Manager		
Site phone:	86-760-22280081	Site e-mail:	Xpins8@hwawei.net
SMETA Audit Type:	<input checked="" type="checkbox"/> Labour Standards	<input checked="" type="checkbox"/> Health & Safety	<input checked="" type="checkbox"/> Environment <input checked="" type="checkbox"/> Labour Standards
Date of Audit:	28 Jun.,2017 September 26,2017		

### Audit Company Name & Logo:

SGS-CSTC Standard Technical Services Co Ltd

### Audit Company Name & Logo:

SGS-CSTC Standard Technical Services Co Ltd

CSR Solutions Limited

<http://www.sai-china.net>


### Report Owner (payee):

HUGO WAY 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):

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

Lead auditor: Manson Shao/Lena Zheng

Team auditor: Bill Bao/N/A

Interviewers: Nil/Lena Zheng

Report writer: Manson Shao/Lena Zheng

Report reviewer: Pedalo Liu/Phoenix Zhang

Date of declaration: 28 Jun.,2017/ 30 Sep.,2017

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

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



## Non-Compliance Table

Issue (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.	Area of Non-Conformity (Only check box when there is a non-conformity, and only in the box/es where the non-conformity can be found)				Record the number of issues by line*:			Findings (note to auditor, summarise in as few words as possible NCs, Obs and GE)	
	ETI Base Code	Local Law	Additional Elements	Customer Code	NC	Obs	GE		
0A <a href="#">Universal Rights covering UNGP</a>			<input type="checkbox"/>	<input type="checkbox"/>		4	0	<p>Summary of Observation finding:</p> <p>1. The factory did not establish a policy, endorsed at the highest level, covering human rights impacts and issues, and ensure the policy communicated to all appropriate parties, including its own suppliers.</p> <p>2. The factory did not identify their stakeholders and salient issues. (Stakeholders: such as client, union, supplier, NGO, etc.)</p> <p>3. The factory did not measure their direct, indirect, and potential impacts on stakeholders (rights holders) human rights.</p> <p>4. The factory did not have a transparent system in place for confidentially reporting, and dealing with human rights impacts without fear of reprisals towards the reporter.</p> <p>Summary of GE: Nil</p>	
0B <a href="#">Management systems and</a>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1/0	0	0	Summary of Non-Compliance finding:	

	<u>code implementation</u>								<p>The factory didn't establish relative policy of landright</p> <p>Through partial follow up audit was conducted on Sep 26th, 2017 Result: Closed. Based on document checked and management interview, it was noted that the factory had establish relative policy of land right</p> <p>Summary of Observation finding: Nil</p> <p>Summary of GE: Nil</p>
1.	<u>Freely chosen Employment</u>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	0	0	0	Nil
2	<u>Freedom of Association</u>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	0	0	0	Nil
3	<u>Safety and Hygienic Conditions</u>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	4	1	0	<p>Summary of Non-Compliance finding:</p> <p>1. Chemicals missed secondary containment. Through partial follow up audit was conducted on Sep 26th, 2017 Result: Closed. Based on site tour and management interview, all chemical containers on site were used second container</p> <p>2. Workers didn't wear PPE properly. Through partial follow up audit was conducted on Sep 26th, 2017 Result: Closed. Based on document review, site tour management interview and worker interview, workers were train the proper use of PPE, all polishing workers wear goggles, dust mask and earplugs.</p> <p>3. No valid fire-fighting acceptance certificate or register certificate for two one-storey production buildings.</p>

									<p>Through partial follow up audit was conducted on Sep 26th, 2017 .Based on document review and management, valid fighting acceptance certificate was provided for review</p> <p>4. The factory didn't arrange occupational health examination for all workers with exposure to hazard factors.</p> <p>Through partial follow up audit was conducted on Sep 26th, 2017. Result: Closed. Based on document review, site tour management interview and worker interview, occupational health examination for all workers with exposure to hazard factors,</p> <p>Summary of Observation finding: The factory's 80% emergency exits were installed with rolling doors.</p> <p>Summary of GE: Nil</p>
4	Child Labour	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	0	0	0	Nil
5	Living Wages and Benefits	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	1	0	0	<p>Summary of Non-Compliance finding: 1. The factory didn't provide paid annual leave to employees.</p> <p>Through partial follow up audit was conducted on Sep 26th, 2017. Result: Closed. Based on document review, management interview and worker interview, annual leave were paid for workers</p> <p>Summary of Observation finding: Nil</p>

									Summary of GE: Nil
6	<u>Working Hours</u>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	1	0	0	Summary of Non-Compliance finding: 1. Worker's monthly OT hours did not meet the requirements of laws and regulations. Through partial follow up audit was conducted on Sep 26th, 2017. Result:Open. Based on document review, management interview ,woker's monthly OT hours did not meet the requirements of laws and regulations Summary of Observation finding: Nil Summary of GE: Nil
7	<u>Discrimination</u>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	0	0	0	Nil
8	<u>Regular Employment</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	0	0	0	Nil
8A	<u>Sub-Contracting and Homeworking</u>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	0	0	0	Nil
9	<u>Harsh or Inhumane Treatment</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	0	0	0	Nil
10A	<u>Entitlement to Work</u>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	0	0	0	Nil
10B2	Environment 2-Pillar		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				N/A
10B4	<u>Environment 4-Pillar</u>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				Summary of Non-Compliance finding: 1. The factory didn't provide the acceptance approval for environmental facilities. Through partial follow up audit was conducted on



									<p>Sep 26th, 2017. Result: Closed Based on document review, management interview, The factory provided the acceptance approval for environmental facilities.</p> <p>Summary of Observation finding: Nil</p> <p>Summary of GE: Nil</p>
10C	Business Ethics		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				Nil

#### General observations and summary of the site:

- The facility Hua Way Metal Handcraft Factory was found on 27 Apr., 2011 based on business licence review (Valid date: from 27 Apr., 2011 to long term) which located at Building-3-032, Yinan Industry Area, Yongning Industrial Road, XiaoLan Town, ZhongShan City, GuangDong Province, China.
- During the audit, the factory rented two one-storey production buildings used as workshop, warehouse and office from Zhongshan City Xiaolan Town Yongning Economic Association. The factory provided lease contract for review.
- A total of 94 employees including 46 male employees and 48 female employees were working in the factory during the audit.
- All employees worked for 5 days a week in 8 hours per day. Three shifts (8:00-16:00; 16:00-24:00, 24:00-8:00) were arranged for 4 security guards. For other employees, there's only 1 shift (8:00-12:00, 13:30-17:30), they usually overtime working for 2 hours from 18:30 to 20:30. All employees always OT working for 8 hours on Saturday and always rest on Sunday based on attendance records provided by the factory.
- Electronic attendance recorder (IC card) was used for working time keeping and the employees' wages are calculated by hourly rate. The factory provided the attendance records from 1 Jun., 2016 to audit day and payroll records from Jun. 2016 to May 2017 for review.
- Based on payrolls records review and management interview, workers' wages were paid by cash around 15th day of the following month. The minimum wage was RMB8.68 per hour. And, the factory usually compensated the workers at calculated hourly rate for their overtime hours, paid 150%, 200% and 300% of regular pay for overtime work on weekdays, rest days and statutory holidays respectively.
- The main production processes were listed as below:  
For Badges, Medals, Key chain products: Forming – Metal working - Polishing – Coloring - Inspecting and packing  
The machines used by audited factory were forming machines, metal working machines, polishing machines, etc.
- No obvious peak season in the factory.
- Factory had established child labor, forced labor, discrimination, disciplinary, health and safety policy and related procedures. Based on document review and workers interview, no child labor / young worker was identified, no negative evidence was identified regarding to force labor/discrimination/disciplinary. Factory established

the social responsibility system and familiar with the related client's requirement.

This partial follow up audit was conducted by CSR Solutions Limited. One auditor assessed the factory's documents and onsite tour against the ETI Base Code and local legislations on a sampling basis in 0.5 day.

*\*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:	HUGO WAY CO., LTD									
B: Site name:	Hua Way Metal Handcraft Factory 中山市小榄镇铎威金属制品厂									
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: 914420005744829341 Valid date: from 27 Apr., 2011 to Long term									
D: Products/Activities at site, for example, garment manufacture, electricals, toys, grower	Badges, Medals, Key chain									
E: Site description: (Include size, location, and age of site. Also, include structure and number of buildings)	<p>location since Apr., 2011. A total of 94 employees were currently working in the facility, which includes 84 production employees and 10 non-production employees. The proportion of local employees to migrant employees was 1 to 9. Migrant employees mostly came from other provinces in China, such as Henan, Guangxi, Anhui, etc. All employees were hired by the facility directly. All employees worked for 5 days a week in 8 hours per day. Three shifts (8:00-16:00; 16:00-24:00, 24:00-8:00) were arranged for 4 security guards. For other employees, there's only 1 shift (8:00-12:00, 13:30-17:30), they usually overtime working for 2 hours from 18:30 to 20:30. All employees always OT working for 8 hours on Saturday and always rest on Sunday based on attendance records provided by the factory. Employees' wages were calculated on hourly rate and paid around 15th day of each month. The peak season in this facility was not obvious. During the audit, the factory rented two one-storey production buildings used as workshop, warehouse and office from Zhongshan City Xiaolan Town Yongning Economic Association. The factory provided lease contract for review.</p> <table border="1"> <thead> <tr> <th>Production Building no B#</th> <th>Description</th> <th>Remark, if any</th> </tr> </thead> <tbody> <tr> <td>Floor 1</td> <td>Forming, metal working and polishing workshop, warehouse</td> <td>Year of establishment: 5 Feb., 2016</td> </tr> <tr> <td>Is this a shared building?</td> <td>No</td> <td>Nil</td> </tr> </tbody> </table>	Production Building no B#	Description	Remark, if any	Floor 1	Forming, metal working and polishing workshop, warehouse	Year of establishment: 5 Feb., 2016	Is this a shared building?	No	Nil
Production Building no B#	Description	Remark, if any								
Floor 1	Forming, metal working and polishing workshop, warehouse	Year of establishment: 5 Feb., 2016								
Is this a shared building?	No	Nil								

	Production Building no	Description	Remark, if any
	Floor 1	Coloring, inspection and packing workshop, warehouse and office	Year of establishment: 5 Feb.,2016
	Is this a shared building?	No	Nil
	<p>For below, please add any extra rows if appropriate. M.,/</p> <p>Visible structural integrity issues (large cracks) observed and without structural engineer evaluation <input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No Details: N/A</p>		
F: Site function:	<input type="checkbox"/> Agent <input checked="" type="checkbox"/> Factory Processing/Manufacturer <input checked="" type="checkbox"/> Finished Product Supplier <input type="checkbox"/> Grower <input type="checkbox"/> Homeworker <input type="checkbox"/> Labour Provider <input type="checkbox"/> Pack House <input type="checkbox"/> Primary Producer <input type="checkbox"/> Service Provider <input type="checkbox"/> Sub-Contractor		
G: Month(s) of peak season: (if applicable)	No obvious peak season		
H: Process overview: (Include products being produced, main operations, number of production lines, main equipment used)	<p>The main products were Badges, Medals, Key chain in the audited factory.</p> <p>The main production processes were listed as below: Forming – Metal working - Polishing – Coloring - Inspecting and packing.</p> <p>There were total 4 production lines in the audited factory.</p> <p>The main equipments in factory included forming machines, metal working machines, polishing machines, etc.</p>		
I: What form of worker representation / union is there on site?	<input type="checkbox"/> Union (name) <input checked="" type="checkbox"/> Worker Committee: 3 worker representatives were free selected in the factory. <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.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		

dormitories	If yes approx. % of workers in on site accommodation
L: Are there any off site provided worker accommodation buildings	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes approx. % of workers
M: Were the site provided accommodation buildings included in this audit	<input type="checkbox"/> Yes <input type="checkbox"/> No If No, please give details N/A, the factory didn't provide accommodation to workers.

Audit Parameters			
A: Time in and time out	Day 1 Time in: 09:00 Day 1 Time out: 15:00 Day 1 Time in: 09:00 Day 1 Time out: 13:00	Day 2 Time in: Nil Day 2 Time out: Nil	Day 3 Time in: Nil Day 3 Time out: Nil
B: Number of Auditor Days Used:	1.5 mandays 0.5 manday (1 auditor X 0.5 day)		
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 <input type="checkbox"/> Full Initial <input type="checkbox"/> Periodic <input type="checkbox"/> Full Follow-up <input checked="" type="checkbox"/> Partial Follow-Up <input type="checkbox"/> Partial Other – Define		
D: Was the audit announced?	<input checked="" type="checkbox"/> Announced <input type="checkbox"/> Semi – announced: Window detail:    weeks <input type="checkbox"/> Unannounced <input checked="" type="checkbox"/> Announced <input type="checkbox"/> Semi – announced: Window detail:    weeks <input type="checkbox"/> Unannounced		
E: Was the Sedex SAQ available for review?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If No, why not The factory had only just started the SAQ and so did not make it available to the auditors		
F: Any conflicting information SAQ/Pre-Audit Info to Audit findings?	<input type="checkbox"/> Yes <input type="checkbox"/> No If <b>Yes</b> , please capture detail in appropriate audit by clause N/A		
G: Who signed and agreed CAPR (Name and job title)	Mr.Lin Shengpei/Sales 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 Jun 28,2016		
J: Previous audit type:	N/A Yes		
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 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 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 type="checkbox"/> No
D: If Worker Representatives were not present please explain reasons why (only complete if no worker reps present)	N/A		
E: If Union Representatives were not present please explain reasons why: (only complete if no union reps present)	There is no union at this factory		

## Worker Analysis

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

Worker Analysis								
	Local			Migrant*				Total
	Permanent	Temporary	Agency	Permanent	Temporary	Agency	Home workers	
Worker numbers – Male	3	0	0	43	0	0	0	46
Worker numbers – female	8	0	0	40	0	0	0	48
Total	11	0	0	83	0	0	0	94
Number of Workers interviewed – male	0	0	0	5/3	0	0	0	5/3
Number of Workers interviewed – female	0	0	0	5/3	0	0	0	5/3
Total – interviewed sample size	0	0	0	10/6	0	0	0	10/6

A: Nationality of Management	China
B: Majority nationality of workers	Main countries: Country 1: China__ approx % total workforce_100%__ Country 2: _____ approx % total workforce_____ Country 3: _____ approx % total workforce_____ 
C: Worker remuneration (management information)	___0___% workers on piece rate ___100___% hourly paid workers ___0___% salaried workers  Payment cycle: ___0___% daily paid ___0___% weekly paid ___100___% monthly paid ___0___% other – please give details

Worker Interview Summary	
A: Were workers aware of the audit?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
B: Were workers aware of the code?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
C: Number of group interviews: (Please specify number and size of groups. Please see SMETA Best Practice Guidance and Measurement Criteria. If the auditor was not able to follow the BPG, please state within the declaration)	1 group and 4 workers per group, total 4 workers
D: Number of individual interviews (Please see SMETA Best Practice Guidance and Measurement Criteria)	Male: 4/3      Female: 2/3
E: All groups of workers are included in the scope of this audit such as; Direct employees, Casual and agency workers, Workers employed by service providers such as security and catering staff as well as workers supplied by other contractors. <i>Note to auditor: please record details of migrant /agency/contractor workers in section 8 – Regular Employment, under Responsible Recruitment</i>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No  If N, please give details
F: Interviews were done in private and the confidentiality of the interview process was communicated to the workers?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
G: In general, what was the attitude of the workers towards their workplace?	<input checked="" type="checkbox"/> Favourable <input type="checkbox"/> Non-favourable <input type="checkbox"/> Indifferent
H: What was the most common worker complaint?	No worker complained anything.
I: What did the workers like the most about working at this site?	Most workers said that they were satisfied with working condition and the wages.
J: Any additional comment(s) regarding interviews:	Workers were cooperative. Most workers enjoyed working at this factory, they felt they had sufficient work and had a good relationship with management in general
K: Attitude of workers to hours worked:	Most workers said that the overtime hours were acceptable, sometimes they wanted to work extra, to earn more money, however they could turn down overtime if they wanted.
L: Is there any worker survey information available?	
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, please give details: N/A	

**M: Attitude of workers:**

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

10 workers were selected for interview including 5 male and 5 female employees, 6 employees were selected for the individual interview and total 4 employees in 1 group were selected for the group interview.

The workers were assured of confidentiality and they spoke freely of their views of the factory. All workers said they were satisfied with their employment at the factory, such as the working machines and working environment were good. And they were satisfied with the current wages which in their view were in line with wages in the locality. They felt free to leave this employer and understood the notice period required. They had good relationships with their supervisors and managers who treated them with respect.

They were able to make suggestions to their supervisors and team leaders and sometimes they had seen these suggestions used. They felt able to complain directly to their supervisors but also felt free to give their general concerns, such as working condition to their supervisors who would take it to the worker management committee.

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

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

The worker representative showed that the management was kind and the workplace was comfortable. No any negative information.

**O: Attitude of managers:**

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

Auditor completed on-site observation under factory management's permission and co-operation. They would try their best to improve the issues raised during the audit after being clear about the requirements.

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

#### Current systems:

1. Mr. Lin Shengpei / Sales Manager was a designated person responsible for implementing standards concerning Human rights.

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

Details:

Workers interview and management interview

Documents review

Any other comments:

Nil

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

☐ Yes

☒ No

Please give details:

The factory did not establish a policy, endorsed at the highest level, covering human rights impacts and issues, and ensure the policy communicated to all appropriate parties, including its own suppliers

B: Does the business have a designated person responsible for implementing standards concerning Human Rights?

☒ Yes

☐ No

	Please give details: Name: Mr. Lin Shengpei Job title: Sales Manager
C: Does the businesses have a transparent system in place for confidentially reporting, and dealing with human rights impacts without fear of reprisals towards the reporter?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: The factory did not have a transparent system in place for confidentially reporting, and dealing with human rights impacts without fear of reprisals towards the reporter.
D: Does the business demonstrate effective data privacy procedures for workers' information, which is implemented?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: The factory did not demonstrate effective data privacy procedures for workers' information.

Findings	
<p><b>Finding1: Observation</b> <input checked="" type="checkbox"/> <b>Company NC</b> <input type="checkbox"/></p> <p><b>Description of observation:</b> The factory did not establish a policy, endorsed at the highest level, covering human rights impacts and issues, and ensure the policy communicated to all appropriate parties, including its own suppliers</p> <p><b>Local law or ETI/Additional elements / customer specific requirement:</b> <b>Additional elements 0.A.1</b> 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.</p> <p><b>Comments:</b> The factory should establish a policy, endorsed at the highest level, covering human rights impacts and issues, and ensure the policy communicated to all appropriate parties, including its own suppliers.</p> <p><b>Finding2: Observation</b> <input checked="" type="checkbox"/> <b>Company NC</b> <input type="checkbox"/></p> <p><b>Description of observation:</b> The factory did not identify their stakeholders and salient issues. (Stakeholders: such as client, union, supplier, NGO, etc.)</p> <p><b>Local law or ETI/Additional elements / customer specific requirement:</b> <b>Additional elements 0.A.3</b> Businesses shall identify their stakeholders and salient issues</p> <p><b>Comments:</b> The factory should identify their stakeholders and salient issues</p> <p><b>Finding3: Observation</b> <input checked="" type="checkbox"/> <b>Company NC</b> <input type="checkbox"/></p> <p><b>Description of observation:</b> The factory did not measure their direct, indirect, and potential impacts on</p>	<p><b>Objective evidence observed:</b> Based on documents review and management interview</p> <p><b>Objective evidence observed:</b> Based on documents review and management interview</p> <p><b>Objective evidence observed:</b> Based on documents</p>



<p>stakeholders (rights holders) human rights</p> <p><b>Local law or ETI/Additional elements / customer specific requirement:</b>  <b>Additional elements 0.A.4</b>  Businesses shall measure their direct, indirect, and potential impacts on stakeholders (rights holders) human rights.</p> <p><b>Comments:</b>  The factory should measure their direct, indirect, and potential impacts on stakeholders(rights holders) human rights</p> <p><b>Finding4: Observation</b> <input checked="" type="checkbox"/> <b>Company NC</b> <input type="checkbox"/>  <b>Description of observation:</b>  The factory did not have a transparent system in place for confidentially reporting, and dealing with human rights impacts without fear of reprisals towards the reporter.</p> <p><b>Local law or ETI/Additional elements / customer specific requirement:</b>  Businesses shall have a transparent system in place for confidentially reporting, and dealing with human rights impacts without fear of reprisals towards the reporter.</p> <p><b>Comments:</b>  The factory should have a transparent system in place for confidentially reporting, and dealing with human rights impacts without fear of reprisals towards the reporter.</p>	<p>review and management interview</p> <p><b>Objective evidence observed:</b>  Based on documents review and management interview</p>
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Good examples observed:	
<p>Description of Good Example (GE):  Nil</p>	<p><b>Objective Evidence Observed:</b>  Nil</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: __2.4__ %	This year __2__ %
B: Current % quarterly (90 days) turnover: Number of workers leaving from the first of the 90 day period through to the last day of the 90 day period / [(number of employees on the 1 <sup>st</sup> day of 90 day period + number of employees on the last day of the 90 day period) / 2]	1.5%	
C: Annual % absenteeism: Number of days lost through job absence in the year / [(number of employees on 1 <sup>st</sup> day of the year + number employees on the last day of the year / 2] * number available workdays in the year	Last year: __0.5__ %	This year __0.5__ %
D: Quarterly (90 days) % absenteeism: Number of days lost through job absence in the period / [(Number of employees on 1 <sup>st</sup> of the period + Number of employees on the last day of the period / 2] * Number of available workdays in the month	0.5%	
E: Are accidents recorded?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please describe: N/A	
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:0 Number: 0	This year:0 Number:0
G: Quarterly (90 days) number of work related accidents and injuries per 100 workers: [Number of work related accidents and injuries * 100] / Number of total workers]	0	
H: Lost day work cases per 100 workers: [(Number of lost days due to work accidents and work related injuries * 100) / Number of total workers]	Last year:0	This year: 0
I: % of workers that work on average more than 48 standard hours / week in the last 6 / 12 months:	6 months __0__% workers	12 months __0__% workers
J: % of workers that work on average more than 60 total hours / week in the last 6 / 12 months:	6 months __0__% workers	12 months __0__% workers

## 0B: Management system and Code Implementation

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

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

### Current Systems and Evidence Examined

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

#### Current systems:

1. The factory had established the necessary policy and procedure documents.
2. The factory conducted regularly trainings about social policies equivalent to ETI Code for the employees.
3. The factory had conducted internal social accountability audit and management review.
4. The factory had conduct social accountability audit to their suppliers

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

##### Details:

1. Client's code of conduct in the factory.
2. Management interview
3. Workers interview
4. Documents review

##### Any other comments:

Nil

### Management Systems:

A: In the last 12 months, has the site been subject to any fines/prosecutions for non-compliance to any regulations?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please describe: No such fine or prosecutions were identified.
B: Do policies and/or procedures exist that reduce the risk of forced labour, child labour, discrimination, harassment & abuse?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: The factory had established the related policy, including HR policies, hand manual,etc.
C:If Yes, is there evidence (an indication) of effective implementation? Please give details.	According to procedures review, management & employees interview, no negative evidence on forced labour, child labour, discrimination, harassment & abuse was observed.

D: Have managers and workers received training in the standards for forced labour, child labour, discrimination, harassment & abuse?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: Managers and workers received training in the standards for forced labour, child labour, discrimination, harassment & abuse.
E: If Yes, is there evidence (an indication) that training has been effective e.g. training records etc.? Please give details	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: Training records were provided for review.
F: Does the site have any internationally recognised system certifications e.g. ISO 9000, 14000, OHSAS 18000, SA8000 (or other social audits). Please detail (Number and date).	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: The factory didn't obtain these relevant certificates.
G: Is there a Human Resources manager/department? If Yes, please detail.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: HR department was available and Mr. Li Minbo was the HR manager.
H: Is there a senior person /manager responsible for implementation of the Code	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: Mr. Lin Shengpei / Sales Manager was responsible for implementation of the Code.
I: Is there a policy to ensure all worker information is confidential	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: Policy was established in the employee handbook.
J: Is there an effective procedure to ensure confidential information is kept confidential	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: Policy was established in the employee handbook.
K: Are risk assessments conducted to evaluate policy and procedure effectiveness?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: Risk assessment was conducted to evaluate policy and procedure effectiveness, such as finance audit.
L: Does the facility have a process to address issues found when conducting risk assessments, including implementation of controls to reduce identified risks?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: If issues addressed, actions should be taken per interview with management and HR department manager.
M: Does the facility have a policy/code which require labour standards of its own suppliers?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: The factory required supplier for the policy or code implementation.

Land rights	
N: Does the site have all required land rights licenses and permissions (see SMETA Measurement Criteria)?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: All required land rights licenses were provided.
O: Does the site have systems in place to conduct legal due diligence to recognize and apply national laws and practices relating to land title	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: The factory established the system to conduct legal due diligence to recognize and apply national laws and practices relating to land title.
P: Does the site have a written policy and procedures specific to land rights. If yes, does it include any due diligence the company will undertake to obtain free, prior and informed consent, (FPIC) even if national/local law does not require it	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes, how does the company obtain FPIC: The factory didn't establish land right relative policy.
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.	<input type="checkbox"/> Yes <input type="checkbox"/> No Details: N/A. All land belonged to landlord and they had the property ownership certificate.
R: Does the Facility demonstrate that alternatives to a specific land acquisition were considered to avoid or minimize adverse impacts Please give details.	<input type="checkbox"/> Yes <input type="checkbox"/> No Details: N/A. All land belonged to landlord and they had the property ownership certificate.
S: Is There any evidence of illegal appropriation of land for facility building or expansion of footprint.	<input type="checkbox"/> Yes <input type="checkbox"/> No Details: N/A. All land belonged to landlord and they had the property ownership certificate.

### Non-compliance:

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

☒ NC against ETI/Additional Elements ☐ NC against Local Law

☐ NC against customer code:

Based on documents review and confirmed with factory management, the factory didn't establish relative policy of land right.

First partial follow up on Sep 26th, 2017

Status: Closed.

Based on document checked and management interview, it was noted that the factory had establish relative policy of land right

#### Local law and/or ETI requirement:

##### Additional Elements 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

#### Objective evidence observed:

Based on documents review and management interview

Document checked

**Recommended corrective action:**

The factory should establish relative policy of land right.

Action by: Mr. Lin Shengpei Timeframe: 90 days

**Observation:**
**Description of observation:**

Nil

**Local law or ETI requirement:**

Nil

**Comments:**

Nil

**Objective evidence observed:**

Nil

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

Nil

**Objective evidence observed:**

Nil



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

#### Current systems:

1. The factory had established the effective employment policies & program. Employees could be freely resignation after communication with management in advance 30 days notification.
2. The employees obtained their job by HR market or by friend's recommendation.
3. The workers did not require lodging deposits or their Identity papers to the factory at the beginning of employment.
4. No forced, bonded or involuntary prison labor was identified during the audit.

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

##### Details:

1. Employees' manual/Factory rules/ Personnel files records. No deposit was required by the factory
2. Labor Contract/Leave Records/Resignation records. The employees could be freely resignation after communication with management in advance 30 days' notification.

##### Any other comments:

Nil

A: Is there any evidence of retention of original documents, e.g. passports/ID's	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes please give details and category of workers affected
B: Is there any evidence of a loan scheme in operation	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes please give details and category of worker affected
C: Is there Any evidence of retention of wages /deposits	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes please give details and category of worker affected
D: Are there any restrictions on workers' freedom to terminate employment?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please describe finding:
E: If any part of the business is UK based / registered & turnover is 36m+ there is a requirement to publish a 'modern day slavery statement.	<input type="checkbox"/> Yes <input type="checkbox"/> No Please describe finding: <input checked="" type="checkbox"/> Not applicable

F: Is there a modern day slavery statement published	
G: Is there evidence of any restrictions on workers' freedoms to leave the site at the end of the work day	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please describe finding:
H: Does the site understand the risks of forced / trafficked / bonded labour in it's supply chain	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If yes please give details and category of workers affected: Based on documents review and management interview, the site understood the risks of forced / trafficked / boned labour in its supply chain. <input type="checkbox"/> Not applicable
I: Is the site taking any steps taking to reduce the risk of forced / trafficked labour?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe finding: The factory had established the effective employment policies, and it was implemented by HR department. No restrictions on movement of the employees in the factory; and HR department would verify ID copies without any retention during recruitment process. In addition, employees could be freely resignation after communication with management in advance 30 days notification.

### Non-compliance:

<b>1. Description of non-compliance:</b> <input type="checkbox"/> NC against ETI <input type="checkbox"/> NC against Local Law: <input type="checkbox"/> NC against customer code: Nil  <b>Local law and/or ETI requirement</b> Nil  <b>Recommended corrective action:</b> Nil	<b>Objective evidence observed:</b> Nil
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### Observation:

<b>Description of observation:</b> Nil  <b>Local law or ETI requirement:</b> Nil  <b>Comments:</b> Nil	<b>Objective evidence observed:</b> Nil
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### Good Examples observed:

Description of Good Example (GE):  
Nil

**Objective evidence observed:**  
Nil

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

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

### ETI

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

### Current Systems and Evidence Examined

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

#### Current systems:

1. There's no trade union at the factory; and there're 3 workers representatives were elected by workers freely.
2. According to workers interview, they could express their suggestion and complaint to supervisors, worker representatives or managers directly.
3. The Chinese constitution guarantees Freedom of Association; however, the Trade Union Act prevents the establishment of trade unions independent of the sole official trade union – the All China Federation of Trade Unions (ACFTU). As a consequence, all trade unions of factories in China are under the management of ACFTU. And most of the trade union representatives are appointed.

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

Details:

1. Site policy on freedom of association
2. Interview with management, workers and worker representatives.
3. Selection program & meeting minutes of regular worker committee activities review

Any other comments:

Nil

A: What form of worker representation/union is there on site?	<input type="checkbox"/> Union (name) <input checked="" type="checkbox"/> Worker Committee: 3 workers representatives were elected by workers freely. <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 communication channel? (Other than union/worker committee) e.g. H&S, sexual harassment	<input type="checkbox"/> Yes <input type="checkbox"/> No Describe: The employees could complain to team leaders, supervisors or worker representative directly  Is there evidence of free elections? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
E: Does the supplier provide adequate facilities to allow the Union or committee to conduct related business?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: The relative policy and meeting records were provided for review	
F: Name of union and union representative, if applicable:	N/A	Is there evidence of free elections? <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A
G: If no union what is parallel means of consultation with workers e.g. worker committees?	Worker representatives	Is there evidence of free elections? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
H: Are all workers aware of who their representatives are?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
I: Were worker representatives freely elected?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Date of last election: 23 Dec., 2016
J: Do workers know what topics can be raised with their representatives?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
K: Were worker representatives/union representatives interviewed	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If <b>Yes</b> , please state how many: Auditor interview one worker representative.	
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>	According to document review, management review and worker interview, worker committee was established in the factory and the factory elected 3 worker representatives and conducted the meeting regularly. The latest meeting was conducted on 30 Mar., 2017 with meeting records available	
M: Are any workers covered by Collective Bargaining Agreement (CBA)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No No Collective Bargaining Agreement in the factory.	
N: If <b>Yes</b> what percentage by trade Union/worker representation	<u>  0  </u> % workers covered by Union CBA	<u>  0  </u> % workers covered by worker rep CBA
O: If <b>Yes</b> , does the Collective Bargaining Agreement (CBA) include rates of pay	<input type="checkbox"/> Yes <input type="checkbox"/> No N/A. No Collective Bargaining Agreement in the factory	

### Non-compliance:

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

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

#### Local law and/or ETI requirement:

Nil

#### Recommended corrective action:

Nil

#### Objective evidence observed:

Nil

### Observation:

#### Description of observation:

Nil

#### Local law or ETI requirement:

Nil

#### Comments:

Nil

#### Objective evidence observed:

Nil

### Good Examples observed:

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

Nil

#### Objective evidence observed:

Nil



### 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' Auditorsexaminepoliciesandwrittenproceduresin conjunction withrelevantmanagers, 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. Based on onsite observation, the production floors were clean and tidy.
2. The ventilation, temperature and lighting in the production workshops were appropriate.
3. The factory provided clean portable water to workers of free charge.
4. The toilets were clean with running water.
5. The factory had equipped sufficient fire fighting equipments such as fire extinguishers and hydrants in the production buildings and dormitory buildings.
6. There were two exits at the factory floors, which was adequate.
7. Adequate hydrants and fire extinguishers were installed in the factory and were inspected regularly.
8. Health and Safety committee was established with members representing the various functions and levels. Mr. Lin Shengpei / Admin manager was the team leader of the committee.
9. Frill drills were conducted in the factory regularly.

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

Details:

1. Health and safety policy
2. Health and safety committee meeting records
3. Training records and certificates
4. Training records
5. Emergency preparedness procedures
6. Fire equipment maintenance records
7. Fire drill records
8. Fire Safety Register Records
9. Chemical list
10. MSDS
11. Occupational testing records
12. Accident records
13. Interviews
14. Onsite observation

Any other comments:  
Nil

<p>A: Does the facility have general Health &amp; Safety and occupational Health &amp; Safety policies and procedures that are fit for purpose and are these communicated to workers?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Details: Mr. Lin Shengpei was authorized person responsible for EHS</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: Employees' manual covered the EHS policies</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: N/A</p>
<p>D: Are visitors to the site informed on H&amp;S and provided with personal protective equipment</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Details: PPE was provided: earplugs, masks.</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: Not required by local law, while, first aid kit was available in workshop</p>
<p>F: Is there a doctor or nurse on site or there is easy access to first aider/ trained medical aid</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Details: Not required by local law, there're total 2 trained first aiders in the factory</p>
<p>G: Where facility provides worker transport - it is fit for purpose, safe and maintained and operated by competent persons e.g. buses and other vehicles</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>Details: Factory did not provide transport.</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</p> <p>Details: N/A. The factory didn't provide accommodation to</p>

	employees.
I: H&S Risk assessments are conducted (including evaluating the arrangements for workers doing overtime e.g. driving after a long shift) and there are controls to reduce identified risk	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: EHS risk assessments were conducted regularly with actions implementation.
J: Is the site meeting its legal obligations on environmental requirements including required permits for use and disposal of natural resources	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please describe : The factory provided EIA report and its approval, but did not provide the acceptance approval for environmental facilities for review.
K: Is the site meeting its customer requirements on environmental standards, including the use of banned chemicals	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: The site has a copy of the banned substances list from its customer and is meeting those requirements

### Non-compliance:

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

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

Based on onsite observation, two barrels of machine oil at raw materials warehouse missed secondary containment.

First partial follow up on Sep 26th, 2017

Status: Closed.

Based on site tour and management interview, all chemical containers on site were used second container

#### Local law and/or ETI requirement

**Code of Design on Building Fire Protection and Prevention (GB50016-2006), Article 3.6.11**

Facilities capable of preventing liquids from flooding and spreading shall be provided in storage storing class A, B and C liquids.

#### ETI Base Code 3.1

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

#### Recommended corrective action:

The factory should equip secondary containment for chemicals as per legal requirements.

Action by: Mr. Lin Shengpei Timeframe: 30 days

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

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

#### Objective evidence observed 1:

Based on onsite observation and management interview; please refer to NC photo No.1.

Site tour and management interview

#### Objective evidence observed2:

Based on onsite

onsite observation, all polishing workers didn't wear goggles or earplugs, and they wore activated carbon masks instead of dust masks.

The factory didn't issue goggles or earplugs to polishing workers.

First partial follow up on Sep 26th, 2017

Status: Closed.

Based on document review, site tour management interview and worker interview, workers were train the proper use of PPE, all polishing workers wear goggles, dust mask and earplugs.

#### Local law and/or ETI requirement:

#### Production Safety Law of the People's Republic of China (2009 Amendment), Article 37

The production and business operation entities shall provide labor protection articles that meet the national standards or industrial standards to the employees thereof, supervise and educate them to wear or use these articles according to the prescribed rules.

#### ETI Base Code 3.1

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

#### Recommended corrective action:

The factory should issue appropriate PPE to workers, and supervise & educate workers to wear them.

Action by: Mr. Lin Shengpei Timeframe: 30 days

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

☒ NC against ETI ☒ NC against Local Law ☐ NC against customer code: documents review and confirmed with factory management, the factory didn't obtain valid fire-fighting acceptance certificate or register certificate for two one-storey production buildings for review.

First partial follow up on Sep 26th, 2017

Status: Closed.

Based on document review and management, valid fighting acceptance certificate was provided for review

#### Local law and/or ETI requirement:

#### Fire Prevention Law of the People's Republic of China (2008)

**Article 11** For the construction of a large-scale people-intensive site or any special construction projects as prescribed by the public security of the State Council, the employer shall submit the fire protection design documents to the fire protection division of the public security organ for examination. The fire protection division of the public security organ shall be responsible for the examination result according to law.

**Article 13** Where the construction of a construction project that needs a fire protection design under the national fire protection technical standards for project construction is completed, a fire protection as-built acceptance or filing shall be conducted as follows:

1. For a construction project as described in Article 11 of this Law, the employer shall apply to the fire protection division of the public security organ for a fire protection as-built acceptance; or
2. For any other construction project, the employer shall, after an acceptance, report it to

observation and management interview; please refer to NC photo No.2.

Site tour and management interview

#### Objective evidence

#### observed3:

Based on documents review and management interview.

document review and management

the fire protection division of the public security organ for archival purposes, and the fire protection division of the public security organ shall conduct a spot check.

A construction project that is subject to a fire protection as-built acceptance according to law but fails to undergo or pass the fire protection as-built acceptance shall be forbidden to be put into use. Any other construction project that fails to pass a spot check shall cease to be used.

#### ETI Base Code 3.1

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

#### Recommended corrective action:

The factory should obtain valid fire-fighting acceptance certificate or register certificate for these two one-storey production buildings for review.

Action by: Mr. Lin Shengpei Timeframe: 90 days

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

☒ NC against ETI ☒ NC against Local Law ☐ NC against customer code: documents review, workers interview and confirmed with factory management, the factory failed to provide occupational health examination reports of 2 sampled workers with exposure to hazard factors for review.

First partial follow up on Sep 26th, 2017

Status: Closed.

Based on document review, site tour management interview and worker interview, occupational health examination for all workers with exposure to hazard factors,

#### Local law and/or ETI requirement

#### Law of the People's Republic of China on Prevention and Control of Occupational Diseases (2011 Amendment), Article 36

For employees conducting operations with exposure to occupational disease hazards, an employer shall organize pre-job, on-the-job, and off-the-job occupational health examination of employees according to the provisions of the work safety administrative department and health administrative department of the State Council and inform in writing employees of the examination results. The expenses for the occupational health examination shall be assumed by the employer.

Employers shall not assign employees who have not undergone the pre-job occupational health examination to operations with exposure to occupational disease hazards; shall not assign employees with occupational contraindications to operations causing such contraindications; shall transfer employees who are found during occupational health examination to have suffered health injuries related to their jobs from such jobs and settle such employees appropriately; and shall not rescind or terminate labor contacts with employees who have not undergone the off-the-job occupational health examination.

The occupational health examination shall be conducted by medical health institutions approved by the health administrative departments of the people's governments at and above the provincial level.

#### ETI Base Code 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

#### Objective evidence observed4:

Based on documents review and management interview.

document review, site tour management interview and worker interview,

be taken to prevent accidents and injury to health arising out of, associated with, or occurring in the course of work, by minimising, so far as is reasonably practicable, the causes of hazards inherent in the working environment.

**Recommended corrective action:**

The factory should arrange occupational health examination for all workers with exposure to hazard factors and obtain reports.

Action by: Mr. Lin Shengpei Timeframe: 90 days

**Observation:**

**Description of observation:**

The factory's 80% emergency exits were installed with rolling doors.

Remarks: During the audit, all rolling doors were open and were fixed with latches.

**Local law or ETI requirement:**

**ETI Base Code 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.

**Code of Design on Building Fire Protection and Prevention (GB50016-2006), Article 7.4.12**

The evacuation door in the building shall meet the following requirements:

1. The evacuation door in the civil building and factory building shall be opened to the evacuation direction. Except Class A, B factory building, there is no restriction on the opening direction of the door if there are no more than 60 persons in the room and the average evacuation capacity of each door is no more than 30 persons;
2. The evacuation door of the civil building and factory shall be side-hung door, and shall not be sliding door, roller shutter, overhung door or revolving door
3. The evacuation door of storage shall be side-hung door to the evacuation direction. Sliding door or roller shutter may be used at the outside surface of the wall on the first floor. Sliding door or roller shutter shall not be used in Class A, B storage.
4. The evacuation door that needs to be controlled for people going in and out at will in densely populated place or the outdoor of the residential building controlled by electric devices shall be opened easily from the inside without using any tools such as key etc. in case of fire. Signs and operation explanation shall be labeled at the well-marked place

**Recommended corrective action:**

It was recommended that emergency doors should be side-hung doors and be open in the direction of evacuation.

**Objective evidence observed:**

Based on onsite observation and management interview; please refer to OB photo No.1.

**Good Examples observed:**

Description of Good Example (GE): Nil	<b>Objective Evidence Observed:</b> Nil
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#### 4: Child Labour Shall Not Be Used

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

##### ETI

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

#### Current Systems and Evidence Examined

To complete 'current systems' Auditorsexaminepoliciesandwrittenproceduresin conjunction withrelevantmanagers, 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. Prohibition of Child Labour Procedure was established in the factory.
2. Based on review of the recruitment procedures, the person responsible for employment should check workers' original ID cards and interview with workers to ascertain workers' stated ages at the time of recruitment, only workers above 16 years old could be employed.
3. Based on review of workers' personnel files, copies of all workers' ID cards and photos were kept by the factory and information such as birth date, recruitment date, education background and work experiences, background of family, emergency contact person and contact number were completely filled in workers' registration sheets.
4. Based on workers interview and personal files review, no child labour and young workers were identified during the audit, and the youngest worker was 20 years old who was born on 21 Nov., 1996 and recruited by the factory on 4 Jul., 2016.

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

Details:

1. Recruitment policies
2. Employees' personal files, Employment registration/roster
3. Latest list of employees
4. Young workers register record and health examination report
5. Workers interview, management interview

Any other comments:

Nil

A: Legal age of employment	16 years old
B: Age of youngest worker found:	The youngest worker was 20 years old who was born on 21 Nov., 1996 and recruited by the factory on 4 Jul., 2016.
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	0 %

workers)	
E: Workers under 18 subject to hazardous work assignments? <a href="#">[Go to clause 3 – Health and Safety]</a>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Y give details

### Non-compliance:

<b>1. Description of non-compliance:</b> <input type="checkbox"/> NC against ETI <input type="checkbox"/> NC against Local Law <input type="checkbox"/> NC against customer code: Nil  <b>Local law and/or ETI requirement:</b> Nil  <b>Recommended corrective action:</b> Nil	<b>Objective evidence observed:</b> Nil
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### Observation:

<b>Description of observation:</b> Nil  <b>Local law or ETI requirement:</b> Nil  <b>Comments:</b> Nil	<b>Objective evidence observed:</b> Nil
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### Good Examples observed:

<b>Description of Good Example (GE):</b> Nil	<b>Objective Evidence Observed:</b> Nil
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## 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' Auditorsexaminepoliciesandwrittenproceduresin 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. There were written policies established on wages and benefits and which were communicated to workers during recruitment process; while, the factory provided employees manual to workers, too.
2. The factory provided the payrolls from Jun. 2016 to May 2017 and attendance records from 1 Jun., 2016 to the audit day for review.
3. The local legal minimum wage was RMB 1510 per month (RMB8.68 per hour) since 1 May, 2015.
4. All workers' wages were calculated by hourly rate. The minimum wage paid for all workers were RMB 8.68 per hour; and it was no less than local legal minimum wage.
5. All workers were paid around 15th day of the following month by cash while pay slip was provided.
6. Based on social insurance payment invoice, the factory provided social insurances to all employees, including retirement insurance, unemployment insurance, medical insurance, injury insurance and maternity insurance.

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

Details:

1. Documents review
2. Workers interview
3. Wages and benefits policy
4. Local legal minimum wage documents
5. Payroll records
6. Social insurance and payment receipts from the local labour department
7. Resignation records
8. Payslips of all workers interviewed
9. Attendance records
10. Contracts review

Any other comments:

Nil

### Non-compliance:

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

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

Based on documents review and confirmed with factory management, all employees took their annual leave, but the factory didn't pay normal wages of annual leave to employees

First partial follow up on Sep 26th, 2017

Status: Closed.

Based on document review, management interview and worker interview, annual leave were paid for workers

#### Local law and/or ETI requirement:

##### Regulations on Paid Annual Leave for Employees (2007), Article 3

Where an employee has served one full year but less than 10 years accumulatively, he is entitled to five days of annual leave. If he has served 10 full years but less than 20 years, annual leave is 10 days. If he has served for 20 full years, annual leave is 15 days.

#### ETI Base Code 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:

The factory should provide paid annual leave to employees as per legal requirements.

Action by: Mr. Lin Shengpei Timeframe: 60 days

#### Objective evidence observed:

Based on documents review and management interview.

document review, management interview and worker interview,

### Observation:

#### Description of observation:

Nil

#### Local law or ETI requirement:

Nil

#### Comments:

Nil

#### Objective evidence observed:

Nil

### Good Examples observed:

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

Nil

#### Objective Evidence Observed:

Nil

## Summary Information

Criteria	Local Law (Please state legal requirement)	Actual at the Site (Record site results against the law)	Is this part of a Collective Bargaining Agreement?
A: Standard/Contracted work hours: (Maximum legal and actual required working hours excluding overtime, please state if possible per day, week, and month)	Legal maximum: 8 hours per day and 5 days per week; total 40 hours per week	8 hours per day and 5 days per week; total 40 hours per week	<input type="checkbox"/> Yes <input type="checkbox"/> No No CBA established in the factory
B: Overtime hours: (Maximum legal and actual overtime hours, please state if possible per day, week, and month)	Legal maximum: 3 hours per day and 36 hours per month	0~2 hours per day and 46~94 hours per month	<input type="checkbox"/> Yes <input type="checkbox"/> No No CBA established in the factory
D: wage for standard/contracted hours: (Minimum legal and actual minimum wage at site, please state if possible per hr, day, week, and month)	Legal minimum: RMB1510/month (i.e.RMB8.68/hour) since 1 May, 2015	Based on the payroll records from Jun. 2016 to May 2017 provided by the factory, the minimum wage was RMB8.68 per hour.	<input type="checkbox"/> Yes <input type="checkbox"/> No No CBA established in the factory
E: overtime wage: (Minimum legal and actual minimum overtime wage at site, please state if possible per hr, day, week, and month)	Legal minimum: 150% of normal wage for overtime on workdays; 200% of normal wage for overtime on rest days; 300% of normal wage for overtime on holidays.	Based on the payroll records from Jun. 2016 to May 2017, the factory paid 150% of normal wage for overtime on workdays; 200% of normal wage for overtime on rest days; 300% of normal wage for overtime on holidays.	<input type="checkbox"/> Yes <input type="checkbox"/> No No CBA established in the factory

#### Wages analysis:

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

A: Were accurate records shown at the first request?	<input type="checkbox"/> Yes <input type="checkbox"/> No
B: If <b>No</b> , why not?	N/A

C: Sample Size Checked (State number of worker records checked and from which weeks/months – should be current, peak, and random/low. Please see SMETA Best Practice Guidance and Measurement Criteria)	10 samples from Jun. 2016 (random) 10 samples from Dec. 2016 (random) 10 samples from May 2017 (current)	
D: Are there different legal minimum wage grades? If <b>Yes</b> , please specify all.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If <b>Yes</b> , please give details:
E: If there are different legal minimum grades, are all workers graded and paid correctly?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A	If <b>No</b> , please give details:
F: For the lowest paid production workers, are wages paid for standard/contracted hours (excluding overtime) below or above the legal minimum?	Lowest Wages found: Note: full time employees and please state hour /week/month etc. RMB8.68/hour RMB347.2/week RMB1510/month	Please indicate the breakdown of workforce per earnings: The factory paid RMB 8.68 per hour for direct operation workers on normal working hours.
	<input type="checkbox"/> Below legal min <input type="checkbox"/> Meet <input checked="" type="checkbox"/> Above	___% of workforce earning under min wage ___% of workforce earning min wage ___100___% of workforce earning above min wage
G: Bonus (amount specify)	Bonus Scheme found: Note: full time employees and please state hour / week/month etc. Performance bonus according to the working efficiency provided to employees	
H: What deductions are required by law e.g. social insurance? Please state all types:	Social insurance, 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	
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	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	

attend meetings before or after work but not paid for their time)	Details: Records provided by factory could reflect all time worked.
M: Is there a defined living wage: <i>This is <u>not normally</u> minimum legal wage. If answered Yes, please state amount and source of info: Please see SMETA Best Practice Guidance and Measurement Criteria.</i>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please specify amount/time:
If yes, what was the calculation method used.	<input type="checkbox"/> ISEAL/Anker Benchmarks <input type="checkbox"/> Asia Floor Wage <input type="checkbox"/> Figures provided by Unions <input type="checkbox"/> Living Wage Foundation UK <input type="checkbox"/> Fair Wear Wage Ladder <input type="checkbox"/> Fairtrade Foundation Other – please give details: N/A
N: Are there periodic reviews of wages? If Yes give details (include whether there is consideration to basic needs of workers plus discretionary income).	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: The factory reviewed the wages yearly refer to local bureau.
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: The factory paid basic wage equally and paid overtime wages refer to overtime hours.
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:



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

### Current systems:

1. The procedure of the working hours is defined; the normal working hours are 8 hour per day and 5 days per week.
2. The electronic attendance system was used to record the working hours.
3. The attendance records from 1 Jun., 2016 to the audit date were provided.
4. All employees worked for 5 days a week in 8 hours per day. Three shifts (8:00-16:00; 16:00-24:00, 24:00-8:00) were arranged for 4 security guards. For other employees, there's only 1 shift (8:00-12:00, 13:30-17:30), they usually overtime working for 2 hours from 18:30 to 20:30. All employees always OT working for 8 hours on Saturday and always rest on Sunday based on attendance records provided by the factory. The attendance records showed that the employees' maximum weekly working time was 60 hours.
5. According to workers' interview, overtime was voluntary and they could refuse OT without any revenge and influence.

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

## Details:

1. Local law
2. Employee interview
3. Management interview
4. Factory policy on working hours
5. Attendance records
6. Sample pay slips with recorded hours all workers interviewed
7. 13 months hours records from 1 Jun., 2016 to the audit date to establish highest and lowest hours over all employees
8. Payroll records from Jun. 2016 to May 2017
9. Quality and production records to cross check hours

## Any other comments:

Nil

## Non-compliance:

## 1. Description of non-compliance:

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

Based on 10 sampled workers' attendance records of Jun. 1, 2016 to the audit date provided by factory, 10 workers' monthly OT hours exceeded 36 hours, whose maximum monthly OT hours were 94 hours in Dec., 2016.

annual leave to employees

First partial follow up on Sep 26th, 2017

Status: Open

Based on document review, management interview, worker's monthly OT hours did not meet the requirements of laws and regulations

Based on 10 sampled workers' attendance records of Jun. 1, 2017 to the audit date provided by factory, 10 workers' monthly OT hours exceeded 36 hours, whose maximum OT hours were 92 hours in Aug., 2017.

## Objective evidence observed:

Based on documents review and management interview.

document review, management interview

## Local law and/or ETI requirement:

## Labor Law of the People's Republic of China (1994), Article 41

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

## ETI Base Code 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. Hours.

## Recommended corrective action:

The factory should arrange the working hours for worker properly and ensure the overtimes of workers in accordance with the legal requirements, i.e. no more than 3 hours/day and 36 hours/month.

Action by: Mr. Lin Shengpei Timeframe: 60 days

### Observation:

<b>Description of observation:</b> Nil	<b>Objective evidence observed:</b> Nil
<b>Local law or ETI requirement:</b> Nil	
<b>Comments:</b> Nil	

### Good Examples observed:

<b>Description of Good Example (GE):</b> Nil	<b>Objective Evidence Observed:</b> Nil
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### Working hours' analysis

Please include time e.g. hour/week/month  
[\(Go back to Key information\)](#)

#### Systems & Processes

A. What timekeeping systems are used: time card etc.	Describe: IC card electronic attendance recording system		
B: Is sample size same as in wages section	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If N, please give details		
C: Are standard/contracted working hours defined in <b>all</b> contracts/employment agreements?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	If NO, please give details including % and which type of workers do NOT have standard hours defined in contracts/employment agreements. Details	
D: Are there any other types of contracts/employment agreements used?	<input type="checkbox"/> Yes <input type="checkbox"/> No	If YES, please complete as appropriate:	
	<input type="checkbox"/> 0 hrs	<input type="checkbox"/> Part time	<input type="checkbox"/> Variable hrs
	<input type="checkbox"/> Other		
	If "Other", Please define:		
	N/A		

E. Do any standard/contracted working hours defined in contracts/employment agreements exceed 48 hours per week	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If Y please %detail hours, %and types of workers &affected and frequency  Details:
F: Are workers provided with at least 1 day off in every 7-day-period, or 2 in 14-day-period (where the law allows)?	Please select all applicable: <input checked="" type="checkbox"/> 1 in 7 days <input type="checkbox"/> 2 in 14 days <input type="checkbox"/> No If 'No', please explain:	Is this allowed by local law? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
	Maximum number of days worked without a day off (in sample):	
	Based on the attendance records from 1 Jun., 2016 to audit day, the 10 sampled workers have 1 day rest per 7 days, the maximum consecutive working time were 6 days from Monday to Saturday.	
<b>Standard/Contracted Hours worked</b>		
G: Standard working hours over 48 per week found	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If yes, % of workers & frequency
H: Any local waivers/local law or permissions which allow averaging/annualised hours for this site?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If YES, please give details
<b>Overtime Hours worked</b>		
I: Actual overtime hours worked in sample (State per day/week/month)	Highest OT hours:	2 hours per day, 20 hours per week, 82 hours per month (Jun. 2016 Random) 2 hours per day, 20 hours per week, 94 hours per month (Dec. 2016 Random) 2 hours per day, 20 hours per week, 76 hours per month (May. 2017 Current)
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	___90___%	

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: According to workers interview, they could choose to overtime working freely.
<b>Overtime Premiums</b>		
M: Are the correct legal overtime premiums paid?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A – there is no legal requirement to OT premium	Please give details of normal day overtime premium as a % of <b>standard</b> wages: Based on the payroll records from Jun. 2016 to May. 2017, the factory paid 150% of normal wage for overtime on workdays; 200% of normal wage for overtime on rest days; 300% of normal wage for overtime on holidays
N: Is overtime paid at a premium?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	If yes, please describe % of workers & frequency: 100% of workers were paid for overtime wages as local law together with normal wages, on a month basis.
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"/> <b>Overtime is voluntary</b> <input type="checkbox"/> Onsite Collective bargaining allows 60+ hours/week <input type="checkbox"/> Safeguards are in place to protect worker's health and safety <input type="checkbox"/> Site can demonstrate exceptional circumstances <input type="checkbox"/> Other reasons (please specify) N/A	
	Please explain any checked boxes above	
	N/A	
Q: Is there evidence that overtime hours are being used for extended periods to make up for labour shortages or	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes, please describe	

increased order volumes?	
R: If sufficient workers cannot be hired, are new working time arrangements explored to ensure that overtime is the exception rather than the rule.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

## 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' Auditorsexaminepoliciesandwrittenproceduresin conjunction withrelevantmanagers, 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. According to management interview and worker interview, the factory did not discriminate workers due to their birth, gender, age, religion, race, marital status, ethnic beliefs and political background, etc.; female workers and male workers had the same pay and working conditions as male workers; promotion was based on workers' ability and skill; training was based on working requirement.
2. There was no evidence of discrimination in employment, promotion, compensation, welfare, dismissal and retirement found.
3. There was no evidence of sexual harassment.
4. The management generally knew the requirement of Non-Discrimination.

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

##### Details:

1. Employment procedure and recruitment procedure, the factory had established Employment procedure and recruitment procedure.
2. Social responsibility manual
3. Labor contract

##### Any other comments:

Nil

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 Not be provided by factory
C: Is there any evidence of discrimination based on race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation?:	<input type="checkbox"/> Hiring <input type="checkbox"/> Compensation <input type="checkbox"/> access to training <input type="checkbox"/> promotion <input type="checkbox"/> termination or retirement No evidence of discrimination found

Professional Development	
A: What type of training and development are available for workers?	<p>Please give details</p> <p>New employees' probation training on EHS, HR policies, etc</p> <p>Technical training on machine operation, etc</p>

B: Are HR decisions on e.g. promotion, training, compensation based on objective, transparent criteria?	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>If no, please give details: HR made decisions on fair, transparent criteria on promotion, training and compensations refer to working technical, quality, production quantities, etc.</p>
---	--

Non-compliance:	
<p><b>1. Description of non-compliance:</b></p> <p><input type="checkbox"/> NC against ETI <input type="checkbox"/> NC against Local Law <input type="checkbox"/> NC against customer code:</p> <p>Nil</p> <p><b>Local law and/or ETI requirement:</b></p> <p>Nil</p> <p><b>Recommended corrective action:</b></p> <p>Nil</p>	<p><b>Objective evidence observed:</b></p> <p>Nil</p>

Observation:	
<p><b>Description of observation:</b></p> <p>Nil</p> <p><b>Local law or ETI requirement:</b></p> <p>Nil</p> <p><b>Comments:</b></p> <p>Nil</p>	<p><b>Objective evidence observed:</b></p> <p>Nil</p>

Good Examples observed:	
<p><b>Description of Good Example (GE):</b></p> <p>Nil</p>	<p><b>Objective Evidence Observed:</b></p>



	Nil
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## 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' Auditorsexaminepoliciesandwrittenproceduresin conjunction withrelevantmanagers, to understand, and record what controls and processes are currently in place e.g. record what policies are in place, what relevant procedures are carried out, who is/are responsible for the management of this item of the code. Evidence checked should detail any documentary or verbal evidence shown to support the systems.*

### Current systems:

1. The factory had established employment procedure.
2. All employees signed commitment by themselves, which informing the factory rules they should obey.
3. All employees were recruited by the factory directly. No labour agency was used to hire workers. No apprenticeship schemes or home worker was identified by the auditors.

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

#### Details:

1. Employment procedure: the factory had established employment procedure.
2. Labor contract: Items of employment conditions were listed in the contracts, they were in compliance with legal requirements.
3. Training records.
4. Social responsibility policy and procedure.

#### Any other comments:

Nil

### Non-compliance:

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

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

#### Local law and/or ETI requirement:

Nil

#### Recommended corrective action:

Nil

#### Objective evidence observed:

Nil

### Observation:

#### Description of observation:

Nil

#### Local law or ETI requirement:

Nil

#### Comments:

Nil

#### Objective evidence observed:

Nil

### Good Examples observed:

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

Nil

#### Objective Evidence Observed:

Nil

## 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:

B: Did workers' pay any fees, taxes, deposits or bonds for the purpose of recruitment/placement?

- ☐ Yes  
☒ No

If Yes Please describe details and specific category(ies) of workers affected

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

### 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

A: Type of work undertaken by migrant workers:	There was no foreign worker available at the factory; 88% workers were migrants from different provinces of China, such as Henan Province, Guangxi Province and Anhui Province, etc.	
B: Migrant worker recruitment	Total number of (in country recruitment agencies) used: 0 Total number of (outside of local country) recruitment agencies used 0	
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.	<input type="checkbox"/> Yes <input type="checkbox"/> No Please describe finding: N/A	Observations N/A
D: Are Any migrant workers in skilled, technical, or management roles  <b>Migrant Workers (this should include all migrant workers including permanent workers, temporary and/or seasonal workers)</b>	<input type="checkbox"/> Yes <input type="checkbox"/> No  If Yes number and example of roles N/A	

## 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) (workers sourced from a local agent who are not directly paid by the site, but paid by the agency. Usually the agencies are paid by the site and the wages of the individual workers are paid by the agency.)	
A: Number of agencies used (average):	0 And names if available: N/A
B: Were agency workers' age/pay/hours included within scope of this audit	<input type="checkbox"/> Yes <input type="checkbox"/> No N/A
C: Were sufficient documents for agency workers available for review?	<input type="checkbox"/> Yes <input type="checkbox"/> No N/A
D: Is there a legal contract / agreement with all agencies?	<input type="checkbox"/> Yes <input type="checkbox"/> No N/A Details
E: Does the site have a system for checking labour standards of agencies?	<input type="checkbox"/> Yes <input type="checkbox"/> No N/A

If yes, please give details.	Please describe: N/A
------------------------------	-------------------------

### Contractors:

*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,*

A: Any contractors on site?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please describe finding: If Y, how many contractors are present
B: If <b>Yes</b> , 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 <b>Yes</b> , 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' Auditorsexaminepoliciesandwrittenproceduresinconjuction withrelevantmanagers, to understand, and record what controls and processes are currently in place e.g. record what policies are in place, what relevant procedures are carried out, who is/are responsible for the management of this item of the code. Evidence checked should detail any documentary or verbal evidence shown to support the systems.*

#### Current systems:

1. The main site used 1 main subcontractor
2. The subcontract factory was paid by the piece returned but the main factory does not have total visibility of the conditions of the subcontract units.
3. They examined and advised the unit on health and safety.
4. The main factory had discussions with the sub contract units on an ethical policy.
5. No homeworking was identified in the factory.

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

1. Social accountability manual, the factory had established social accountability manual including sub-contracting control procedure.
2. Material records
3. Management interview

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

Process Subcontracted	Electroplating	Process 2
Name of factory	Zhongshan City Dongsheng Town Dongrui Electroplating Co., Ltd	
Address	Yongsheng Village, Dongsheng Town, Zhongshan City	

Process Subcontracted	Process 3	Process 4
Name of factory		
Address		

Process Subcontracted	Process 5	Process 6
Name of factory		
Address		

## Details:

Documents review  
Management interview  
On-site observation

## Non-compliance:

## 1. Description of non-compliance:

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

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

Nil

## Recommended corrective action:

Nil

## Objective evidence observed:

Nil

## Observation:

## Description of observation:

Nil

## Local law or ETI/Additional elements requirement:

Nil

## Comments:

Nil

## Objective evidence observed:

Nil

## Good Examples observed:

## Description of Good Example (GE):

Nil

## Objective Evidence Observed:

Nil

## 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: The factory current production capacity was consistent with on-site

B: If sub-contractors are used, is there evidence this has been agreed with the main client?

☐ Yes

☒ No

If **Yes**, summarise details: The factory hadn't cooperated with the client.



C: Number of sub-contractors/agents used	1 subcontractor was identified in the factory.
D: Is there a site policy on sub-contracting?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If <b>Yes</b> , summarise details: There was a policy on social code for subcontractor for the factory.
E: What checks are in place to ensure no child labour is being used and work is safe?	Through ID card to verify workers' age.

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

## 9: No Harsh or Inhumane Treatment is Allowed

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

### ETI

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

Additional elements:

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

A: Are there published, anonymous and/or open channels available for reporting any violations of Labour standards and H&S or any other grievances to a 3 <sup>rd</sup> party?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: There was legal department in audited factory for workers to report such issues, also workers could raise grievances to local media, etc.
B: If <b>Yes</b> , are workers aware of these channels and have access? Please give details.	It was confirmed by workers interview.
C: If yes, what type of mechanism is used e.g. hotline, whistle blowing mechanism, comment box etc. Please give details.	Suggestion box, Confidential email, etc.
D: Is there a grievance mechanism in place for:	<input checked="" type="checkbox"/> Workers <input type="checkbox"/> Communities <input type="checkbox"/> Suppliers <input type="checkbox"/> Other Details: Workers could raise grievances to worker representatives, supervisors, team leaders, or managers directly.
E: Are there any open disputes?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes, please give details
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)?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If no, please give details
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	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If No Please give details

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

### Current Systems and Evidence Examined

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

#### Current systems:

1. No negative evidence of mental / physical coercion was identified during the audit.
2. There was no evidence of sexual harassment.
3. The workers interviewed said they never witnessed any cases of physical abuse or discipline, sexual or other harassment and verbal abuse or other forms of intimidation existed in this factory.

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

Details:

1. Social responsibility manual: the factory had established social responsibility manual, including forbidden mental / physical coercion procedure.
2. Factory rules.
3. Security guard regulation. The duties of security guards were to protect safety of factory's property, to regularized entrance/exit of goods/ vehicles/ employees/ visitors.

Any other comments:

Nil

### Non-compliance:

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

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

Nil

#### Local law and/or ETI requirement:

Nil

#### Recommended corrective action:

Nil

#### Objective evidence observed:

Nil

### Observation:

**Description of observation:**

Nil

**Local law or ETI requirement:**

Nil

**Comments:**

Nil

**Objective evidence observed:**

Nil

### Good Examples observed:

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

Nil

**Objective Evidence Observed:**

Nil

## 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' Auditorsexaminepoliciesandwrittenproceduresin conjunction withrelevantmanagers, 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. Confirmed by document review, management interview and worker interview, no employment agency was used by the factory.
2. The factory recruited the new workers by the advertisements, internet, or the employees' recommendation.

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

Details:

1. Personnel file
2. Labor contracts
3. Recruitment procedures and employment procedures, the factory had established Recruitment procedures and employment procedures

Any other comments:

Nil

### Non-compliance:

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

☐ NC against ETI/Additional Elements ☐ NC against Local Law

☐ NC against customer code:

Nil

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

Nil

#### Recommended corrective action:

Nil

#### Objective evidence observed:

Nil

### Observation:

<b>Description of observation:</b> Nil	<b>Objective evidence observed:</b> Nil
<b>Local law or ETI/Additional Elements requirement:</b> Nil	
<b>Comments:</b> Nil	

Good examples observed:	
<b>Description of Good Example (GE):</b> Nil	<b>Objective Evidence Observed:</b> Nil

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

### Current systems:

1. The factory obtained the Environmental Impact Assessment report and its approval.
2. The factory signed the hazardous waste transfer contract with licensed vendor.
3. The factory learned about the environment impact of their site and took continuously management measures to control the environment impact.
4. Based on workers interview, they were trained on environmental protection.

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

Details:

1. Emergency action procedures. The factory established Emergency action procedures.
2. Environment policy & procedure. The factory learned about the environment impact of their site and

took continuously management measures to control the environment impact.

3. Energy bills
4. Water bill
5. Worker and management interview.
6. Site tour
7. Hazardous waste transfer contract

Any other comments:

Nil

### Non-compliance:

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

☒ NC against ETI/Additional Elements ☒ NC against Local

☐ NC against customer code:

Based on documents review and confirmed with factory management, the factory provided EIA report and its approval, but did not provide the acceptance approval for environmental facilities for review

First partial follow up on Sep 26th, 2017

Status: Open

Based on document review, management interview, The factory provided the acceptance approval for environmental facilities

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

**Environmental Protection Law of the People's Republic of China (1989), Article 26**

Installations for the prevention and control of pollution at a construction project must be designed, built and commissioned together with the principal part of the project. No permission shall be given for a construction project to be commissioned or used, until its installations for the prevention and control of pollution are examined and considered up to the standard by the competent department of environmental protection administration that examined and approved the environmental impact statement.

#### Additional Elements 10B2.1

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

#### Recommended corrective action:

The factory should obtain acceptance approval for environmental facilities.

Action by: Mr. Lin Shengpei Timeframe: 90 days

#### Objective evidence observed:

(where relevant please add photo numbers)

document review,  
management interview

### Observation:

#### Description of observation:

Nil

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

Nil

#### Comments:

Nil

#### Objective evidence observed:

Nil



### Good examples observed:

Description of Good Example (GE):  
Nil

**Objective Evidence  
Observed:**  
Nil

Environmental Analysis	
(Site declaration only – this has not been verified by auditor. Please state units in all cases below.)	
A: Responsible for Environmental issues (Name and Position):	Mr. Lin Shengpei / Sales 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 factory conducted risk assessment for environmental impact of the site 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:
D: Does the site have an Environmental policy? (For guidance, please see Measurement criteria)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If yes, is it publicly available? It was publicly available.
E: If yes, does it address the key impacts from their operations and their commitment to improvement?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: The factory addressed the key impacts from productions and commitment to improvement
F: Does the site have a Biodiversity policy? (For guidance, please see Measurement criteria)	<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. (For guidance, please see Measurement criteria)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Details:
H: Have all legally required permits been shown? Please detail.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Details: The factory addressed the key impacts from productions and commitment to improvement
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: The factory provided transferred records, supplier certificate, contract of transferring during the audit
J: Is there a system for managing client's requirements and legislation in the destination countries regarding environmental and chemical issues?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: The factory established the system for managing client's requirements and legislation in the destination countries regarding environmental and chemical issues
K: Facility has reduction targets in place for environmental aspects e.g. water consumption and discharge, waste, energy and green-house gas emissions	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: The factory established reduction targets in environmental management system manual 1 No serious environmental pollution case. 2 Waste discharge and noise in compliance with EIA

	requirement: 100%	
L: Facility has evidence of waste recycling and is monitoring volume of waste that is recycled.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: The factory calculated waste recycling and monitored waste volume quarterly	
M: Facility has a system in place for accurately measuring and monitoring consumption of key utilities of water, energy and natural resources that follows recognised protocols or standards	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: The factory established environmental management system, thus, the consumptions of key utilities of water, energy and natural resources were monitored and recorded	
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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: For waste handling supplier, the factory provided business license, certificate and handling records for review	
<b>Usage/Discharge analysis</b>		
Criteria	Previous year: Please state period: From Jan. 1, 2017 to audit day	Current Year: Please state period: From Jan. 1 2016 to Dec. 31, 2016
Electricity Usage: Kw/hrs	218000	576000
Renewable Energy Usage: Kw/hrs	0	0
Gas Usage: Kw/hrs	0	0
Has site completed any carbon Footprint Analysis?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If <b>Yes</b> , please state result		
Water Sources: Please list all sources e.g. lake, river, and local water authority.	<ul style="list-style-type: none"> <li>Tap water</li> </ul>	<ul style="list-style-type: none"> <li>Tap water</li> </ul>
Water Volume Used: (m <sup>3</sup> )	13430	36000
Water Discharged: Please list all receiving waters/recipients.	Nil	Nil
Water Volume Discharged: (m <sup>3</sup> )	0	0
Water Volume Recycled: (m <sup>3</sup> )	0	0
Total waste Produced (please state units)	4.8 tons	9.6 tons

Total hazardous waste Produced: (please state units)	1.8 tons	3.6 tons
Waste to Recycling: (please state units)	0	0
Waste to Landfill: (please state units)	0	0
Waste to other: (please give details and state units)	18 tons	36 tons
Total Product Produced (please state units)	600,000 pcs	1,200,000 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' Auditorsexaminepoliciesandwrittenproceduresinconjunction withrelevantmanagers, 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 company established program of business ethics and conduct training to workers.

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

Details:

1. Social accountability policy
2. Ethics training records

Any other comments:

Nil

#### Non-compliance:

<b>1. Description of non-compliance:</b> <input type="checkbox"/> NC against ETI/Additional Elements <input type="checkbox"/> NC against customer code: Nil  <b>Local law and/or ETI/Additional Elements requirement:</b> Nil  <b>Recommended corrective action:</b> Nil	<b>Objective evidence observed:</b> Nil
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Observation	
<b>Description of observation:</b> Nil  <b>Local law or ETI/Additional elements requirement:</b> Nil  <b>Comments:</b> Nil	<b>Objective evidence observed:</b> Nil

Good examples observed:	
<b>Description of Good Example (GE):</b> Nil	<b>Objective Evidence Observed:</b>

A: Does the facility have a Business Ethics Policy and is the policy communicated and applied internally, externally or both, as appropriate?	<input checked="" type="checkbox"/> Internal Policy <input checked="" type="checkbox"/> Policy for third parties including suppliers  Please give details:
B: Does the site give training to relevant personnel (e.g. sales and logistics) on business ethics issues	The factory had a business ethic policy, which was communicated with employees and implemented internally, externally
C: Is the policy updated on a regular (as needed) basis?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No  Please give details: The factory established policies on Business Ethics, and provided training internally for relevant workers, also required supplier to follow.
D: Does the site require third parties including suppliers to complete their own business ethics training	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No  Please give details: The factory required suppliers to finish FAQ on business ethics policies.

### Other Findings Outside the Scope of the Code

Nil

### Community Benefits

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

Nil

## Appendix 1

<p><b>Comparison between ETI code and Customer's Supplier's Code. Any areas where a site complies with the Customer's Supplier Code, but not with the ETI code are discussed at the audit close out meeting and recorded on the CAPR. Note to supplier "for this customer it may not be necessary to complete corrective actions where NC's DO NOT meet the ETI code, but DO meet your customer's code. If the audit is shared with other customers who work to the ETI code or an equivalent international standard, corrective actions will be necessary."</b></p> <p><input checked="" type="checkbox"/> Not Applicable please x</p>	
<p><b>NOTE:</b> The provisions of the ETI base Code constitute minimum and not maximum standards, and this code should not be used to prevent companies from exceeding these standards. Companies applying the ETI Base Code are expected to comply with national and other applicable law and, where the provisions of law and the ETI Base Code address the same subject, to apply that provision which affords the greater protection.</p>	<p><b>Instruction to Audit Company:</b> fill in the relevant clauses from the Customer Supplier Code - where applicable.</p>
<b>ETI Code / Additional Elements</b>	<b>Customer's Supplier Code equivalent</b>
<b>0.A. Universal Rights covering UNGP</b>	<b>0.A. Universal Rights covering UNGP</b>
<p><b>0.A. Guidance for Observations</b></p> <p>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.</p> <p>0.A.2 Businesses should have a designated person responsible for implementing standards concerning Human rights</p> <p>0.A.3 Businesses shall identify their stakeholders and salient issues.</p> <p>0.A.4 Businesses shall measure their direct, indirect, and potential impacts on stakeholders (rights holders) human rights.</p> <p>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.</p> <p>0.A.6 Businesses shall have a transparent system in place for confidentially reporting, and dealing with human rights impacts without fear of reprisals towards the reporter.</p>	
<b>0.B. Management Systems &amp; Code Implementation</b>	<b>0.B. Management Systems &amp; Code Implementation</b>
<p>0.1 Suppliers are expected to implement and maintain systems for delivering compliance to this Code.</p> <p>0.2 Suppliers shall appoint a senior member of</p>	



<p>management who shall be responsible for compliance with the Code.</p> <p>0.3 Suppliers are expected to communicate this Code to all employees.</p> <p>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>	
<b>ETI 1. Forced Labour</b>	<b>ETI 1. Forced Labour</b>
<p>1.1 There is no forced, bonded or involuntary prison labour.</p> <p>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>	
<b>ETI 2. Freedom of association and the right to collective bargaining are respected</b>	<b>ETI 2. Freedom of association and the right to collective bargaining are respected</b>
<p>2.1 Workers, without distinction, have the right to join or form trade unions of their own choosing and to bargain collectively.</p> <p>2.2 The employer adopts an open attitude towards the activities of trade unions and their organisational activities.</p> <p>2.3 Workers' representatives are not discriminated against and have access to carry out their representative functions in the workplace.</p> <p>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>	
<b>ETI 3. Working conditions are safe and hygienic</b>	<b>ETI 3. Working conditions are safe and hygienic</b>
<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.</p> <p>3.2 Workers shall receive regular and recorded Health &amp; Safety training, and such training shall be repeated for new or reassigned workers.</p> <p>3.3 Access to clean toilet facilities and to potable water, and, if appropriate, sanitary facilities for food storage shall be provided.</p> <p>3.4 Accommodation, where provided, shall be</p>	

<p>clean, safe, and meet the basic needs of the workers.</p> <p>3.5 The company observing the code shall assign responsibility for Health &amp; Safety to a senior management representative.</p>	
<b>ETI 4. Child labour shall not be used</b>	<b>ETI 4. Child labour shall not be used</b>
<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>	
<b>ETI 5. Living wages are paid</b>	<b>ETI 5. Living wages are paid</b>
<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>	
<b>ETI 6. Working Hours are not excessive</b>	<b>ETI 6. Working Hours are not excessive</b>
<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>be used responsibly, taking into account all the following: the extent, frequency and hours worked by individual workers and the workforce as a whole. It shall not be used to replace regular employment. Overtime shall always be compensated at a premium rate, which is recommended to be not less than 125% of the regular rate of pay.</p> <p>6.4 The total hours worked in any 7 day period shall not exceed 60 hours, except where covered by clause 6.5 below.</p> <p>6.5 Working hours may exceed 60 hours in any 7 day period only in exceptional circumstances where <b>all</b> of the following are met:</p> <ul style="list-style-type: none"> <li>– this is allowed by national law;</li> <li>– this is allowed by a collective agreement freely negotiated with a workers' organisation representing a significant portion of the workforce;</li> <li>– appropriate safeguards are taken to protect the workers' health and safety; and</li> <li>– The employer can demonstrate that exceptional circumstances apply such as unexpected production peaks, accidents or emergencies.</li> </ul> <p>6.6 Workers shall be provided with at least one day off in every 7 day period or, where allowed by national law, 2 days off in every 14 day period.</p>	
<b>ETI 7. No discrimination is practised</b>	<b>ETI 7. No discrimination is practised</b>
<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>	
<b>ETI 8. Regular employment is provided</b>	<b>ETI 8. Regular employment is provided</b>
<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>obligations be avoided through the excessive use of fixed-term contracts of employment.</p> <p><b>Additional Elements: Responsible Recruitment</b></p> <p>8.3 Suppliers have full understanding of the entire recruitment process and assess all labour recruiters and intermediaries against legal and/or ethical requirements.</p> <p>8.4 There are effective management systems in place to identify and monitor the hiring and management of all migrant workers, contract workers, agency workers, temporary or casual labour The supplier shall implement processes to enable adequate control over agencies with regards the above points and related legislation.</p> <p>8.5 Employment agencies must only supply workers registered with them.</p> <p>8.6 Workers pay no recruitment fee at any stage of the recruitment process.</p> <p>8.7 Worker contracts accurately reflect the agreed payment and terms in the recruitment process and are understood and signed by workers.</p>	
<b>8A: Sub-Contracting and Homeworking</b>	<b>8A: Sub-Contracting and Homeworking</b>
<p>8A.1 There should be no sub-contracting unless previously agreed with the main client.</p> <p>8A.2 Systems and processes should be in place to manage sub-contracting, homeworking and external processing.</p>	
<b>ETI 9. No harsh or inhumane treatment is allowed</b>	<b>ETI 9. No harsh or inhumane treatment is allowed</b>
<p>9.1 Physical abuse or discipline, the threat of physical abuse, sexual or other harassment and verbal abuse or other forms of intimidation shall be prohibited.</p> <p>Additional elements:</p> <p>9.2 companies should provide access to a confidential grievance mechanism for all workers</p>	
<b>10. Other Issue areas: 10A: Entitlement to Work and Immigration</b>	
<p><b>Additional Elements</b></p> <p>10A.1 Only workers with a legal right to work shall be employed or used by the supplier.</p> <p>10A.2 All workers, including employment agency staff, must be validated by the supplier for their legal right to work by reviewing original documentation.</p>	
<b>10. Other issue areas 10B2: Environment 2-Pillar</b>	

<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>	
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SMETA Extra Sections for 4 Pillar Audit:	SMETA Extra Sections for 4 Pillar Audit:
Environment Section	Environment Section
<p><b>B.4. Compliance Requirements</b></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><b>B4. Guidance for Observations</b></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>	
Business Practices Section	

### 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.

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## Photo Form

		Nil
NC1: Chemicals missed secondary containment.	NC: All polishing workers didn't wear goggles or earplugs, and they wore activated carbon masks instead of dust masks.	Nil
		Nil
OB1: The factory's 80% emergency exits were installed with rolling doors	During the audit, all rolling doors were open and were fixed with latches	Nil

### General Site Tour Photos

		
Factory gate	Factory name	Site address

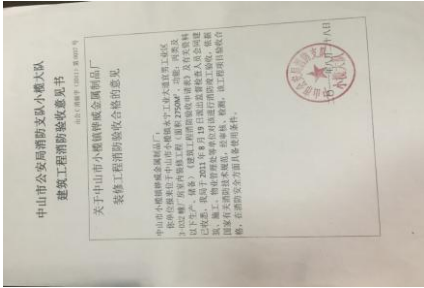

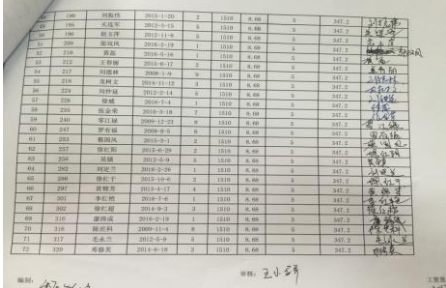
		
Raw materials warehouse	Forming process	Metal working process
		
Polishing process	Coloring process	Inspection and packing process
		
Finished goods warehouse	Exit sign and emergency light	Fire alarm
		
Fire extinguishers	Fire hydrant	Evacuation plan



		
Evacuation indicating sign	Attendance recorder	Potable water
		
Security sign	First aid kit	Suggestion box
		Nil
Eye washing facility	Toilet	Nil

First partial follow up audit photo;

		
<p>Policy of land right</p>	<p>second container</p>	<p>all polishing workers wear goggles, dust mask and earplugs</p>

		
<p>valid fighting acceptance certificate</p>	<p>occupational health examination</p>	<p>annual leave payslip</p>

		<p>Nil</p>
<p>acceptance approval for environmental facilities</p>	<p>acceptance approval for environmental facilities</p>	<p>Nil</p>



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

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

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

**[Click here for Supplier \(B\) members:](http://www.surveymonkey.com/s.aspx?sm=d3vYsCe48fre69DRglY_2brg_3d_3d)**

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