



Sedex Members Ethical Trade Audit Report

Version 6.1



Audit Details			
Sedex Company Reference: <i>(only available on Sedex System)</i>	ZC: 293077502	Sedex Site Reference: <i>(only available on Sedex System)</i>	ZS: 406908196
Business name (Company name):	Cherry Group Co., Ltd		
Site name:	Shandong Aorong Co., Ltd / 山东省奥绒服装有限公司		
Site address: <i>(Please include full address)</i>	Yunhe Economic Development Zone, Wucheng Town, Dezhou City, Shandong Province, China. / 中国山东省德州市武城县运河经济开发区	Country:	China
Site contact and job title:	Mr. Lin Chuanju / EHS Manager		
Site phone:	0534-6652008	Site e-mail:	14296181@qq.com
SMETA Audit Pillars:	<input checked="" type="checkbox"/> Labour Standards	<input checked="" type="checkbox"/> Health & Safety (plus Environment 2-Pillar)	<input type="checkbox"/> Environment 4-pillar <input type="checkbox"/> Business Ethics
Date of Audit:	May 18-19, 2020		

Audit Company Name & Logo: BVCPS 	Report Owner (payer): <i>(If paid for by the customer of the site please remove for Sedex upload)</i> Shandong Aorong Co., Ltd
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Audit Conducted By					
Affiliate Audit Company	<input checked="" type="checkbox"/>	Purchaser	<input type="checkbox"/>	Retailer	<input type="checkbox"/>
Brand owner	<input type="checkbox"/>	NGO	<input type="checkbox"/>	Trade Union	<input type="checkbox"/>
Multi-stakeholder	<input type="checkbox"/>	Combined Audit (select all that apply)			

Audit Content:

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

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

2-Pillar SMETA Audit

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

4-Pillar SMETA

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

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

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

SMETA Declaration

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

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

Any exceptions to this must be recorded here (e.g. different sample size):
This audit includes elements beyond the scope of a Social Compliance Audit as defined by the APSCA Competency Framework. The association of the auditor's APSCA number with this report is limited to those elements outlined in the APSCA Competency Framework. APSCA makes no representations with respect to the auditor's competency to professionally evaluate compliance with any other audit elements.

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

Lead auditor: Vincent Wang APSCA number: RA21701685

Lead auditor APSCA status: Test One passed

Team auditor: Nil APSCA number: N/A

Interviewers: Vincent Wang APSCA number: RA21701685

Report writer: Vincent Wang

Report reviewer: Kiwi Zhang

Date of declaration: May 18-19, 2020

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

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

Summary of Findings

Issue <i>(please click on the issue title to go direct to the appropriate audit results by clause)</i> <i>Note to auditor, please ensure that when issuing the audit report, hyperlinks are retained.</i>	Area of Non-Conformity <i>(Only check box when there is a non-conformity, and only in the box/es where the non-conformity can be found)</i>				Record the number of issues by line*:			Findings <i>(note to auditor, summarise in as few words as possible NCs, Obs and GE)</i>
	ETI Base Code	Local Law	Additional Elements	Customer Code	NC	Obs	GE	
0A Universal Rights covering UNGP			<input type="checkbox"/>	<input type="checkbox"/>		0	1	GE: <ul style="list-style-type: none"> Human rights impact assessment completed and links improved
0B Management systems and code implementation		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	0	0	0	<ul style="list-style-type: none"> Nil
1. Freely chosen Employment	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	0	0	1	GE: <ul style="list-style-type: none"> Good leave policy and practice where worker asked supervisor only
2. Freedom of Association	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	0	1	0	OB: <ul style="list-style-type: none"> Minutes of the worker's committee meeting not shared with total workforce
3. Safety and Hygienic Conditions	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>	3	3	0	NCs: <ul style="list-style-type: none"> No gap between stacks and walls Insufficient occupational health checks provided to employees No special equipment operator certificate for 1 cargo lift operator OBs: <ul style="list-style-type: none"> No needle guard for sewing machine No content label for chemical

									<ul style="list-style-type: none"> No secondary container for chemical
4	<u>Child Labour</u>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	0	0	0	<ul style="list-style-type: none"> Nil
5	<u>Living Wages and Benefits</u>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>	1	0	0	NC: <ul style="list-style-type: none"> The factory's social insurance coverage was insufficient
6	<u>Working Hours</u>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>	1	0	0	NC: <ul style="list-style-type: none"> Overtime in excess of statutory overtime hour limits
7	<u>Discrimination</u>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	0	0	0	<ul style="list-style-type: none"> Nil
8	<u>Regular Employment</u>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1	0	0	NC: <ul style="list-style-type: none"> Occupational diseases neither communicated nor indicated
8A	<u>Sub-Contracting and Homeworking</u>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	0	0	0	<ul style="list-style-type: none"> Nil
9	<u>Harsh or Inhumane Treatment</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	0	0	0	<ul style="list-style-type: none"> Nil
10A	<u>Entitlement to Work</u>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	0	0	0	<ul style="list-style-type: none"> Nil
10B2	<u>Environment 2-Pillar</u>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	0	0	0	<ul style="list-style-type: none"> Nil
10B4	<u>Environment 4-Pillar</u>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	N/A	N/A	N/A	<ul style="list-style-type: none"> N/A
10C	<u>Business Ethics</u>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	N/A	N/A	N/A	<ul style="list-style-type: none"> N/A

General observations and summary of the site:

The site was established in 2000 and produced garment. The factory consisted of one 5-storey office and production combined building, two 2-storey warehouse buildings (not used), one 2-storey production and canteen combined building, one 2-storey production building and one 1-storey warehouse building with a construction area of 13,158.5 square meters. No dormitory was provided to employees.

The audit was performed over 2 days by 1 auditor and included interviews and records inspection of 26 workers.

Workers interviewed included both male and female. All workers were favourable towards the company. They enjoyed the work and stated it was a friendly environment. Pay was always accurate and was paid on time; no issues with the payslips were noted. Also, they stated that they felt comfortable in approaching with any concerns they had.

**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:	Cherry Group Co., Ltd		
B: Site name:	Shandong Aorong Co., Ltd		
C: GPS location: (If available)	GPS Address: Yunhe Economic Development Zone, Wucheng Town, Dezhou City, Shandong Province, China.	Latitude: 37°11'54"N Longitude: 116°5'58"E	
D: Applicable business and other legally required licence numbers and documents, for example, business license number, liability insurance, any other required government inspections	Business License: 91371428724810607Q Valid from 11 April, 2000 to long-term		
E: Products/Activities at site, for example, garment manufacture, electricals, toys, grower, cutting, sewing, packing etc	Garment		
F: Site description: (Include size, location, and age of site. Also, include structure and number of buildings)	Production Building No.1	Description	Remark, if any
	Floor 1	Office	Nil
	Floor 2	Production	Nil
	Floor 3	Production	Nil
	Floor 4	Not used	Not used
	Floor 5	Not used	Not used
	Is this a shared building?	No	Nil
	Production Building No.2	Description	Remark, if any
	Floor 1	Warehouse	Not used
	Floor 2	Warehouse	Not used
	Is this a shared building?	No	Nil
	Production Building No.3	Description	Remark, if any
	Floor 1	Warehouse	Not used
	Floor 2	Warehouse	Not used
	Is this a shared building?	No	Nil

Production Building No.4	Description	Remark, if any
Floor 1	Canteen	Nil
Floor 2	Production	Nil
Is this a shared building?	No	Nil

Production Building No.5	Description	Remark, if any
Floor 1	Production	Nil
Floor 2	Production	Nil
Is this a shared building?	No	Nil

Production Building No.6	Description	Remark, if any
Floor 1	Warehouse	Nil
Is this a shared building?	No	Nil

Shandong Aorong Co., Ltd was established on 11 April, 2000. The factory was located at Yunhe Economic Development Zone, Wucheng Town, Dezhou City, Shandong Province, China.

The factory consisted of one 5-storey office and production combined building, two 2-storey warehouse buildings (not used), one 2-storey production and canteen combined building, one 2-storey production building and one 1-storey warehouse building with a construction area of 13,158.5 square meters. No dormitory was provided to employees.

There were totally 323 employees (Male: 21, Female: 302) including 319 production workers and 4 management staff in the factory. The youngest employee was 18 years old.

All employees ran 1 shift from 07:30 to 17:00 with break time from 12:00 to 13:30.

All employees were paid by hourly rate and were paid on or before the end of the next month by cash.

F1: Visible structural integrity issues (large cracks) observed?
 Yes
 No

F2: Please give details: No cracks were visibly found in the factory during the factory tour.

F3: Does the site have a structural engineer evaluation?
 Yes

	<input checked="" type="checkbox"/> No F4: Please give details: The audited factory did not have a structural engineer evaluation.
G: Site function:	<input type="checkbox"/> Agent <input checked="" type="checkbox"/> Factory Processing/Manufacturer <input type="checkbox"/> Finished Product Supplier <input type="checkbox"/> Grower <input type="checkbox"/> Homeworker <input type="checkbox"/> Labour Provider <input type="checkbox"/> Pack House <input type="checkbox"/> Primary Producer <input type="checkbox"/> Service Provider <input type="checkbox"/> Sub-Contractor
H: Month(s) of peak season: (if applicable)	Not obvious.
I: Process overview: (Include products being produced, main operations, number of production lines, main equipment used)	The factory was specialized in manufacture of garment. The main processes included cutting, sewing, filling, finishing, inspection and packing. The factory had 4 production lines. According to management interview, the production capacity was 150,000 pieces per month. Main equipment included cutting machine, sewing machine, filling machine and so on.
J: What form of worker representation / union is there on site?	<input type="checkbox"/> Union (name) <input checked="" type="checkbox"/> Worker Committee <input type="checkbox"/> Other (specify) <input type="checkbox"/> None
K: Is there any night production work at the site?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
L: Are there any on site provided worker accommodation buildings e.g. dormitories	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No L1: If yes, approx. % of workers in on site accommodation
M: Are there any off site provided worker accommodation buildings	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No M1: If yes, approx. % of workers
N: Were all site-provided accommodation buildings included in this audit	<input type="checkbox"/> Yes <input type="checkbox"/> No N1: If no, please give details: N/A. No dormitory was provided to employees.

Audit Parameters			
A: Time in and time out	A1: Day 1 Time in: 08:30 A2: Day 1 Time out: 17:40	A3: Day 2 Time in: 08:00 A4: Day 2 Time out: 16:10	A5: Day 3 Time in: N/A A6: Day 3 Time out: N/A
B: Number of auditor days used:	1 auditor x 2 days		
C: Audit type:	<input checked="" type="checkbox"/> Full Initial <input type="checkbox"/> Periodic <input type="checkbox"/> Full Follow-up <input type="checkbox"/> Partial Follow-Up <input type="checkbox"/> Partial Other If other, please define		
D: Was the audit announced?	<input checked="" type="checkbox"/> Announced <input type="checkbox"/> Semi – announced: Window detail: weeks <input type="checkbox"/> Unannounced		
E: Was the Sedex SAQ available for review?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No E1: If No, why not?		
F: Any conflicting information SAQ/Pre-Audit Info to Audit findings?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes , please capture detail in appropriate audit by clause		
G: Who signed and agreed CAPR (Name and job title)	Mr. Lin Chuanju / EHS Manager		
H: Is further information available (If yes, please contact audit company for details)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
I: Previous audit date:	N/A		
J: Previous audit type:	N/A		
K: Were any previous audits reviewed for this audit	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A		

Audit attendance	Management	Worker Representatives	
	Senior management	Worker Committee representatives	Union representatives
A: Present at the opening meeting?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
B: Present at the audit?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
C: Present at the closing meeting?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
D: If Worker Representatives were not present please explain reasons why <i>(only complete if no worker reps present)</i>	N/A.		
E: If Union Representatives were not present please explain reasons why: <i>(only complete if no union reps present)</i>	No union representative was in 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 or permanent resident or has purposely migrated on a temporary basis to another in-country region to seek and engage in a remunerated activity.

Worker Analysis								
	Local			Migrant*			Home workers	Total
	Permanent	Temporary	Agency	Permanent	Temporary	Agency		
Worker numbers – Male	18	0	0	2	0	0	0	20
Worker numbers – female	292	0	0	7	0	0	0	299
Total	310	0	0	9	0	0	0	319
Number of Workers interviewed – male	2	0	0	0	0	0	0	2
Number of Workers interviewed – female	21	0	0	3	0	0	0	24
Total – interviewed sample size	23	0	0	3	0	0	0	26



A: Nationality of Management	China	
<p>B: Please list the nationalities of all workers, with the three most common nationalities listed first. <i>Please add more nationalities as applicable to site. Add more rows if required.</i></p>	<p>Nationalities: B1: Nationality 1: ___ China ___ B2: Nationality 2: _____ B3: Nationality 3: _____</p>	<p>Was the list completed during peak season? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If no, please describe how this may vary during peak periods: N/A. The peak season was not obvious in the factory.</p>
C: Please provide more information for the three most common nationalities.	<p>C: approx % total workforce: Nationality 1 ___100%___ C1: approx % total workforce: Nationality 2 _____ C2: approx % total workforce: Nationality 3 _____</p>	
D: Worker remuneration (management information)	<p>D: _____% workers on piece rate D1: ___100___% hourly paid workers D2: _____% salaried workers</p> <p>Payment cycle: D3: _____% daily paid D4: _____% weekly paid D5: ___100___% monthly paid D6: _____% other D7: If other, please give details</p>	



Worker Interview Summary		
A: Were workers aware of the audit?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
B: Were workers aware of the code?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
C: Number of group interviews: <i>(Please specify number and size of groups. Please see SMETA Best Practice Guidance and Measurement Criteria. If the auditor was not able to follow the BPG, please state within the declaration)</i>	4 groups of 5	
D: Number of individual interviews <i>(Please see SMETA Best Practice Guidance and Measurement Criteria)</i>	D1: Male: 1	D2: Female: 5
E: All groups of workers are included in the scope of this audit such as; Direct employees, Casual and agency workers, Workers employed by service providers such as security and catering staff as well as workers supplied by other contractors. <i>Note to auditor: please record details of migrant /agency/contractor workers in section 8 – Regular Employment, under Responsible Recruitment</i>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If no, please give details	
F: Interviews were done in private and the confidentiality of the interview process was communicated to the workers?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
G: In general, what was the attitude of the workers towards their workplace?	<input checked="" type="checkbox"/> Favourable <input type="checkbox"/> Non-favourable <input type="checkbox"/> Indifferent	
H: What was the most common worker complaint?	All workers interviewed had a positive attitude towards management and the factory. No complaint was raised.	
I: What did the workers like the most about working at this site?	The wages were issued on time.	
J: Any additional comment(s) regarding interviews:	Most workers enjoyed working at this factory. They felt that they had sufficient work and had a good relationship with management in general.	
K: Attitude of workers to hours worked:	Workers expressed that they were satisfied with the working hours.	
L. Is there any worker survey information available?		
<input type="checkbox"/> Yes		

No

L1: If yes, please give details:

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

Totally 26 employees were randomly selected from all departments for interview. In general, the attitude of workers was positive. Workers said that the factory management treated them friendly, and they were satisfied with their working environment, payment and working time. All workers stated that the working condition in workshop was good. They could go to the toilet and drink water during working hours. They also stated that they were voluntary to work overtime. The interview responses were coincident with the management interview and what the records showed.

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 attitude of worker representatives was favourable. They said that the factory management made a good working condition.

O: Attitude of managers:

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

At the opening meeting, auditor explained to the factory representative that the audit was to develop the partnership between the client and suppliers, scope of audit and the audit standard. After the opening meeting, factory tour, document review, interviews with management members and workers were conducted as scheduled in the audit programs, and a full audit was finished under the co-operation of the factory representative. At the closing meeting, auditor provided the factory representative a general overview and then explained the strengths, weaknesses and findings in factory. Also, auditor left a copy of filled & signed SMETA Corrective Action Plan Report to factory. The factory representative agreed with all the findings and promised to make corrective actions as soon as possible.

Audit Results by Clause

0A: Universal Rights covering UNGP

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

0.A. Guidance for Observations

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

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

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

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

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

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

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

Current Systems and Evidence Examined

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

Current systems:

Policy, endorsed at the highest level, covered human rights impacts and issues.

Designated Mr. Lin Chuanju / EHS Manager was responsible for implementing standards concerning Human rights.

Transparent system in place for confidentially reporting, and dealing with human rights impacts without fear of reprisals towards the reporter.

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

Details:

Management and employee interview.

Document review: Social compliance procedures, social compliance internal audit file, designated personnel for social compliance, etc.

Any other comments:

Nil

<p>A: Policy statement that expresses commitment to respect human rights?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No A1: Please give details: Policy about respecting human rights was established.</p>
<p>B: Does the business have a designated person responsible for implementing standards concerning Human Rights?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: Name: Mr. Lin Chuanju Job title: EHS Manager</p>
<p>C: Does the business have a transparent system in place for confidentially reporting, and dealing with human rights impacts without fear of reprisals towards the reporter?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No C1: Please give details: Employees could directly reveal their grievance through suggestion box and all suggestions would be summarized weekly by Mr. Lin Chuanju and reported to factory director for corrective actions.</p>
<p>D: Does the grievance mechanism meet UNGP expectations? (Legitimate, Accessible, Predictable, Equitable, Transparent, Rights-compatible, a source of continuous learning and based on stakeholder engagement)</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No D1: If no, please give details</p>
<p>E: Does the business demonstrate effective data privacy procedures for workers' information, which is implemented?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No E1: Please give details: Business demonstrated effective data privacy procedures for workers' information, which was implemented.</p>

Findings		
<p>Finding: Observation <input type="checkbox"/></p> <p>Description of observation:</p> <p>None Observed.</p>	<p>Company NC <input type="checkbox"/></p>	<p>Objective evidence observed:</p> <p>Not Applicable</p>

Good examples observed:	
<p>Description of Good Example (GE):</p> <p>The site has undergone a human right impact assessment and has acted accordingly to improve its links and impact on the local community.</p>	<p>Objective Evidence Observed:</p> <p>Per documents review.</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)	A1: Last year: ___3___ %	A2: This year ___1___ %
B: Current % quarterly (90 days) turnover: Number of workers leaving from the first day of the 90 days period through to the last day of the 90 day period / [(number of employees on the 1 st day of 90 day period + number of employees on the last day of the 90 day period) / 2]	2%	
C: Annual % absenteeism: Number of days lost through job absence in the year / [(number of employees on 1 st day of the year + number employees on the last day of the year) / 2] * number available workdays in the year	C1: Last year: ___0___ %	C2: This year ___0___ %
D: Quarterly (90 days) % absenteeism: Number of days lost through job absence in the period / [(Number of employees on 1 st of the period + Number of employees on the last day of the period) / 2] * Number of available workdays in the month	0%	
E: Are accidents recorded?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No E1: Please describe: Accident records were provided for review	
F: Annual Number of work related accidents and injuries per 100 workers: [(Number of work related accidents and injuries * 100) / Number of total workers]	F1: Last year: 2019 Number: 0	F2: This year: 2020 Number: 0
G: Quarterly (90 days) number of work related accidents and injuries per 100 workers: [(Number of work related accidents and injuries * 100) / Number of total workers]	0	
H: Lost day work cases per 100 workers: [(Number of lost days due to work accidents and work related injuries * 100) / Number of total workers]	H1: Last year: 0	H2: This year: 0
I: % of workers that work on average more than 48 standard hours / week in the last 6 / 12 months:	I1: 6 months ___0___% workers	I2: 12 months ___0___% workers

J: % of workers that work on average more than 60 total hours / week in the last 6 / 12 months:	J1: 6 months ___0___% workers	J2: 12 months ___0___% workers
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0B: Management system and Code Implementation
[\(Click here to return to summary of findings\)](#)

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

Current Systems and Evidence Examined

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

Current systems:
 The factory established policies and procedures regarding to communication of workers on ethical code, training of workers in their labour rights, social and ethical standards, keeping up-to-date with local and national laws and social development projects, etc. There were good HR policies and practices in place and good implementation. There were internal audits to support site's performance and continual improvement. Mr. Lin Chuanju / EHS Manager was responsible for communicating, implementing and checking compliance against code requirements. There was detailed staff hand book available concerning personnel policies, grievance, equal opportunities etc. The factory had a positive approach to worker training, development and good personnel relations and had related awards e.g. investors in people. There was excellent communication and monitoring of social standards of its own suppliers.

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

Details:
 Auditor checked the Statutory Documents such as business registration certificates, labour contracts, etc.; Non-Statutory Documents such as employment registration records, fire drill records, floor plan, employee handbook, factory regulations, first aid certificates, etc.

Any other comments:
 Nil

Management Systems:

A: In the last 12 months, has the site been subject to any fines/prosecutions for non-compliance to any regulations?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No A1: Please give details: The site had not been subject to any fines/prosecutions for non-compliance to any regulations.
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<p>B: Do policies and/or procedures exist that reduce the risk of forced labour, child labour, discrimination, harassment & abuse?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No B1: Please give details: Policies existed to reduce forced labour, child labour, discrimination, harassment and abuse.</p>
<p>C: If Yes, is there evidence (an indication) of effective implementation? Please give details.</p>	<p>According to document review, workers interview and factory tour, there was no discrimination in hiring, compensation, access to training, promotion, termination or retirement based on race, caste, national origin, religion, age, disability, gender, material status, sexual orientation or political affiliation.</p> <p>According to the factory's regulation, physical abuse or discipline, the threat of physical abuse, sexual or other harassment and verbal abuse or other forms of intimidation were prohibited in the factory. According to worker interview, the factory treated every worker with respect and dignity, and no worker was subject to any physical, sexual, psychological or verbal harassment and abuse.</p>
<p>D: Have managers and workers received training in the standards for forced labour, child labour, discrimination, harassment & abuse?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No D1: Please give details: Trainings regarding to forced labour, child labour, discrimination, harassment & abuse were held regularly.</p>
<p>E: If Yes, is there evidence (an indication) that training has been effective e.g. training records etc.? Please give details</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No E1: Please give details: Training records were provided for review.</p>
<p>F: Does the site have any internationally recognised system certifications e.g. ISO 9000, 14000, OHSAS 18000, SA8000 (or other social audits). Please detail (Number and date).</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No F1: Please give details: The facility did not have any internationally recognised system certification.</p>
<p>G: Is there a Human Resources manager/department? If Yes, please detail.</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No G1: Please give details: Ms. Li Guobin / HR Manager was in charge of HR department.</p>
<p>H: Is there a senior person / manager responsible for implementation of the code</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No H1: Please give details: Mr. Lin Chuanju / EHS Manager was in charge of implementation of the code.</p>
<p>I: Is there a policy to ensure all worker information is confidential?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>

	I1: Please give details: Policy that worker information should be confidential was established.
J: Is there an effective procedure to ensure confidential information is kept confidential?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No J1: Please give details: Training was provided for relevant employees.
K: Are risk assessments conducted to	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No K1: Please give details: Risk assessments were conducted to evaluate policy and procedure effectiveness.
L: Does the facility have a process to address issues found when conducting risk assessments, including implementation of controls to reduce identified risks?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No L1: Please give details: Risk assessments were conducted. Identified risks were reduced when found.
M: Does the facility have a policy/code which require labour standards of its own suppliers?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No M1: Please give details: Policy about labour standards of its own suppliers was established and provided for review.
Land rights	
N: Does the site have all required land rights licenses and permissions (see SMETA Measurement Criteria)?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No N1: Please give details: Factory provided the land right licenses for review.
O: Does the site have systems in place to conduct legal due diligence to recognize and apply national laws and practices relating to land title?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No O1: Please give details: Not applicable in China.
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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No P1: If yes, how does the company obtain FPIC: They established the policy and procedure.
Q: Is there evidence that facility / site compensated the owner/lessor for the land prior to the facility being built or expanded.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Q1: Please give details: Factory provided the land right licenses for review.
R: Does the facility demonstrate that alternatives to a specific land acquisition were considered to avoid or minimize adverse impacts?	<input type="checkbox"/> Yes <input type="checkbox"/> No R1: Please give details: N/A. Facility had no right of land acquisition in China.

<p>S: Is There any evidence of illegal appropriation of land for facility building or expansion of footprint.</p>	<p> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No S1: Please give details: There was no evidence of illegal appropriation of land for facility building or expansion of footprint </p>
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Non-compliance:	
<p>Description of non-compliance:</p> <p>None Observed.</p>	<p>Objective evidence observed:</p> <p>Not Applicable.</p>

Observation:	
<p>Description of observation:</p> <p>None Observed.</p>	<p>Objective evidence observed:</p> <p>Not Applicable.</p>

Good Examples observed:	
<p>Description of Good Example (GE):</p> <p>None Observed.</p>	<p>Objective evidence observed:</p> <p>Not Applicable.</p>

1: Freely Chosen Employment

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

ETI

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

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

Current Systems and Evidence Examined

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

Current systems:

There was no forced, boned or involuntary prison labour. According to interview with workers and management, overtime was voluntary and workers could choose to work overtime or not independently.

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

Details:

Factory rules and regulations; Employees' contacts; Employee handbook and factory policy.

Any other comments:

Nil

<p>A: Is there any evidence of retention of original documents, e.g. passports/ID's</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No A1: If yes, please give details and category of workers affected:</p>
<p>B: Is there any evidence of a loan scheme in operation</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No B1: If yes, please give details and category of worker affected:</p>
<p>C: Is there any evidence of retention of wages /deposits</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No C1: If yes, please give details and category of worker affected:</p>
<p>D: Are there any restrictions on workers' freedom to terminate employment?</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No D1: Please describe finding: Nil</p>
<p>E: If any part of the business is UK based or registered there & has a turnover over £36m, is there a published a 'modern day slavery statement'?</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not applicable E1: Please describe finding: N/A</p>

<p>F: Is there evidence of any restrictions on workers' freedoms to leave the site at the end of the work day?</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No F1: Please describe finding: Employees could leave the factory at the end of the work day freely and not be restricted.</p>
<p>G: Does the site understand the risks of forced / trafficked / bonded labour in its supply chain</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not applicable G1: If yes, please give details and category of workers affected: The site understood the risks of forced / trafficked / bonded labour of in its supply chain and regular assessment was conducted.</p>
<p>H: Is the site taking any steps taking to reduce the risk of forced / trafficked labour?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No H1: Please describe finding: Regular assessment was conducted.</p>

<p style="text-align: center;">Non-compliance:</p>	
<p>Description of non-compliance:</p> <p>None Observed.</p>	<p>Objective evidence observed:</p> <p>Not Applicable.</p>

<p style="text-align: center;">Observation:</p>	
<p>Description of observation:</p> <p>None Observed.</p>	<p>Objective evidence observed:</p> <p>Not Applicable.</p>

<p style="text-align: center;">Good Examples observed:</p>	
<p>Description of Good Example (GE):</p> <p>The site has an effective simplified leave policy which is communicated and understood by workers. Workers only need to request leave from their immediate supervisor to have it approved (or not). This is efficient and ensures workers know who to contact and when if they need to take leave, both in advance and if there is an emergency.</p>	<p>Objective evidence observed:</p> <p>Per documents review and employees interview.</p>

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

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

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

ETI

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

Current Systems and Evidence Examined

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

Current systems:

The factory established a written policy to recognize and respect the right of workers to exercise their lawful rights of free association and allow workers to elect their representative. Also, all workers would freely go to management for any issues for concerns and complaints or by suggestion box. Worker committee was established. And worker representatives were treated equal to other non-worker representatives.

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

Details:

Factory rules and regulations; Employees' contacts; Employee handbook and factory policy.

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 <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	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

<p>than union/worker committee e.g. H&S, sexual harassment)</p>	<p>D1: Please give details: Per workers interview and factory tour, workers could contact the management directly and through the suggestion box.</p> <p>D2: Is there evidence of free elections? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>	
<p>E: Does the supplier provide adequate facilities to allow the Union or committee to conduct related business?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No E1: Please give details: Meeting room was provided to conduct related business</p>	
<p>F: Name of union and union representative, if applicable:</p>	<p>N/A</p>	<p>F1: Is there evidence of free elections? <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A</p>
<p>G: If there is no union, is there a parallel means of consultation with workers e.g. worker committees?</p>	<p>Worker committee</p>	<p>G1: Is there evidence of free elections? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A</p>
<p>H: Are all workers aware of who their representatives are?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>	
<p>I: Were worker representatives freely elected?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>	<p>I1: Date of last election: November 15, 2019</p>
<p>J: Do workers know what topics can be raised with their representatives?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>	
<p>K: Were worker representatives/union representatives interviewed?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If Yes, please state how many: 1 worker representative was interviewed.</p>	
<p>L: Please describe any evidence that union/worker's committee is effective? Specify date of last meeting; topics covered; how minutes were communicated etc.</p>	<p>Per document review and interview, the latest meeting of the worker committee was conducted on March 25, 2020 to discuss the duty of worker representatives.</p>	
<p>M: Are any workers covered by Collective Bargaining Agreement (CBA)?</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	
<p>If Yes, what percentage by trade Union/worker representation</p>	<p>M1: __N/A__% workers covered by Union CBA</p>	<p>M1: __N/A__% workers covered by Work rep CBA</p>
<p>M3: If Yes, does the Collective Bargaining Agreement (CBA) include rates of pay?</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No N/A</p>	

Non-compliance:	
Description of non-compliance: None Observed.	Objective evidence observed: Not Applicable.

Observation:	
Description of observation: It was noted that minutes of the worker's committee meeting were produced but they were not shared with the total workforce. Comment: Relevant management procedure was established. There was appointed personnel to be in charge of this issue now. The factory management said that they would share the meeting minutes of worker's committee to total workforce as soon as possible.	Objective evidence observed: Per documents review and management interview.

Good Examples observed:	
Description of Good Example (GE): None Observed.	Objective evidence observed: Not Applicable.

3: Working Conditions are Safe and Hygienic

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

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

ETI

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

3.2 Workers shall receive regular and recorded Health & Safety training, and such training shall be repeated for new or reassigned workers.

3.3 Access to clean toilet facilities and to potable water, and, if appropriate, sanitary facilities for food storage shall be provided.

3.4 Accommodation, where provided, shall be clean, safe, and meet the basic needs of the workers.

3.5 The company observing the code shall assign responsibility for Health & Safety to a senior management representative.

Current Systems and Evidence Examined

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

Current systems:

The environment was well, the workshop was safe, the air was good and the drinking water was clean. Through factory tour, it was noted that:
 There were well ventilated, lit and cleaned.
 Drinkable water was available in workshops.
 Workers received regular and recorded health & safety training such as fire drill etc.

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

Details:
 Factory tour.
 Document review: Social compliance procedures, social compliance internal audit file, machinery maintenance program and records,
 Worker interview and management interview.

Any other comments:
 Nil

A: Does the facility have general and occupational Health & Safety policies and procedures that are fit for purpose and are these communicated to workers?

Yes
 No
 A1: Please give details: Relevant H&S policy was established and training was provided to employees.

B: Are the policies included in workers' manuals?

Yes
 No
 B1: Please give details: These policies were included in workers' manual.

<p>C: Are there any structural additions without required permits/inspections (e.g. floors added)?</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No C1: Please give details: No structural addition was noted.</p>
<p>D: Are visitors to the site informed on H&S and provided with personal protective equipment</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No D1: Please give details: Auditor was informed on H&S policy and PPE was provided in the factory.</p>
<p>E: Is a medical room or medical facility provided for workers? If yes, do the room(s) meet legal requirements and is the size/number of rooms suitable for the number of workers.</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No E1: Please give details: No medical room was provided to workers. First aid kits were provided.</p>
<p>F: Is there a doctor or nurse on site or there is easy access to first aider/trained medical aid?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No F1: Please give details: First aiders were available and their certificates were provided for review.</p>
<p>G: Where the facility provides worker transport - is it fit for purpose, safe, maintained and operated by competent persons e.g. buses and other vehicles?</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No G1: Please give details: N/A. No such transport was provided.</p>
<p>H: Is secure personal storage space provided for workers in their living space and is fit for purpose?</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No H1: Please give details: N/A. No dormitory was provided to employees.</p>
<p>I: Are H&S Risk assessments are conducted (including evaluating the arrangements for workers doing overtime e.g. driving after a long shift) and are there controls to reduce identified risk?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No I1: Please give details: The risk assessment was conducted regularly.</p>
<p>J: Is the site meeting its legal obligations on environmental requirements including required permits for use and disposal of natural resources?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No J1: Please give details: The factory provided the report form of environmental impacts of the construction of the facility, the approval document of environment impact assessment and the approval document for on-site inspection and acceptance of completed environmental protection facilities and other documents for review.</p>
<p>K: Is the site meeting its customer requirements on environmental standards, including the use of banned chemicals?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No K1: Please give details: No banned chemicals were used in the audited factory.</p>

Non-compliance:

1. Description of non-compliance:

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

It was noted that the gap between stacks and walls was 0 meter in the finished goods warehouse, which was less than the legal requirement of 0.5 meter.

Local law: In accordance with Article 18 of Rules for Storage Fire Prevention Safety Management: The goods in storage should be classified for storage. The area occupied by any single stack shall preferably not be greater than 100 square meters. Space shall be at least 1 meter between stacks; Space shall be at least 0.5 meter between stacks and the wall; Space shall be at least 0.3 meter between stacks and beams or posts. The width of main passages shall be at least 2 meters.

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

Recommended Corrective Action: It is recommended that management adopt practices and controls to ensure that the width of gap between stacks and walls are in accordance with the legal requirement.

Action taken by: Mr. Lin Chuanju / EHS Manager

Time Scale: 30 days

2. Description of non-compliance:

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

It was noted that the factory provided the occupational health checks to employees in production workshops who were in contact with noise and dust yearly. However, the occupational health checks were not provided to employees before they took the posts or left the posts.

Local law: In accordance with Article 35 Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases, for the laborers that are engaged in the operations contacting the harm of occupational diseases, the employing work unit shall organize the occupational health examination of the laborers before they take the posts, when they are at the posts and when they leave the posts, the employing work unit shall inform the laborers of the examination results. The employing work unit shall afford the expenses needed for the occupational health examination.

The employing work unit may not assign the laborers that haven't gone through the pre-post occupational health examination to undertake the operations involving the harm of occupational diseases; may not assign the

Objective evidence observed:

Per factory tour (Please refer to non-compliance Photo No.1)

Objective evidence observed:

Per documents review.

laborers that have occupational contraindications to undertake the operations that they shall avoid; the laborers that are found to have the health injuries related to their posts during the occupational health examination shall be transferred from their former posts and be settled appropriately; and the employing work unit may not cancel or terminate the labor contacts signed with the laborers that haven't gone through the occupational health examination before they leave their posts.

The occupational health examination shall be undertaken by the medical health institutions which have obtained Practicing License of Medical Institution. Administrative Departments of Health should strengthen the regulation on occupational health checks. Specific administrative measures are established by Health Administration Department of the State Council.

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

Recommended Corrective Action: It is recommended that management adopt practices and controls to ensure that sufficient and regular occupational health checks are provided to all employees handling or in contact with noise and dust.

Action taken by: Mr. Lin Chuanju / EHS Manager

Time Scale: 90 days

3. Description of non-compliance:

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

It was noted that the factory failed to provide the special equipment operator certificate for 1 cargo lift operator in the factory for review.

Local law: In accordance with Article 38 of Safety Monitoring Regulation of Special Equipment, the operators and related management personnel of special equipment regarding boilers, pressure vessels (including gas cylinders), pressure pipes, elevators, lifting appliances, passenger ropeway, large-scale recreational facilities, motor vehicles in the plant and so on. (Referred to as special equipment operator), shall pass the testing and obtain the special equipment operator certificate in accordance with this Regulation before starting to the relevant work or management.

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

Objective evidence observed:

Per documents review.

<p>their next regular inspection. The factory had corrected this issue before the auditor left.</p>	
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<p style="text-align: center;">Good Examples observed:</p>	
<p>Description of Good Example (GE):</p>	<p>Objective evidence observed:</p>
<p>None Observed</p>	<p>Not applicable</p>

4: Child Labour Shall Not Be Used

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

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

ETI

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

Current Systems and Evidence Examined

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

Current systems:

The factory set up a procedure for prohibiting hiring child labour aged under 16 years old. According to management interview, the factory required all interviewees to show their age documents at the time of employment, and all interviewees' age document copies were kept in personnel files after they were hired by the factory. Policies were also established to protect legal young workers from hazardous working conditions. The youngest worker was 18 years old.

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

Details: Policy review

Document review: Social compliance procedures, factory recruitment policy, labor contract, employee files, roster, etc.

Management interview and worker interview.

Any other comments:

Nil

A: Legal age of employment:	16 years old
B: Age of youngest worker found:	18 years old
C: Are there children present on the work floor but not working at the time of audit?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
D: % of under 18's at this site (of total workers)	0 %
E: Are workers under 18 subject to hazardous work assignments? (Go to clause 3 – Health and Safety)	<input type="checkbox"/> Yes <input type="checkbox"/> No N/A, no worker under 18. E1: If yes, give details

Non-compliance:	
Description of non-compliance: None Observed	Objective evidence observed: Not applicable

Observation:	
Description of observation: None Observed	Objective evidence observed: Not applicable

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

5: Living Wages are Paid

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

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

ETI

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

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

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

Current Systems and Evidence Examined

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

Current systems:

The auditor randomly selected 26 workers from March 2020 (the most recent payment period), 26 workers from August 2019 (a randomly selected month) and 26 workers from November 2019 (a randomly selected month) for wage and working hour verification.

All 78 sampled workers were paid at least CNY 11.30/hour for regular working time, which was in compliance with the local minimum wage of CNY 8.91 per hour.

Employees were paid 150% of their basic wages for overtime hours worked on the weekdays and 200% of their basic wages for overtime hours worked on the rest days. No statutory holiday overtime was noted.

According to the social insurance payment receipt provided by factory management, it was noted that only 65 out of 323 employees were provided with pension, accident, unemployment, medical and maternity insurance in May 2020. In addition, the factory provided commercial insurance for the remaining uninsured employees from May 13, 2020 to May 12, 2021.

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

Details:

Payroll and attendance records review. Social insurance receipt. Worker interview.

Any other comments:

Nil

Non-compliance:

1. Description of non-compliance:

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

It was noted that the factory's social insurance coverage was insufficient. According to the social insurance payment receipt provided by factory management, it was noted that only 65 out of 323 employees were provided with pension, accident, unemployment, medical and maternity insurance in May 2020.

Remark: The factory provided commercial insurance for the remaining uninsured employees from May 13, 2020 to May 12, 2021.

Local law: In accordance with Article 73 of the Labor Law of the People's Republic of China, employees shall, in accordance with the law, be entitled to social insurance benefits under the following circumstances: (1) retirements; (2) illness or injury; (3) disability caused by work-related injury or occupational disease; (4) unemployment; and (5) maternity.

The survivors of the insured laborers shall be entitled to subsidies for survivors in accordance with the law. The conditions and standards for laborers to enjoy social insurance benefits shall be stipulated by laws, rules and regulations. The social insurance amount that laborers and entitled to, must be timely paid in full amount.

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

Recommended Corrective Action: It is recommended that factory management adopt practices and controls to ensure that employees receive all of their statutory welfare entitlements.

Action taken by: Mr. Lin Chuanju / EHS Manager

Time Scale: 120 days

Objective evidence observed:

Per documents review, management and employee interview.

Observation:

Description of observation:

None Observed

Objective evidence observed:

Not applicable

Good Examples observed:

Description of Good Example (GE):

None Observed

Objective Evidence Observed:

Not applicable

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Summary Information

Criteria	Local Law <i>(Please state legal requirement)</i>	Actual at the Site <i>(Record site results against the law)</i>	Is this part of a Collective Bargaining Agreement?
A: Standard/Contracted work hours: <i>(Maximum legal and actual required working hours excluding overtime, please state if possible per day, week, and month)</i>	Legal maximum: 8 hours per day and 40 hours per week	A1: 8 hours per day and 40 hours per week	A2: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
B: Overtime hours: <i>(Maximum legal and actual overtime hours, please state if possible per day, week, and month)</i>	Legal maximum: 3 hours per day and 36 hours per month	B1: maximum 2 hours a weekday, 8 hours a rest day and 60 hours a month during tested period	B2: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
C: Wage for standard/contracted hours: <i>(Minimum legal and actual minimum wage at site, please state if possible per hr, day, week, and month)</i>	Legal minimum: CNY 8.91 per hour	C1: All 78 sampled workers were paid at least CNY 11.30/hour for regular working time	C2: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
D: Overtime wage: <i>(Minimum legal and actual minimum overtime wage at site, please state if possible per hr, day, week, and month)</i>	Legal minimum: Not less than 150% of normal wage for weekday overtime working Not less than 200% of normal wage for rest day overtime working Not less than 300% of normal wage for holiday overtime working.	D1: Employees were paid 150% of their basic wages for overtime hours worked on the weekdays, 200% of their basic wages for overtime hours worked on the rest days. No statutory holiday overtime was noted.	D2: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

Wages analysis: (Click here to return to Key Information)			
A: Were accurate records shown at the first request?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
A1: If No , why not?	N/A		
B: Sample Size Checked <i>(State number of worker records checked and from which weeks/months – should be current, peak, and random/low. Please see SMETA Best Practice Guidance and Measurement Criteria)</i>	26 samples from August 2019 26 samples from November 2019 26 samples from the most recent pay period March 2020		
C: Are there different legal minimum wage grades? If Yes , please specify all.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	C1: If Yes , please give details: N/A	
D: If there are different legal minimum grades, are all workers graded and paid correctly?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A	D1: If No , please give details: N/A	
E: For the lowest paid production workers, are wages paid for standard/contracted hours (excluding overtime) below or above the legal minimum?	<input type="checkbox"/> Below legal min <input type="checkbox"/> Meet <input checked="" type="checkbox"/> Above	E1: Lowest actual wages found: <i>Note: full time employees and please state hour / week / month etc.</i> RMB 11.30 per hour	
F: Please indicate the breakdown of workforce per earnings:	F1: ___% of workforce earning under minimum wage F2: ___% of workforce earning minimum wage F3: __100__% of workforce earning above minimum wage		
G: Bonus Scheme found: Please specify details:	Bonus Scheme found: Nil <i>Note: type of employee (e.g. full time, temp, etc.) and please state which units e.g. /hour /week /month etc.</i>		
H: What deductions are required by law e.g. social insurance? Please state all types:	Personal tax and social insurances.		
I: Have these deductions been made?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	I1: Please list all deductions that have been made.	1. Social insurance 2. Individual income tax. Please describe: Social insurance and tax have been deducted.
		I2: Please list all deductions that have not been made.	1. Social insurance Please describe: Some employees did not participate in social insurance program.

<p>J: Were appropriate records available to verify hours of work and wages?</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
<p>K: Were any inconsistencies found? (if yes describe nature)</p>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<p>K1: Type</p> <input type="checkbox"/> Poor record keeping <input type="checkbox"/> Isolated incident <input type="checkbox"/> Repeated occurrence:
<p>L: Do records reflect all time worked? (For instance, are workers asked to attend meetings before or after work but not paid for their time)</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <p>L1: Please give details: The attendance system recorded employees' all work time.</p>	
<p>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></p>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <p>M1: Please specify amount/time: N/A</p>	
<p>M2: If yes, what was the calculation method used.</p>	<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 <p>Other – please give details: N/A</p>	
<p>N: Are there periodic reviews of wages? If Yes give details (include whether there is consideration to basic needs of workers plus discretionary income).</p>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <p>N1: Please give details: The factory did not conduct periodic review of wages but employees can dominate their wages freely.</p>	
<p>O: Are workers paid in a timely manner in line with local law?</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
<p>P: Is there evidence that equal rates are being paid for equal work:</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <p>P1: Please give details: Through factory rules review, payroll records review and employee's interview, it was confirmed that equal rates were being paid for equal work.</p>	
<p>Q: How are workers paid:</p>	<input checked="" type="checkbox"/> Cash <input type="checkbox"/> Cheque <input type="checkbox"/> Bank Transfer <input type="checkbox"/> Other <p>Q1: If other, please explain:</p>	

6: Working Hours are not Excessive

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

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

ETI

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

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

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

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

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

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

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

Current Systems and Evidence Examined

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

Current systems:

All employees ran 1 shift from 07:30 to 17:00 with break time from 12:00 to 13:30.

The sampled workers' maximum overtime working hours were 2 hours a weekday, 8 hours a rest day and 60 hours a month. The maximum consecutive working period was found 6 days.

The maximum total working hours per week were 54 hours in August 2019, 54 hours in November 2019 and 40 hours in March 2020. No overtime was noted in March 2020.

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

Details:

Payroll and attendance records review

Any other comments:

Nil

Non-compliance:

1. Description of non-compliance:

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

It was noted that 52 out of 78 sample population employees worked in excess of the statutory overtime hour limits. The auditor randomly selected 26 workers from March 2020 (the most recent payment period), 26 workers from August 2019 (a randomly selected month) and 26 workers from November 2019 (a randomly selected month) yielded the following:

26 out of 26 sample population employees worked in excess of 36 overtime hours per month (i.e. 58 hours) in August 2019, which was not in compliance with the legal requirement.

26 out of 26 sample population employees worked in excess of 36 overtime hours per month (i.e. 60 hours) in November 2019, which was not in compliance with the legal requirement.

Local law: In accordance with Article 41 of the Labor Law of the PRC, after consultation with the trade union and employees, the employer may extend working hours due to its production or business needs, but the extended working hours shall not generally exceed one hour a day; in special circumstances that require an extension of working hours, the extended working hours shall not exceed 3 hours a day and 36 hours a month on condition that the health of employees is guaranteed.

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

Recommended Corrective Action: It is recommended that factory management adopt practices and controls to ensure that employee overtime hours do not exceed the statutory limits.

Action taken by: Mr. Lin Chuanju / EHS Manager

Time Scale: 60 days

Objective evidence observed:

Per working hour test

Observation:

Description of observation:

None observed

Objective evidence observed:

Not applicable

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

Working hours' analysis					
Please include time e.g. hour/week/month <i>(Go back to Key information)</i>					
Systems & Processes					
A. What timekeeping systems are used: time card etc.	Describe: The factory used fingerprinting attendance system to record workers' attendance, and the detailed time in and time out information was recorded.				
B: Is sample size same as in wages section?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No B1: If no, please give details				
C: Are standard/contracted working hours defined in all contracts/employment agreements?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	C1: If NO, please give details including % and which type of workers do NOT have standard hours defined in contracts/employment agreements. Please give details: N/A			
D: Are there any other types of contracts/employment agreements used?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	D1: If YES, please complete as appropriate:			
		<input type="checkbox"/> 0 hrs	<input type="checkbox"/> Part time	<input type="checkbox"/> Variable hrs	<input type="checkbox"/> Other
		If "Other", Please define: 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	E1: If yes , please detail hours, %, types of workers affected and frequency Please give details: N/A			
F: Are workers provided with at least 1 day off in every 7-day-period, or 2 in 14-day-period?	F2: Please select all applicable: <input checked="" type="checkbox"/> 1 in 7 days	F3: Is this allowed by local law? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No			

	<input type="checkbox"/> 2 in 14 days <input type="checkbox"/> No If 'No', please explain:	
	Maximum number of days worked without a day off (in sample):	
	6 days in sampled months	
Standard/Contracted Hours worked		
G: Were standard working hours over 48 hours per week found?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	G1: If yes, % of workers & frequency:
H: Any local waivers/local law or permissions which allow averaging/annualised hours for this site?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	H1: If yes, please give details:
Overtime Hours worked		
I: Actual overtime hours worked in sample (State per day/week/month)	Highest OT hours: 2 hours a weekday, 8 hours a rest day, 14 hours a week and 58 hours a month in August 2019; 2 hours a weekday, 8 hours a rest day, 14 hours a week and 60 hours a month in November 2019; No overtime hour was noted in March 2020.	
J: Combined hours (standard or contracted + overtime hours = total) over 60 found? Please give details:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
K: Approximate percentage of total workers on highest overtime hours:	___11___%	
L: Is overtime voluntary?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Conflicting Information	L1: Please detail evidence e.g. Wording of contract / employment agreement / handbook / worker interviews / refusal arrangements: Per handbook and contact of employees, overtime work was voluntary.
Overtime Premiums		

<p>M: Are the correct legal overtime premiums paid?</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A – there is no legal requirement to OT premium	<p>M1: Please give details of normal day overtime premium as a % of standard wages: 150% of normal wage for overtime worked on weekdays; 200% of normal wage for overtime worked on rest days; 300% of normal wage for overtime worked on holidays if any. In practice, no statutory holiday overtime was noted.</p>
<p>N: Is overtime paid at a premium?</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<p>N1: If yes, please describe % of workers & frequency: Employees were paid 150% of their basic wages for overtime hours worked on the weekdays and 200% of their basic wages for overtime hours worked on the rest days. No statutory holiday overtime was noted.</p>
<p>O: If the site pays less than 125% OT premium and this is allowed under local law, are there other considerations? Please complete the boxes where relevant.</p>	<input type="checkbox"/> No <input type="checkbox"/> Consolidated pay (May be standard wages above minimum legal wage, with no/low overtime premium) <input type="checkbox"/> Collective Bargaining agreements <input type="checkbox"/> Other N/A	<p>O1: Please explain any checked boxes above e.g. detail of consolidated pay / CBA or Other</p> <p>N/A</p>
<p>P: If more than 60 total hours per week and this is legally allowed, are there other considerations? Please complete the boxes where relevant.</p>	<input type="checkbox"/> Overtime is voluntary <input type="checkbox"/> Onsite Collective bargaining allows 60+ hours/week <input type="checkbox"/> Safeguards are in place to protect worker's health and safety <input type="checkbox"/> Site can demonstrate exceptional circumstances <input type="checkbox"/> Other reasons (please specify) N/A	<p>P1: Please explain any checked boxes above e.g. detail of consolidated pay / CBA or other:</p> <p>N/A</p>
<p>Q: Is there evidence that overtime hours are being used for extended periods to make up for labour shortages or increased order volumes?</p>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Q1: If yes, please give details:	
<p>R: If sufficient workers cannot be hired, are new working time arrangements explored</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	

to ensure that overtime is the exception rather than the rule.	
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<p>7: No Discrimination is Practiced (Click here to return to summary of findings)</p>
<p>ETI</p>
<p>7.1 There is no discrimination in hiring, compensation, access to training, promotion, termination or retirement based on race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation.</p>

<p>Current Systems and Evidence Examined</p> <p><i>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.</i></p>
<p>Current systems: Based on the review of factory regulations and employee private interview, no discrimination was noted regarding hiring, job assignment, wages, bonus, allowance, promotion, discipline, work assignment, gender, age and nationality. All sampled employees interviewed stated that they were treated fairly and compensated the same wage for the same job.</p> <p>Evidence examined – to support system description (Documents examined & relevant comments. Include renewal/expiry date where appropriate):</p> <p>Details: Documents review: Factory recruitment policy, social compliance procedures, etc. Employee interview and management interview.</p> <p>Any other comments: Nil</p>

A: Gender breakdown of Management + Supervisors (Include as one combined group)	A1: Male: <u>25</u> % A2: Female <u>75</u> %
B: Number of women who are in skilled or technical roles e.g. where specific qualifications are needed i.e. machine engineer / laboratory analyst:	0
C: Is there any evidence of discrimination based on race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation?:	<input type="checkbox"/> Hiring <input type="checkbox"/> Compensation <input type="checkbox"/> Access to training <input type="checkbox"/> Promotion <input type="checkbox"/> Termination or retirement <input checked="" type="checkbox"/> No evidence of discrimination found

	C1: Please give details: N/A. All employees were treated equally.
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Professional Development

A: What type of training and development are available for workers?	Fire safety, job safety, equipment safety
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B: Are HR decisions e.g. promotion, training, compensation based on objective, transparent criteria?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If no, please give details:
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Non-compliance:	
Description of non-compliance: None observed	Objective evidence observed: Not applicable

Observation:	
Description of observation: None observed	Objective evidence observed: Not applicable

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

8: Regular Employment Is Provided

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

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

ETI

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

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

Additional Elements: Responsible Recruitment

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

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

8.5 Employment agencies must only supply workers registered with them.

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

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

Current Systems and Evidence Examined

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

Current systems:

By reviewing factory regulation and interviewing workers & management, it was noted that worker had been verified on their right to work by reviewing their original documents such as ID card by factory.

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

Details:

Document review: Factory regulation, labor contract, employee files, social compliance procedures, etc.
Worker interview and management interview.

Any other comments:

Nil

Non-compliance:

1. Description of non-compliance:

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

It was noted that employees working in production workshops were in contact with noise and dust, which might cause occupational diseases to employees in production workshops. However, the facts, harmful effects, consequences, protective measures and necessary treatment of occupational diseases were neither communicated to relevant employees nor indicated in their employment contracts.

Local law: In accordance with Article 33 Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases, When signing labor contracts (including employment contracts, the same hereinafter) with the laborers, the employing work unit shall inform the laborers, according to the facts, the harm of occupational diseases that might be engendered in the work process as well as the consequences thereof, the protective measures and treatment against occupational diseases, and shall indicate these information in the labor contract and may not conceal such information or cheat the laborers.

If the laborers are engaged in the operations that contain the harm of occupational diseases that haven't been informed in the labor contracts signed, because of the change of work posts or work contents during the contracted period of labor, the employers shall perform the obligations to inform the laborers according to the facts in accordance with the provisions of the preceding paragraph, and shall negotiate to change the relevant terms of the original labor contracts.

If the according to the facts violates the provisions of the preceding two paragraphs, the laborers have the right to refuse to undertake the operations containing the harm of occupational diseases, and the according to the facts may not cancel the labor contracts signed with the laborers.

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

Recommended Corrective Action: It is recommended that management adopt practices and controls to ensure that the facts, harmful effects, consequences, protective measures and necessary treatment of occupational diseases might result in the work process are communicated to relevant employees and indicated in their employment contracts.

Action taken by: Mr. Lin Chuanju / EHS Manager

Time Scale: 30 days

Objective evidence observed:

Per documents review, management and employee interview.

Observation:	
Description of observation: None observed	Objective evidence observed: Not applicable

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

Responsible Recruitment

All Workers	
A: Were all workers presented with terms of employment at the time of recruitment, did they understand them and are they same as current conditions?	<input checked="" type="checkbox"/> Terms & Conditions presented <input checked="" type="checkbox"/> Understood by workers <input checked="" type="checkbox"/> Same as actual conditions A1: If any are unchecked, please describe finding and specific category(ies) of workers affected: N/A
B: Did workers' pay any fees, taxes, deposits or bonds for the purpose of recruitment/placement?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No B1: If yes, please describe details and specific category(ies) of workers affected: N/A

C: If yes, check all that apply:	<input type="checkbox"/> Recruitment / hiring fees <input type="checkbox"/> Service fees <input type="checkbox"/> Application costs <input type="checkbox"/> Recommendation fees <input type="checkbox"/> Placement fees <input type="checkbox"/> Administrative, overhead or processing fees <input type="checkbox"/> Skills tests <input type="checkbox"/> Certifications <input type="checkbox"/> Medical screenings <input type="checkbox"/> Passports/ID's <input type="checkbox"/> Work / resident permits <input type="checkbox"/> Birth certificates <input type="checkbox"/> Police clearance fees <input type="checkbox"/> Any transportation and lodging costs after employment offer <input type="checkbox"/> Any transport costs between work place and home <input type="checkbox"/> Any relocation costs after commencement of employment <input type="checkbox"/> New hire training / orientation fees <input type="checkbox"/> Medical exam fees <input type="checkbox"/> Deposit bonds or other deposits <input type="checkbox"/> Any other non-monetary assets <input type="checkbox"/> Other – C1: If other, please give details: N/A
D: If any checked, give details:	N/A

Migrant Workers: <i>The term "migrant worker" refers to a person who is engaged or has been engaged in a remunerated activity in a country of which they are not a national or permanent resident or has purposely migrated on a temporary basis to another in-country region to seek and engage in a remunerated activity</i>	
A: Type of work undertaken by migrant workers:	All working processes.
B: Please give details about recruitment agencies for migrant workers:	B1: Total number of (in country recruitment agencies) used: N/A B2: Total number of (outside of local country) recruitment agencies used: N/A
C: Are migrant workers' voluntary deductions (such as for remittances) confirmed in writing by the worker and is evidence of the transaction supplied by the facility to the worker?	<input type="checkbox"/> Yes <input type="checkbox"/> No C1: Please describe finding: N/A C2: Observations: N/A
D: Are Any migrant workers in skilled, technical, or management roles <i>Migrant Workers (this should include all migrant workers including permanent workers, temporary and/or seasonal workers)</i>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No D1: If yes, number and example of roles: N/A

NON-EMPLOYEE WORKERS

Recruitment Fees:	
A: Are there any fees?	<input type="checkbox"/> Yes <input type="checkbox"/> No N/A. No non-employee worker was noted in the factory.
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 B1 – If other, please give details: N/A. No non-employee worker was noted in the factory.
C: If any checked, give details:	N/A. No non-employee worker was noted in the factory.

Agency Workers (if applicable) <i>(workers sourced from a local agent who are not directly paid by the site, but paid by the agency, Usually the agencies are paid by the site and the wages of the individual workers are paid by the agency.)</i>	
A: Number of agencies used (average):	A1: Names if available: N/A. No agency worker was noted in the factory.
B: Were agency workers' age / pay / hours included within the scope of this audit?	<input type="checkbox"/> Yes <input type="checkbox"/> No N/A. No agency worker was noted in the factory.
C: Were sufficient documents for agency workers available for review?	<input type="checkbox"/> Yes <input type="checkbox"/> No N/A. No agency worker was noted in the factory.
D: Is there a legal contract / agreement with all agencies?	<input type="checkbox"/> Yes <input type="checkbox"/> No

	D1: Please give details: N/A. No agency worker was noted in the factory.
E: Does the site have a system for checking labour standards of agencies? If yes, please give details.	<input type="checkbox"/> Yes <input type="checkbox"/> No E1: Please give details: N/A. No agency worker was noted in the factory.

Contractors:	
<i>Note: contractors in this context are generally individuals who supply several workers to a site. Usually the contractors are paid by the site and the wages of the workers are paid by the contractor. Common terms include, gang bosses, labor provider,</i>	
A: Any contractors on site?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No A1: If yes, how many contractors are present, please give details:
B: If Yes , how many workers supplied by contractors?	N/A
C: Do all contractor workers understand their terms of employment?	<input type="checkbox"/> Yes <input type="checkbox"/> No C1: Please describe finding: N/A
D: If Yes , please give evidence for contractor workers being paid per law:	N/A

8A: Sub-Contracting and Homeworking

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

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

Note to auditor on homeworking:

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

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

Current Systems and Evidence Examined

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

Current systems:

Neither Sub-Contracting nor Homeworking was noted in the factory.

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

Details:

Document review: Subcontracting management procedure/records, social compliance procedures, etc.

Factory tour

Management interview

Worker interview

Non-compliance:

Description of non-compliance:

None observed

Objective evidence observed:

Not applicable

Observation:

Description of observation:

None observed

Objective evidence observed:

Not applicable

Good Examples observed:

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

Summary of homeworking – if applicable <input checked="" type="checkbox"/> Not Applicable please x			
A: If homeworking is being used, is there evidence this has been agreed with the main client?	<input type="checkbox"/> Yes <input type="checkbox"/> No A1: If Yes , summarise details:		
B: Number of homeworkers	B1: Male:	B2: Female:	Total:
C: Are homeworkers employed direct or through agents?	<input type="checkbox"/> Directly <input type="checkbox"/> Through Agents		C1: If through agents, number of agents:
D: Is there a site policy on homeworking?	<input type="checkbox"/> Yes <input type="checkbox"/> No		
E: How does the site ensure worker hours and pay meet local laws for homeworkers?			

F: What processes are carried out by homeworkers?	
G: Do any contracts exist for homeworkers?	<input type="checkbox"/> Yes <input type="checkbox"/> No G1: Please give details:
H: Are full records of homeworkers available at the site?	<input type="checkbox"/> Yes <input type="checkbox"/> No

9: No Harsh or Inhumane Treatment is Allowed

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

ETI

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

Additional elements:

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

<p>A: Are there published, anonymous and/or open channels available for reporting any violations of Labour standards and H&S or any other grievances to a 3rd party?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No A1: Please give details: Suggestion box. Based on documents review and management interview, it was noted that all employees would freely express their opinion to the factory management or worker committee. During employee interview, sampled employees stated that they were comfortable to express their viewpoints and most of their concerns were solved.</p>
<p>B: If Yes, are workers aware of these channels and have access? Please give details.</p>	<p>Per employee interview, they stated that there was an internal open channel such as suggestion box and worker committee for reporting such violations.</p>
<p>C: If yes, what type of mechanism is used e.g. hotline, whistle blowing mechanism, comment box etc. Please give details.</p>	<p>Suggestion box</p>
<p>D: Which of the following groups is there a grievance mechanism in place for?</p>	<p><input checked="" type="checkbox"/> Workers <input type="checkbox"/> Communities <input type="checkbox"/> Suppliers <input type="checkbox"/> Other D1: Please give details: Suggestion box was set in the factory.</p>
<p>E: Are there any open disputes?</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No E1: If yes, please give details</p>
<p>F: Does the site encourage its business partners (e.g. suppliers) to provide individuals and communities with access to effective grievance mechanisms (e.g. helplines or whistle blowing mechanism)</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No F1: If no, please give details</p>
<p>G: Is there a published and transparent disciplinary procedure?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No G1: If no, please explain</p>

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

<p>Current Systems and Evidence Examined</p> <p><i>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.</i></p>	
<p>Current systems: According to the factory's regulation, physical abuse or discipline, the threat of physical abuse, sexual or other harassment and verbal abuse or other forms of intimidation were prohibited in the factory. According to worker interview, the factory treated every worker with respect and dignity, and no worker was subject to any physical, sexual, psychological or verbal harassment and abuse.</p> <p>Evidence examined – to support system description (Documents examined & relevant comments. Include renewal/expiry date where appropriate):</p> <p>Details: Policy review, Worker interview, Management interview</p> <p>Any other comments: Nil</p>	

<p>Non-compliance:</p>	
<p>Description of non-compliance:</p> <p>None observed</p>	<p>Objective evidence observed:</p> <p>Not applicable</p>

<p>Observation:</p>	
<p>Description of observation:</p> <p>None observed</p>	<p>Objective evidence observed:</p> <p>Not applicable</p>

<p>Good Examples observed:</p>

Description of Good Example (GE): None observed	Objective Evidence Observed: Not applicable
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10. Other Issue areas: 10A: Entitlement to Work and Immigration

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

Additional Elements

10A.1 Only workers with a legal right to work shall be employed or used by the supplier.

10A.2 All workers, including employment agency staff, must be validated by the supplier for their legal right to work by reviewing original documentation.

Current Systems and Evidence Examined

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

Current systems:

Factory has directly employed all the workers in production workshop. According to management and employee interview, all workers in the factory owned the legal right to work.

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

Details:

Management interview and documents review: Factory recruitment policy, labor contract, social compliance procedures, etc.

Any other comments:

Nil

Non-compliance:

Description of non-compliance:

None observed

Objective evidence observed:

Not applicable

Observation:

Description of observation:

None observed

Objective evidence observed:

Not applicable

Good examples observed:

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

10. Other issue areas 10B2: Environment 2–Pillar

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

To be completed for a 2–Pillar SMETA Audit, and remove the following page which is 10B4 environment 4 pillar

10B2.1 Suppliers must comply with the requirements of local and international laws and regulations including having necessary permits.

10B2.2 The supplier should be aware of and comply with their end clients' environmental requirements. Note for auditors and readers, this is not a full environmental assessment but a check on basic systems and management approach.

Current Systems and Evidence Examined

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

Current systems:

The factory provided the report form of environmental impacts of the construction of the facility, the approval document of environment impact assessment and the approval document for on-site inspection and acceptance of completed environmental protection facilities and other environmental documents for review.

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

Details:
Environmental policy, training records

Any other comments:
Nil

Non-compliance:

Description of non-compliance:

None observed

Objective evidence observed:

Not applicable

Observation:

Description of observation:

None observed

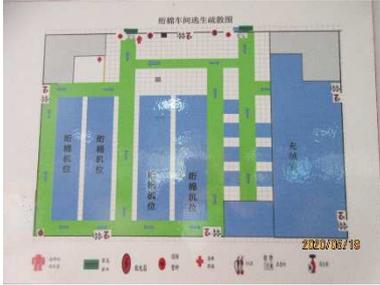
Objective evidence observed:

Not applicable

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

Photo Form

		
<p>No.1 Factory name</p>	<p>No.2 Factory gate</p>	<p>No.3 Production and office combined building</p>
		
<p>No.4 Canteen and production combined building</p>	<p>No.5 Production building</p>	<p>No.6 Warehouse building</p>
		
<p>No.7 Warehouse buildings (not used)</p>	<p>No.8 Canteen inside</p>	<p>No.9 Cutting section</p>
		

<p>No.10 Sewing section</p>	<p>No.11 Filling section</p>	<p>No.12 Finishing section</p>
		
<p>No.13 Inspection and packing section</p>	<p>No.14 Safety exit sign and emergency light</p>	<p>No.15 Evacuation plan</p>
		
<p>No.16 Warning sign posted</p>	<p>No.17 Suggestion box</p>	<p>No.18 Drinking water</p>
		
<p>No.19 First aid kit</p>	<p>No.20 Fire extinguishers</p>	<p>No.21 Fire hydrant</p>
		
<p>No.22 Fire alarm</p>	<p>No.23 Toilet</p>	<p>No.24 Attendance recording machine</p>

<p>No.25 PPE Provided</p>	<p>No.26 Needle guard</p>	<p>No.27 Fire extinguisher with proper pressure</p>

NC photo

	<p>Nil</p>	<p>Nil</p>
<p>No.1 No gap between stacks and walls</p>	<p>N/A</p>	<p>END</p>

Observation photo

<p>No.1 No needle guard</p>	<p>No.2 Corrective action taken – needle guard equipped</p>	<p>No.3 No content label / No secondary container for chemical</p>

	<p>Nil</p>	<p>Nil</p>
<p>No.4 Corrective action taken – content label posted and secondary container existed</p>	<p>Nil</p>	<p>END</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=riPsbE0PQ52ehCo3lnq5Iw_3d_3d

[Click here for Supplier \(B\) members:](http://www.surveymonkey.com/s.aspx?sm=d3vYsCe48fre69DRgIY_2brg_3d_3d)

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