




# Sedex Members Ethical Trade Audit Report

Version 6.0



Audit Details			
Sedex Company Reference: <i>(only available on Sedex System)</i>	ZC: Nil	Sedex Site Reference: <i>(only available on Sedex System)</i>	ZS: Nil
Business name (Company name):	Nil		
Site name:	Shanghai Diyou Acrylic Crafts Co., Ltd		
Site address: <i>(Please include full address)</i>	No.68 Lane 901 Kangye Road Qingpu District Shanghai	Country:	China
Site contact and job title:	Melody Jiang/ Business Director		
Site phone:	021-69839251	Site e-mail:	melody@shdiy.com
SMETA Audit Type:	<input checked="" type="checkbox"/> Labour Standards	<input checked="" type="checkbox"/> Health & Safety	<input checked="" type="checkbox"/> Environment <input type="checkbox"/> Business Ethics
Date of Audit:	April 18, 2018		

<b>Audit Company Name &amp; Logo:</b>  	<b>Report Owner (payee):</b>  Shanghai Diyou Acrylic Crafts Co., Ltd
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Audit Conducted By					
Commercial	<input checked="" type="checkbox"/>	Purchaser	<input type="checkbox"/>	Retailer	<input type="checkbox"/>
Brand owner	<input type="checkbox"/>	NGO	<input type="checkbox"/>	Trade Union	<input type="checkbox"/>
Multi-stakeholder	<input type="checkbox"/>	Combined Audit (select all that apply)			

## Audit Content:

- (1) A SMETA audit was conducted which included some or all of Labour Standards, Health & Safety, Environment and Business Ethics. The SMETA Best Practice Version 6.0 April 2017 was applied. The scope of workers included all types at the site e.g. direct employees, agency workers, workers employed by service providers and workers provided by other contractors. Any deviations from the SMETA Methodology are stated (with reasons for deviation) in the SMETA Declaration.
- (2) The audit scope was against the following reference documents
  - 2-Pillar SMETA Audit**
    - ETI Base Code
    - SMETA Additions
      - Universal rights covering UNGP
      - Management systems and code implementation,
      - Responsible Recruitment
      - Entitlement to Work & Immigration,
      - Sub-Contracting and Home working,
  - 4-Pillar SMETA**
    - 2-Pillar requirements plus
    - Additional Pillar assessment of Environment
    - Additional Pillar assessment of Business Ethics
    - The Customer's Supplier Code (Appendix 1)
- (3) Where appropriate non-compliances were raised against the ETI code / SMETA Additions & local law and recorded as non compliances on both the audit report, CAPR and on Sedex.
- (4) Any Non-Compliance against customer code shall not be uploaded to Sedex. However, in the CAPR these 'Variances in compliance between ETI code / SMETA Additions/ local law and customer code' shall be noted in the observations section of the CAPR.

## SMETA Declaration

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

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

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

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

Lead auditor: Shaun Cai

Team auditor: Nil

Interviewers: Shaun Cai

Report writer: Shaun Cai

Report reviewer: Rita Huang

Date of declaration: April 24, 2018

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

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

## Non-Compliance Table

Issue <i>(please click on the issue title to go direct to the appropriate audit results by clause) Note to auditor, please ensure that when issuing the audit report, hyperlinks are retained.</i>	Area of Non-Conformity <i>(Only check box when there is a non-conformity, and only in the box/es where the non-conformity can be found)</i>				Record the number of issues by line*:			NC Findings Only <i>(note to auditor, summarise in as few words as possible NC's only)</i>
	ETI Base Code	Local Law	Additional Elements	Customer Code	NC	Obs	GE	
0A <a href="#">Universal Rights covering UNGP</a>			<input type="checkbox"/>	<input type="checkbox"/>		0	0	Nil
0B <a href="#">Management systems and code implementation</a>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	2	0	0	<p><b>Summary of Non-compliance finding 1:</b> The factory did not effectively communicate the ETI Base Code to the employees.</p> <p><b>Summary of Non-compliance finding 2:</b> Factory business license did not cover all production area.</p>
1. <a href="#">Freely chosen Employment</a>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	0	0	0	Nil
2. <a href="#">Freedom of Association</a>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	0	0	0	Nil
3. <a href="#">Safety and Hygienic Conditions</a>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>	1	0	0	<p><b>Summary of Non-compliance finding 1:</b> Workers did not wear earplugs in the workshop.</p>
4. <a href="#">Child Labour</a>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	0	0	0	Nil
5. <a href="#">Living Wages and Benefits</a>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	0	0	0	Nil
6. <a href="#">Working Hours</a>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>	1	0	0	<p><b>Summary of Non-compliance finding 1:</b> The monthly overtime hours of workers</p>

									exceeded legal requirement.
7	<u>Discrimination</u>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	0	0	0	Nil
8	<u>Regular Employment</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	0	0	0	Nil
8A	<u>Sub-Contracting and Homeworking</u>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	0	0	0	Nil
9	<u>Harsh or Inhumane Treatment</u>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	0	0	0	Nil
10A	<u>Entitlement to Work</u>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	0	0	0	Nil
10B2	Environment 2-Pillar		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	0	0	0	Nil
10B4	<u>Environment 4-Pillar</u>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NA	NA	NA	NA
10C	<u>Business Ethics</u>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NA	NA	NA	NA

General observations and summary of the site:

1. Social responsibility management policy had been established in the factory.
2. Li Lusheng/ Administrative director was responsible for compliance with the code.
3. No child labor was identified during the audit.
4. No forced labor was identified during the audit.
5. No discrimination was identified during the audit.
6. The workers could complain to their supervisors directly or through suggestion box.
7. Fire extinguishers were installed in the factory.
8. Fire fighting facilities were installed in the factory. Regular examinations were made by the factory.
9. First aid kits were available in the factory. All injuries were well recorded.
10. The factory paid wages to all workers on time and payslips were provided to workers.
11. Minimum wages and overtime wages of workers were guaranteed.
12. The normal working hours were 8 hours per day and 40 hours per week.
13. The factory signed labor contracts with all workers. A copy had been provided to each of them.
14. Drinking water and toilets were adequate and available for workers.

15. Safety training was provided to workers when they were employed. And they would be retrained irregularly.

*\*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:	Nil
B: Site name:	Shanghai Diyoo Acrylic Crafts Co., Ltd
C: Applicable business and other legally required licence numbers and documents for example, business license no, liability insurance, any other required government inspections	Business License NO.: 91310118666027314A Valid from August 24, 2007 to August 22, 2027.
D: Products/Activities at site, for example, garment manufacture, electricals, toys, grower	Acrylic products and etc.

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<p>E: Site description: (Include size, location, and age of site. Also, include structure and number of buildings)</p>	<p>Shanghai Diyou Acrylic Crafts Co., Ltd was located at No.68 Lane 901 Kangye Road Qingpu District Shanghai. The factory occupied a 3-storey building as production workshop, office and warehouse. No dormitory, kitchen or canteen in the factory. The factory started their operation at the existing location since August 24, 2007.</p> <p>A total of 29 workers worked in the factory. They all worked 5 days a week and had the same shift. It was 8:00-11:30/12:30-17:00. Workers might work overtime 8 hours on Saturdays. Workers' wages were calculated on hourly-rated basis. The peak season was not obvious per year according to management interview and workers interview.</p> <p>Visible structural integrity issues (large cracks) observed and without structural engineer evaluation</p> <p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p> <p>Details: Based on site tour, the structure of building is safe and integrated. No cracks are found during this audit.</p> <table border="1" data-bbox="639 1003 1469 1435"> <thead> <tr> <th>Production Building</th> <th>Description</th> <th>Remark, if any</th> </tr> </thead> <tbody> <tr> <td>1/F</td> <td>Cutting Polishing Sculpture Warehouse</td> <td>NA</td> </tr> <tr> <td>2/F</td> <td>Printing Assembling Packing Warehouse</td> <td>NA</td> </tr> <tr> <td>3/F</td> <td>Office</td> <td>NA</td> </tr> <tr> <td>Is this a shared building?</td> <td>No</td> <td>NA</td> </tr> </tbody> </table>	Production Building	Description	Remark, if any	1/F	Cutting Polishing Sculpture Warehouse	NA	2/F	Printing Assembling Packing Warehouse	NA	3/F	Office	NA	Is this a shared building?	No	NA
Production Building	Description	Remark, if any														
1/F	Cutting Polishing Sculpture Warehouse	NA														
2/F	Printing Assembling Packing Warehouse	NA														
3/F	Office	NA														
Is this a shared building?	No	NA														
<p>F: Site function:</p>	<p><input type="checkbox"/> Agent</p> <p><input checked="" type="checkbox"/> Factory Processing/Manufacturer</p> <p><input type="checkbox"/> Finished Product Supplier</p> <p><input type="checkbox"/> Grower</p> <p><input type="checkbox"/> Homeworker</p> <p><input type="checkbox"/> Labour Provider</p> <p><input type="checkbox"/> Pack House</p> <p><input type="checkbox"/> Primary Producer</p> <p><input type="checkbox"/> Service Provider</p> <p><input type="checkbox"/> Sub-Contractor</p>															
<p>G: Month(s) of peak season: (if applicable)</p>	<p>Not obvious.</p>															
<p>H: Process overview: (Include products being produced, main operations, number of production lines,</p>	<p>The main products manufactured in the factory were Acrylic products and etc. The main production process was as below:</p>															

<p>main equipment used)</p>	<p>Raw materials-Cutting-Polishing-Sculpture-Printing-Assembling-Packing-Finished goods Main equipments were used in the factory: Cutting machines, Polishing machines, Sculpture machines, Printing machines and etc.</p>
<p>I: What form of worker representation / union is there on site?</p>	<p><input type="checkbox"/> Union (name) <input checked="" type="checkbox"/> Worker Committee <input type="checkbox"/> Other (specify) <input type="checkbox"/> None</p>
<p>J: Is there any night production work at the site?</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
<p>K: Are there any on site provided worker accommodation buildings e.g. dormitories</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes approx. % of workers in on site accommodation</p>
<p>L: Are there any off site provided worker accommodation buildings</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes approx. % of workers</p>
<p>M: Were the site provided accommodation buildings included in this audit</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No NA If No, please give details</p>

Audit Parameters			
A: Time in and time out	Day 1 Time in: 8:30 Day 1 Time out: 17:00	Day 2 Time in: Nil Day 2 Time out: Nil	Day 3 Time in: Nil Day 3 Time out: Nil
B: Number of Auditor Days Used:	1 auditor used 1 on-site MD.		
C: Audit type:	<input checked="" type="checkbox"/> Full Initial <input type="checkbox"/> Periodic <input type="checkbox"/> Full Follow-up <input type="checkbox"/> Partial Follow-Up <input type="checkbox"/> Partial Other – Define		
D: Was the audit announced?	<input checked="" type="checkbox"/> Announced <input type="checkbox"/> Semi – announced: Window detail:    weeks <input type="checkbox"/> Unannounced		
E: Was the Sedex SAQ available for review?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If No, why not: The factory did not complete SAQ.		
F: Any conflicting information SAQ/Pre-Audit Info to Audit findings?	<input type="checkbox"/> Yes <input type="checkbox"/> No NA If <b>Yes</b> , please capture detail in appropriate audit by clause		
G: Who signed and agreed CAPR (Name and job title)	Li Lusheng/ Administrative director		
H: Is further information available (if Y please contact audit company for details)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
I: Previous audit date:	Nil		
J: Previous audit type:	NA		
K: Was any previous audit reviewed during this audit	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A		

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

<p>D: If Worker Representatives were not present please explain reasons why <i>(only complete if no worker reps present)</i></p>	<p>NA</p>
<p>E: If Union Representatives were not present please explain reasons why: <i>(only complete if no union reps present)</i></p>	<p>NA No Trade Union in the factory.</p>

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## Worker Analysis

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

Worker Analysis								
	Local			Migrant*			Home workers	Total
	Permanent	Temporary	Agency	Permanent	Temporary	Agency		
Worker numbers – Male	15	0	0	0	0	0	0	15
Worker numbers – female	14	0	0	0	0	0	0	14
Total	29	0	0	0	0	0	0	29
Number of Workers interviewed – male	5	0	0	0	0	0	0	5
Number of Workers interviewed – female	5	0	0	0	0	0	0	5
Total – interviewed sample size	10	0	0	0	0	0	0	10

A: Nationality of Management	China
B: Majority nationality of workers	Main countries: Country 1: China approx % total workforce__100%__
C: Worker remuneration (management information)	__0__% workers on piece rate __100__% hourly paid workers __0__% salaried workers  Payment cycle: __0__% daily paid __0__% weekly paid __100__% monthly paid __0__% other – please give details

Worker Interview Summary	
A: Were workers aware of the audit?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
B: Were workers aware of the code?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
C: Number of group interviews: <i>(Please specify number and size of groups. Please see SMETA Best Practice Guidance and Measurement Criteria. If the auditor was not able to follow the BPG, please state within the declaration)</i>	1 group with 4 employees
D: Number of individual interviews <i>(Please see SMETA Best Practice Guidance and Measurement Criteria)</i>	Male: 3      Female: 3
E: All groups of workers are included in the scope of this audit such as; Direct employees, Casual and agency workers, Workers employed by service providers such as security and catering staff as well as workers supplied by other contractors. <i>Note to auditor: please record details of migrant /agency/contractor workers in section 8 – Regular Employment, under Responsible Recruitment</i>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No  If N, please give details NA
F: Interviews were done in private and the confidentiality of the interview process was communicated to the workers?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
G: In general, what was the attitude of the workers towards their workplace?	<input checked="" type="checkbox"/> Favourable <input type="checkbox"/> Non-favourable <input type="checkbox"/> Indifferent
H: What was the most common worker complaint?	No worker complained anything during the interview.
I: What did the workers like the most about working at this site?	All workers said that they were satisfied with working condition.
J: Any additional comment(s) regarding interviews:	Nil
K: Attitude of workers to hours worked:	The workers satisfied with the working hours.
L: Is there any worker survey information available?	
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If Yes, please give details: Cross check by document review, management interview and workers interview.	
M: Attitude of workers: <i>(Include their attitude to management, workplace, and the interview process. Both positive and negative information should be included) Note: Do not document any information that could put workers at risk</i>	
The factory agreed that ESTS auditor conducted confidential interviews with workers who are chosen freely without any influence by the factory management; 10 workers were randomly selected from different	

workshops for individual or group interviews; The workers interviews were conducted at an independent room that located at the workshop. The workers showed a cooperative attitude during the interview process. Based on the workers interview, workers expressed their positive attitude to management and workplace. All workers said that they were satisfied with working condition and the wage in the factory.

The information of interviewed workers as follows:

1. For child labor issues, all interviewed workers said that the factory checked their ID cards to verify their ages and kept their ID copies during recruitment. No child labour was identified during the audit.
2. For forced labor issues, they said they were not required the "deposit" or deposited their personal ID cards; the employees could resign at their option and should notice the factory in advance in 30 days. All interviewees said they can leave factory freely after work-off during the lunch break and dinner break.
3. For discrimination issues, they said they could obtain the job based on their working experiences and abilities, the female worker or male workers' wages were calculated at the same rate if they engaged for the same work. All interviewees confirmed that no discrimination occurred in the factory.
4. For discipline practice issues, the interviewees said they would be warned if they broke the factory rules.
5. For safety and health issues, the workers were satisfied with the working condition and the factory regularly provided safety training to workers. The new employed workers would be trained before they engaged their work. Fire drills were conducted periodically, the last fire drill which included the evacuation exercise and the use of the fire extinguishing facilities was conducted on March 30, 2018.
6. For working hour's issues, all interviewed worker said they normally worked 5 days per week and 8 hours per day. All interviewees said that they occasionally overtime 8 hours on Saturdays.
7. For wages issues, all interviewees said that their wages were calculated by hourly-rated and the wages were paid by cash before 20<sup>th</sup> of next month. Paid annual leave and statutory holiday wage was available for them.
8. For freedom of association issue, all interviewees said they selected 2 employee representatives by themselves. They confirmed that they could complain to their supervisors directly and employees representative or through suggestion box.
9. For Regular Employment issue, all interviewees said that the factory had signed contracts with them and kept the copies.

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 workers reps showed a cooperative attitude during the interview process. Based on the interview, the reps expressed their positive attitude to management and workplace.

O: Attitude of Managers:

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

The management was cooperative throughout the process of the audit. All requested documents were provided in a timely manner, all necessary areas were allowed access for tour, and a private meeting room was arranged for worker interview. Moreover, the management promised to take corrective actions for non-compliances.

## Audit Results by Clause

### 0A: Universal Rights covering UNGP

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

#### 0.A. Guidance for Observations

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

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

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

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

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

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

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

### Current Systems and Evidence Examined

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

#### Current systems:

1. The factory had 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.

2. Li Lusheng/ Administrative director was appointed to be responsible for implementing standards concerning Human rights.

3. The factory had identified their stakeholders and salient issues.

4. The factory had measured their direct, indirect, and potential impacts on stakeholders (rights holders) human rights.

5. The factory had a procedure show that the factory will address these issues and enable effective remediation if have an adverse impact on human rights within any of their stakeholders.

6. The factory had a transparent system in place for confidentially reporting, and dealing with human rights impacts without fear of reprisals towards the reporter.

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

##### Details:

1. Policy and Procedure review
2. Document records review
3. Management and workers interview
4. Factory tour

##### 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                  Please give details: Factory policy statement that expresses commitment to respect human rights.</p>
<p>B: Does the business have a designated person responsible for implementing standards concerning Human Rights?</p>	<p><input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No                  Please give details:                  Name: Li Lusheng                  Job title: Administrative director</p>
<p>C: Does the businesses have a transparent system in place for confidentially reporting, and dealing with human rights impacts without fear of reprisals towards the reporter?</p>	<p><input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No                  Please give details: The factory had a transparent system in place for confidentially reporting, and dealing with human rights impacts without fear of reprisals towards the reporter.</p>
<p>D: Does the business demonstrate effective data privacy procedures for workers' information, which is implemented?</p>	<p><input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No                  Please give details: The factory demonstrates effective data privacy procedures for workers' information, which is implemented.</p>

Findings	
<p><b>Finding:</b> Observation <input type="checkbox"/> Company NC <input type="checkbox"/></p> <p><b>Description of observation:</b>                      Nil</p> <p><b>Local law or ETI/Additional elements / customer specific requirement:</b>                      NA</p> <p><b>Comments:</b>                      NA</p>	<p><b>Objective evidence observed:</b>                      NA</p>

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

## Measuring Workplace Impact

Workplace Impact		
A: Annual worker turnover: Number of workers leaving in last 12 months as a % of average total number of workers on site over the year (annual worker turnover)	Last year: __10__ %	This year __10__ %
B: Current % quarterly (90 days) turnover: Number of workers leaving from the first of the 90 day period through to the last day of the 90 day period / [(number of employees on the 1 <sup>st</sup> day of 90 day period + number of employees on the last day of the 90 day period) / 2]	10%	
C: Annual % absenteeism: Number of days lost through job absence in the year / [(number of employees on 1 <sup>st</sup> day of the year + number employees on the last day of the year / 2] * number available workdays in the year	Last year: _0_ %	This year _0_ %
D: Quarterly (90 days) % absenteeism: Number of days lost through job absence in the period / [(Number of employees on 1 <sup>st</sup> of the period + Number of employees on the last day of the period / 2] * Number of available workdays in the month	0%	0%
E: Are accidents recorded?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: The factory provided accidents records 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]	Last year: 0% Number: 0	This year: 0% Number: 0
G: Quarterly (90 days) number of work related accidents and injuries per 100 workers: [Number of work related accidents and injuries * 100] / Number of total workers]	0	0
H: Lost day work cases per 100 workers: [(Number of lost days due to work accidents and work related injuries * 100) / Number of total workers]	Last year: 0	This year: 0
I: % of workers that work on average more than 48 standard hours / week in the last 6 / 12 months:	6 months __0__% workers	12 months __0__% workers
J: % of workers that work on average more than 60 total hours / week in the last 6 / 12 months:	6 months __0__% workers	12 months __0__% workers

**0B: Management system and Code Implementation**  
[\(click here to return to NC Table\)](#)

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

**Current Systems and Evidence Examined**

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

**Current systems:**

1. Li Lusheng/ Administrative director was appointed to be responsible for compliance with the local laws and Codes.
2. The factory had established an internal audit and supplier assessment program on social responsibility.
3. The factory conducted social accountability assessment to itself and its suppliers.
4. The factory had communicated this Code to their suppliers.
5. The factory had not communicated this Code to all employees.
6. Based on talking with factory management, they were familiar with local laws and ETI Base Code.

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

Details:

1. Social accountability Policy and Procedure
2. Assessment Report
3. Management and workers interview
4. Factory tour

Any other comments:  
 Nil

**Management Systems:**

<p>A: In the last 12 months, has the site been subject to any fines/prosecutions for non-compliance to any regulations?</p>	<p><input type="checkbox"/> Yes  <input checked="" type="checkbox"/> No          Please describe: In the last 12 months, the factory had no any fines/prosecutions for non-compliance to any regulations.</p>
<p>B: Do policies and/or procedures exist that reduce the risk of forced labour, child labour, discrimination, harassment &amp; abuse?</p>	<p><input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No          Please describe: The factory had established relevant procedures about reduce the risk of</p>

	forced labour, child labour, discrimination, harassment & abuse.
C: If Yes, is there evidence (an indication) of effective implementation? Please give details.	Yes, the factory had established relevant procedures about reduce the risk of forced labour, child labour, discrimination, harassment & abuse. And all workers had known it.
D: Have Managers and workers received training in the standards for forced labour, child labour, discrimination, harassment & abuse?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: The factory had conducted the training in March 2018 in the standards for forced labour, child labour, discrimination, harassment & abuse.
E: If Yes, is there evidence (an indication) that training has been effective e.g. training records etc.? Please give details	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: The auditor reviewed training records, and cross-checked with management and workers.
F: Does the site have any internationally recognised system certifications e.g. ISO 9000, 14000, OHSAS 18000, SA8000 (or other social audits). Please detail (Number and date).	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please describe: NA
G: Is there a Human Resources Manager/department? If Yes, please detail.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: Li Lusheng/ Administrative director
H: Is there a senior person /Manager responsible for implementation of the Code	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: Li Lusheng/ Administrative director
I: Is there a policy to ensure all worker information is confidential	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: The factory had a policy named human resource procedure to ensure all worker information is confidential.
J: Is there an effective procedure to ensure confidential information is kept confidential	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: The factory had a policy named human resource procedure to ensure confidential information is kept confidential.
K: Are risk assessments conducted to evaluate policy and procedure effectiveness?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: Risk assessments conducted per year to evaluate policy and procedure effectiveness.
L: Does the facility have a process to address issues found when conducting risk assessments, including	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: The factory had a process to address

implementation of controls to reduce identified risks?	issues found when conducting risk assessments, including implementation of controls to reduce identified risks.
M: Does the facility have a policy/code which require labour standards of its own suppliers?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: The factory had a policy/code which required labour standards of its own suppliers.
<b>Land rights</b>	
N: Does the site have all required land rights licenses and permissions (see SMETA Measurement Criteria)?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: The factory provided relevant license and permission for review.
O: Does the site have systems in place to conduct legal due diligence to recognize and apply national laws and practices relating to land title	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: Relevant document were reviewed.
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 If yes, how does the company obtain FPIC: The factory had a written policy and procedures specific to land rights.
Q: Is there evidence that facility site compensated the owner/lessor for the land prior to the facility being built or expanded. Please give details.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: Lease contract was reviewed during this audit.
R. Does the Facility demonstrate that alternatives to a specific land acquisition were considered to avoid or minimize adverse impacts Please give details.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details:
S: Is There any evidence of illegal appropriation of land for facility building or expansion of footprint.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Details:

**Non-compliance:**

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

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

The factory did not effectively communicate the ETI Base Code to the employees.

**Local law and/or ETI requirement:  
 Managements system and Code Implementation**

0.B.4 Suppliers are expected to communicate this Code to all employees.

**Recommended corrective action:**

It is recommended that the factory should communicate the ETI Base Code to all employees and post the ETI Base Code in the factory.

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

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

Factory business license did not cover all production area.

**Local law and/or ETI requirement:  
 The Regulations of PRC for Controlling the Registration of Enterprises as Legal Persons (2014), Article 17**

If the business entity changes the name, domicile, business premises, legal representative, economic nature, scope of business, mode of operation, registered capital, operating period, and add or revoke branches, shall apply for registration of change.

**Management system and Code Implementation 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.

**Recommended corrective action:**

It is recommended that the factory should renew the business license address according to legal requirement.

**Objective evidence observed 1:**

Based on site observation and worker interviews, the factory did not effectively communicate the ETI Base Code to the employees.

**Objective evidence observed 2:**

Based on site observation and business license review, it was noted that factory occupied all of a 3-storey production building. But only 1F was indicated on the business license.

**Observation:**

**Description of observation:**

Nil

**Local law or ETI requirement:**

NA

**Comments:**

NA

**Objective evidence observed:**

NA

Good Examples observed:	
Description of Good Example (GE): Nil	<b>Objective evidence observed:</b> NA

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

**ETI**

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

**Current Systems and Evidence Examined**

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

**Current systems:**

- 1. The factory rules and policies showed that employees could be freely resignation after communication with management in advance 30 days. No deposit would be required.
- 2. No force, bonded or involuntary prison labour was observed during the date of audit.
- 3. The employees obtained their job by themselves or by friend's recommendation.
- 4. They did not require lodging deposits or their Identity papers to the factory at the beginning of employment.

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

Details:

- 1. Factory Policy and Procedure
- 2. Personnel files (all were checked)
- 3. Resignation records
- 4. Employee handbook
- 5. Management and workers interview
- 6. Factory tour

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          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          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          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          Please describe finding: No such evidence was found.</p>

<p>E: If any part of the business is UK based / registered &amp; turnover is 36m+ there is a requirement to publish a 'modern day slavery statement'. F: Is there a modern day slavery statement published</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Please describe finding:</p> <p><input checked="" type="checkbox"/> Not applicable</p>
<p>G: Is there evidence of any restrictions on workers' freedoms to leave the site at the end of the work day</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>Please describe finding: No such evidence was found.</p>
<p>H: Does the site understand the risks of forced / trafficked / bonded labour in it's supply chain</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If yes please give details and category of workers affected:</p> <p><input checked="" type="checkbox"/> Not applicable</p>
<p>I: Is the site taking any steps taking to reduce the risk of forced / trafficked labour?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Please describe finding: The factory had procedure and policy to reduce the risk of forced &amp; trafficked labour.</p>

**Non-compliance:**

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

<p><b>Description of observation:</b>                  Nil</p> <p><b>Local law or ETI requirement:</b>                  NA</p> <p><b>Comments:</b>                  NA</p>	<p><b>Objective evidence observed:</b>                  NA</p>
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<b>Good Examples observed:</b>	
Description of Good Example (GE): Nil	<b>Objective evidence observed:</b> NA

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

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

**ETI**

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

**Current Systems and Evidence Examined**

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

**Current systems:**

- 1. Based on documents review, the factory had established a Worker Committee Management Procedure. It was identified that employee representatives should be elected by employees freely.
- 2. The procedure and meeting records showed that the committee communicated with factory management quarterly. And relevant records were kept by the factory.
- 3. All interviewees confirmed that they could raise their complaints to the workers representatives and suggestion box.
- 4. The Chinese constitution guarantees Freedom of Association; however, the Trade Union Act prevents the establishment of trade unions independent of the sole official trade union – the All China Federation of Trade Unions (ACFTU). As a consequence, all trade unions of factories in China are under the management of ACFTU. And most of the trade union representatives are appointed directly by it. Additionally, the trade union activity is limited on the right to organize and bargain collectively in China.

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

Details:

- 1. Complaint & handling record
- 2. Freedom of Association Policy
- 3. Meeting minutes of the workers committee meeting
- 4. Selection program and records
- 5. Management and workers interview
- 6. Factory tour

Any other comments:

Nil

A: What form of worker representation/union is there on site?

- Union (name)
- Worker Committee
- Other (specify)

	<input type="checkbox"/> None	
B: Is it a legal requirement to have a union?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
C: Is it a legal requirement to have a worker's committee?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
D: Is there any other form of effective worker/management communication channel? (Other than union/worker committee) e.g. H&S, sexual harassment	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Describe: H&S committee  Is there evidence of free elections? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
E: Does the supplier provide adequate facilities to allow the Union or committee to conduct related business?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details:	
F: Name of union and union representative, if applicable:	NA	Is there evidence of free elections? <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A
G: If no union what is parallel means of consultation with workers e.g. worker committees?	Worker committees were available.	Is there evidence of free elections? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
H: Are all workers aware of who their representatives are?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
I: Were worker representatives freely elected?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Date of last election: May 16, 2017
J: Do workers know what topics can be raised with their representatives?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Working, life and etc.
K: Were worker representatives/union representatives interviewed	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If <b>Yes</b> , please state how many: 1 worker representative was interviewed.	
L: State any evidence that union/worker's committee is effective? <i>Specify date of last meeting; topics covered; how minutes were communicated etc.</i>	Last meeting date: March 6, 2018 Topics: Health and safety The methods of minutes were communicated: 60 minutes.	
M: Are any workers covered by Collective Bargaining Agreement (CBA)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	

N: If <b>Yes</b> what percentage by trade Union/worker representation	_NA_% workers covered by Union CBA	_NA_% workers covered by worker rep CBA
O: If <b>Yes</b> , does the Collective Bargaining Agreement (CBA) include rates of pay	<input type="checkbox"/> Yes <input type="checkbox"/> No NA	

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

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

Good Examples observed:	
<b>Description of Good Example (GE):</b> Nil	<b>Objective evidence observed:</b> NA

### 3: Working Conditions are Safe and Hygienic

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

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

#### Current Systems and Evidence Examined

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

#### Current systems:

- 1. The factory established a health and safety policy, and a health and safety committee was established in the factory.
- 2. Lou Minglong/ Packing Supervisor was the representative of health and safety system.
- 3. Check records of fire fighting equipments were available on site, it was identified that all fire fighting equipments were checked by safety guards monthly.
- 4. Fire drill records with photos showed that the factory conducted fire drill in the factory. The latest fire drill was conducted on March 30, 2018.
- 5. There was one electrician in the factory. The certificate was provided by the factory for review during the audit.
- 6. Accident records were kept and provided for review. It was identified that no significant accident was occurred in the factory. For any accident, the factory had conducted root cause analysis / corrective actions / preventive actions.
- 7. The factory had provided the fire safety certificate and structure safety certificate of factory buildings for review.
- 8. There were at least two exits at each floor in the factory.
- 9. Adequate toilet was provided in the factory.
- 10. Fire fighting facilities were equipped in the factory.
- 11. Personal Protective Equipment was provided to workers free of charge.
- 12. Adequate first aid kits were equipped in place.
- 13. Based on observation on site, the lighting was acceptable at each workshop.
- 14. Based on site observation, potable water was provided for workers at each workshop. Based on workers interview, they could access the potable water freely during working time.
- 15. Based on observation on site, the all factory buildings were secure.

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

##### Details:

- 1. Health and safety policy
- 2. Training records and certificates

3. Fire equipment maintenance records
4. Fire drill records
5. Building structure safety certificates and the fire safety certificate
6. Accident records
7. Chemical list and MSDS for each chemical
8. Management and worker interview
9. Factory tour

Any other comments:  
Nil

<p>A: Does the facility have general Health &amp; Safety and occupational Health &amp; Safety policies and procedures that are fit for purpose and are these communicated to workers?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Details: The factory have general Health &amp; Safety and occupational Health &amp; Safety policies and procedures that are fit for purpose and are these communicated to workers.</p>
<p>B: Are the policies included in worker's manual?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Details:</p>
<p>C: Are there any structural additions without required permits/inspections (e.g. floors added)?</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>Details: No such evidence was available.</p>
<p>D: Are visitors to the site informed on H&amp;S and provided with personal protective equipment</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Details: NA</p>
<p>E: Is a medical room or medical facility provided for workers?  If yes, do the room(s) meet legal requirements and is the size/number of rooms suitable for the number of workers.</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Details: No medical room was in the factory, and sufficient first aid kits and first aiders were available in the factory.</p>
<p>F: Is there a doctor or nurse on site or there is easy access to first aider/ trained medical aid</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Details: Trained first aiders were available at each workshop.</p>
<p>G: Where facility provides worker</p>	<p><input type="checkbox"/> Yes</p>

transport - it is fit for purpose, safe and maintained and operated by competent persons e.g. buses and other vehicles	<input checked="" type="checkbox"/> No Details: No transport was provided for workers.
H: Secure personal storage space is provided for workers in their living space and is fit for purpose	<input type="checkbox"/> Yes <input type="checkbox"/> No NA Details: No living area provided.
I: H&S Risk assessments are conducted (including evaluating the arrangements for workers doing overtime e.g. driving after a long shift) and there are controls to reduce identified risk	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: H&S Risk assessments are conducted and there are controls to reduce identified risk.
J: Is the site meeting its legal obligations on environmental requirements including required permits for use and disposal of natural resources	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: The factory met its legal obligations on environmental requirements.
K: Is the site meeting its customer requirements on environmental standards, including the use of banned chemicals	<input type="checkbox"/> Yes <input type="checkbox"/> No NA Please describe: No customer requirements was provided.

**Non-compliance:**

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

NC against ETI       NC against Local Law       NC against customer code:  
 Workers did not wear earplugs in the workshop.

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

**Law of the People's Republic of China on Work Safety (2014 Amendment), Article 42**

Production and business units shall provide their employees with work protection gears that are up to national standards or industrial specifications, and they shall give instruction to their employees and see to it that they wear or use these gears in accordance with the rules for their use.

**ETI Base Code 3.1**

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

**Recommended corrective action:**

It is recommended that the factory should educate and ensure employees to use relevant personal protective equipment.

**Objective evidence observed 1:**

Based on site observation, 2 workers in the cutting workshop did not wear earplugs when exposed to noise.

**NC Photo #1**

Observation:	
<b>Description of observation:</b> Nil  <b>Local law or ETI requirement:</b> NA  <b>Recommended corrective action:</b> NA	<b>Objective evidence observed:</b> NA

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

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

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

**ETI**

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

**Current Systems and Evidence Examined**

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

**Current systems:**

- 1. The factory had established policy and procedure on prohibiting child labour.
- 2. Based on recruiting instruction review, all applicants should write register sheets during recruiting, and all information identified in the register sheets should be verified. And HR staff should interview with applicants and check ID cards to verify ages.
- 3. Based on documents review, the factory kept valid and sufficient age information such as copies of ID card, education certificate or other documents with employment history. And personal files showed that no child labour and young worker was identified in the factory.
- 4. Based on observation on site and workers interview, no child labour and young worker was identified during the audit.

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

Details:

- 1. Recruitment policies
- 2. Employees' personal files/ Employment registration/roster
- 3. Management and workers interview
- 4. Factory tour

Any other comments:

Nil

A: Legal age of employment	16 years old.
B: Age of youngest worker found:	The youngest worker found was 19 years old born on March 26, 1999 and hired on May 9, 2017.
C: Children present on work floor but not working at time of audit	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
D: % of under 18's at this site (of total workers)	0 %

<p>E: Workers under 18 subject to hazardous work assignments?  <a href="#">(Go to clause 3 – Health and Safety)</a></p>	<input type="checkbox"/> Yes <input type="checkbox"/> No NA If Y give details
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**Non-compliance:**

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

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

<p><b>Description of Good Example (GE):</b>                  Nil</p>	<p><b>Objective Evidence Observed:</b>                  NA</p>
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**5: Living Wages are Paid**

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

**ETI**

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

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

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

**Current Systems and Evidence Examined**

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

**Current systems:**

1. The factory had established policy and procedure on wages and benefits, and it was legal and acceptable.
2. The factory kept and provided payrolls from March 2017 to February 2018 for review during the audit. All workers were paid by hourly-rate, and the local minimum wage standard was set at RMB 2300 per month equivalent to RMB 13.22 (2300/21.75/8) per hour since April 1, 2017.
3. Based on payrolls review, the overtime wages of workers were guaranteed.
4. The wages were paid by cash before 20<sup>th</sup> of next month. Workers did not work overtime on statutory holidays.
5. Based on factory rules review, if the factory rules were broken, relevant workers would be warned and trained.
6. Paid annual leave, marriage & funeral leave, maternity leave and other legal benefits were provided for workers.
7. Based on workers and management interview, the factory provided detailed pay slips to all workers when they received wages.
8. According to the social insurance payment receipt provided by factory management, there were 29 employees in the factory. Based on social insurance records review, the factory provided 27 employees with social insurance, including pension insurance, unemployment insurance, medical insurance, accident insurance and maternity insurance. (Remark: The factory had bought commercial accident insurance for two employees which back to work after retirement.)

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

Details:

1. Attendance records: March 2017 to audit day
2. Payrolls records: March 2017 to February 2018
3. Leave records
4. Social insurance and payment receipts from the local labour department
5. Labour contracts for all employees (to examine agreed wage rates)
6. Resignation records
7. Workers' Payslips
8. Management and workers interview
9. Factory tour

Any other comments:  
Nil

**Non-compliance:**

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

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

**Objective evidence observed:**  
NA

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

NA

**Recommended corrective action:**

NA

**Observation:**

**Description of observation:**

Nil

**Objective evidence observed:**  
NA

**Local law or ETI requirement:**

NA

**Comments:**

NA

**Good Examples observed:**

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

Nil

**Objective Evidence Observed:**  
NA

**Summary Information**

Criteria	Local Law <i>(Please state legal requirement)</i>	Actual at the Site <i>(Record site results against the law)</i>	Is this part of a Collective Bargaining Agreement?
A: Standard/Contracted work hours: <i>(Maximum legal and actual required working hours excluding overtime, please state if possible per day, week, and month)</i>	Legal maximum: 8 hours per day, 40 hours per week	8 hours per day, 40 hours per week	<input type="checkbox"/> Yes <input type="checkbox"/> No NA
B: Overtime hours: <i>(Maximum legal and actual overtime hours, please state if possible per day, week, and month)</i>	Legal maximum: Maximum 3 hours per day,	40 hours per month	<input type="checkbox"/> Yes <input type="checkbox"/> No NA

	36 hours per month		
D: wage for standard/contracted hours: <i>(Minimum legal and actual minimum wage at site, please state if possible per hr, day, week, and month)</i>	Legal minimum: RMB 2300 per month equivalent to RMB 13.22 (2300/21.75/8) per hour since April 1, 2017.	More than RMB 2600 per month	<input type="checkbox"/> Yes <input type="checkbox"/> No NA
E: overtime wage: <i>(Minimum legal and actual minimum overtime wage at site, please state if possible per hour, day, week, and month)</i>	Legal minimum: 150% of normal wage for overtime on workdays; 200% of normal wage for overtime on rest days; 300% of normal wage for overtime on holidays	150% of normal wage for overtime on workdays; 200% of normal wage for overtime on rest days; 300% of normal wage for overtime on holidays	<input type="checkbox"/> Yes <input type="checkbox"/> No NA

<b>Wages analysis:</b> <a href="#">(Click here to return to Key Information)</a>		
A: Were accurate records shown at the first request?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
B: If <b>No</b> , why not?	NA	
C: Sample Size Checked <i>(State number of worker records checked and from which weeks/months – should be current, peak, and random/low. Please see SMETA Best Practice Guidance and Measurement Criteria)</i>	10 employees' attendance records and payrolls from March 2017 to February 2018.	
D: Are there different legal minimum wage grades? If <b>Yes</b> , please specify all.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If <b>Yes</b> , please give details: NA
E: If there are different legal minimum grades, are all workers graded and paid correctly?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A	If <b>No</b> , please give details: NA
F: For the lowest paid production workers, are wages paid for standard/contracted hours (excluding overtime) below or above the legal minimum?	Lowest Wages found: RMB 2600 per month.	Please indicate the breakdown of workforce per earnings:
	<input type="checkbox"/> Below legal	__0__% of workforce earning under min wage

	min <input type="checkbox"/> Meet <input checked="" type="checkbox"/> Above	___0___% of workforce earning min wage ___100___% of workforce earning above min wage
G: Bonus (amount specify)	Bonus Scheme found: Nil	
H: What deductions are required by law e.g. social insurance? Please state all types:	Social insurance.	
I: Have these deductions been made? Please list all deductions that have/have not been made.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If No, please describe The social insurance of workers was paid by the factory.	
J: Were appropriate records available to verify hours of work and wages?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
K: Were any inconsistencies found? (if yes describe nature)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Poor record keeping <input type="checkbox"/> Isolated incident <input type="checkbox"/> Repeated occurrence:	
L: Do records reflect all time worked? (For instance, are workers asked to attend meetings before or after work but not paid for their time)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: Records reflect all time worked.	
M: Is there a defined living wage: <i>This is <u>not normally</u> minimum legal wage. If answered Yes, please state amount and source of info: Please see SMETA Best Practice Guidance and Measurement Criteria.</i>	<input type="checkbox"/> Yes <input type="checkbox"/> No Please specify amount/time: NA	
If yes, what was the calculation method used.	<input type="checkbox"/> ISEAL/Anker Benchmarks <input checked="" 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"/> Fair trade Foundation Other – please give details: NA	
N: Are there periodic reviews of wages? If Yes give details (include whether there is consideration to basic needs of workers plus discretionary income).	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: The factory periodically reviewed wages.	
O: Are workers paid in a timely manner in line with local law?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
P: Is there evidence that equal rates are being paid for equal work:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	

	Details:
Q: How are workers paid:	<input checked="" type="checkbox"/> Cash <input type="checkbox"/> Cheque <input type="checkbox"/> Bank Transfer <input type="checkbox"/> Other If other explain:

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**6: Working Hours are not Excessive**

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

**ETI**

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

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

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

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

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

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

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

**Current Systems and Evidence Examined**

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

**Current systems:**

1. The normal working hour system of 8 hours a day, 40 hours a week was carried out in the factory.
2. The attendance records showed that workers worked overtime on Saturdays contingently and rested on Sundays fixed.
3. The factory kept and provided attendance records from March 2017 to the audit day for review during the audit.
4. The attendance records showed that the maximum daily working hours, weekly working hours and monthly overtime hours were 0 hours, 48 hours (including 8 hours' overtime working) and 40 hours respectively.
5. Based on attendance records review, the all workers had enjoyed one day off per week.
6. Based on observation on site, the factory used IC card attendance system to record employees' working hours.
7. Through workers' interview, overtime is voluntary.

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

Details:

1. Factory policy
2. Working time records from March 2017 to the audit day
3. Workers' contracts
4. Quality records and production records to cross-check working hours
5. Management and worker interview
6. Factory tour.

Any other comments:

Nil

**Non-compliance:**

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

NC against ETI       NC against Local Law     NC against customer code:  
The monthly overtime working hours of workers exceeded legal requirement.

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

**Labor Law of the People's Republic of China, Article 41**

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

**ETI Base Code 6.1**

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

**Recommended corrective action:**

It is recommended that the factory should make sure the overtime working hours of all workers are in accordance with legal requirement.

**Objective evidence observed 1:**

The factory provided attendance record from March 2017 to the audit day for review. Based on the record, the monthly overtime working hours of 100% sample workers were 40 hours. The maximum was 40 hours in April, July, September and December 2017. The monthly overtime hours exceeded 36 hours.

**Observation:**

**Description of observation:**

Nil

**Local law or ETI requirement:**

NA

**Comments:**

NA

**Objective evidence observed:**

NA

Good Examples observed:	
Description of Good Example (GE): Nil	Objective Evidence Observed:  NA

<b>Working hours' analysis</b> Please include time e.g. hour/week/month ( <a href="#">Go back to Key information</a> )	
<b>Systems &amp; Processes</b>	
A. What timekeeping systems are used: time card etc.	Describe: IC card attendance system.
B: Is sample size same as in wages section	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If N, please give details
C: Are standard/contracted working hours defined in <b>all</b> contracts/employment agreements?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If NO, please give details including % and which type of workers do NOT have standard hours defined in contracts/employment agreements. Details NA
D: Are there any other types of contracts/employment agreements used?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
	If YES, please complete as appropriate: <input type="checkbox"/> 0 hrs <input type="checkbox"/> Part time <input type="checkbox"/> Variable hrs <input type="checkbox"/> Other
	If "Other", Please define: NA
E. Do any standard/contracted working hours defined in contracts/employment agreements exceed 48 hours per week	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Y please %detail hours, %and types of workers &affected and frequency Details: NA
F: Are workers provided with at least 1 day off in every 7-	Please select all applicable: <input checked="" type="checkbox"/> 1 in 7 days <input type="checkbox"/> 2 in 14 days
	Is this allowed by local law? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

day-period, or 2 in 14-day-period (where the law allows)?	<input type="checkbox"/> No If 'No', please explain:	
	Maximum number of days worked without a day off (in sample):	
	Maximum 6 days	
<b>Standard/Contracted Hours worked</b>		
G: Standard working hours over 48 per week found	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If yes, % of workers & frequency
	NA	
H: Any local waivers/local law or permissions which allow averaging/annualised hours for this site?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If YES, please give details NA
<b>Overtime Hours worked</b>		
I: Actual overtime hours worked in sample (State per day/week/month)	Highest OT hours:	Based on the attendance records provided by the factory: No overtime on weekdays, 8 hours per week and 40 hours per month.
J: Combined hours (standard/contracted plus= total)60 found?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Maximum weekly working hours are 48.	
K: Approximate percentage of total workers on highest overtime hours	___100___%	
L: Is overtime voluntary?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Conflicting Information	Please detail evidence e.g. Wording of contract/employment agreement/handbook/worker interviews/refusal arrangements: Based on employment agreement, handbook, worker interview, the overtime in the factory was voluntary.
<b>Overtime Premiums</b>		
M: Are the correct legal overtime premiums paid?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A – there is no legal requirement to OT premium	Please give details of normal day overtime premium as a % of <b>standard</b> wages: 150% of normal wage for overtime on Workdays; 200% of normal wage for overtime on Rest days; 300% of normal wage for overtime on Holidays.

<p>N: Is overtime paid at a premium?</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<p>If yes, please describe % of workers &amp; frequency: 100% workers per month.</p>
<p>O: ETI Code requires a prevailing standard to give greatest worker protection. If a site pays less than 125% OT premium and this is allowed under local law, are there other considerations? Please complete the boxes where relevant. Multi select is possible.</p>	<input checked="" 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	<p>Please explain any checked boxes above e.g. detail of consolidated pay CBA or Other</p>
<p>NA</p>	<p>NA</p>	
<p>P: If more than 60 total hours per week and this is legally allowed, are there other considerations? Please complete the boxes where relevant. Multi select is possible.</p>	<input type="checkbox"/> <b>Overtime is voluntary</b> <input type="checkbox"/> Onsite Collective bargaining allows 60+ hours/week <input type="checkbox"/> Safeguards are in place to protect worker's health and safety <input type="checkbox"/> Site can demonstrate exceptional circumstances <input type="checkbox"/> Other reasons (please specify) NA	<p>Please explain any checked boxes above</p>
<p>NA</p>	<p>NA</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 type="checkbox"/> No If yes, please describe NA	
<p>R: If sufficient workers cannot be hired, are new working time arrangements explored to ensure that overtime is the exception rather than the rule.</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No NA	

**7: No Discrimination is Practiced**

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

**ETI**

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

**Current Systems and Evidence Examined**

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

**Current systems:**

1. The factory had established policy and procedure on prohibiting discrimination. No evidence of discrimination was found in factory policies, rules, procedures and operation records.
2. According to payrolls, attendance records, termination records and training records review, no evidence showed that discrimination existed in the factory.
3. According to management interview and worker interview, the factory did not discriminate workers due to their birth, gender, age, religion, race, marital status, ethnical beliefs and political background etc.; female workers and male workers had the same pay and working conditions as male workers; promotion was based on workers' ability and skill; training was based on working requirement; migrant workers had the same pay for same work and working conditions as the local workers.
4. There was no evidence of sexual harassment.

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

Details:

1. Factory policy
2. Payrolls, attendance records, termination records and training records
3. Management and workers interview
4. Factory tour

Any other comments:

Nil

A: Gender breakdown of Management + Supervisors (Include as one combined group)	Male: <u>52</u> % Female <u>48</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	#: 10
C: Is there any evidence of discrimination based on race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation,	<input type="checkbox"/> Hiring <input type="checkbox"/> Compensation <input type="checkbox"/> access to training <input type="checkbox"/> promotion

union membership or political affiliation?:	<input type="checkbox"/> termination or retirement NA
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**Professional Development**

A: What type of training and development are available for workers?	Please give details Position training, safety training, communication training and etc.
---------------------------------------------------------------------	-----------------------------------------------------------------------------------------

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

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

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

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

**8: Regular Employment Is Provided**

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

**ETI**

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

**Additional Elements: Responsible Recruitment**

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

**Current Systems and Evidence Examined**

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

**Current systems:**

1. The factory had documented disciplinary rules and communicates to all workers. And the disciplinary rules were fair, reasonable and they met law requirements.
2. Work performed was on the basis of recognized employment relationship established through national law and practice.
3. The factory signs labour contracts with workers within 30 days after employment. According to worker interview, they had the copies of labour contracts.
4. No homework were arranged, no apprenticeship schemes were practiced in this factory.

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

Details:

1. Employee Manual,
2. Hiring and termination procedure
3. Labour contract
4. Personal files
5. Payroll records
6. Management and workers interview
7. Factory tour

Any other comments:

Nil

**Non-compliance:**

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

**Observation:**

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

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

**Responsible Recruitment**

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

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 NA
C: If any checked, give details:	Nil

**Migrant Workers:**

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

A: Type of work undertaken by migrant workers:	NA No migrant workers were found in the factory.	
B: Migrant worker recruitment	Total number of (in country recruitment agencies) used: Total number of (outside of local country) recruitment agencies used NA	
C: Migrant workers' voluntary deductions (such as for remittances) confirmed in writing by the worker and evidence of transaction is supplied by the facility to the worker.	<input type="checkbox"/> Yes <input type="checkbox"/> No Please describe finding: NA	Observations NA
D: Are Any migrant workers in skilled, technical, or management roles  <b>Migrant Workers (this should include all migrant workers including permanent workers, temporary and/or seasonal workers)</b>	<input type="checkbox"/> Yes <input type="checkbox"/> No  If Yes number and example of roles NA	

**NON-EMPLOYEE WORKERS**

Recruitment Fees:	
A: Are there any fees	<input type="checkbox"/> Yes <input type="checkbox"/> No NA
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 NA
C: If any checked, give details:	NA

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):	NA And names if available:
B: Were agency workers' age/pay/hours included within scope of this audit	<input type="checkbox"/> Yes <input type="checkbox"/> No NA
C: Were sufficient documents for agency workers available for review?	<input type="checkbox"/> Yes <input type="checkbox"/> No NA
D: Is there a legal contract / agreement with all agencies?	<input type="checkbox"/> Yes <input type="checkbox"/> No NA  Details
E: Does the site have a system for checking labour standards of	<input type="checkbox"/> Yes <input type="checkbox"/> No

agencies? If yes, please give details.	NA Please describe:  NA
-------------------------------------------	----------------------------------

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

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8A: Sub-Contracting and Homeworking:

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

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

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

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

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

*Note to auditor on homeworking:*

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

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

**Current Systems and Evidence Examined**

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

**Current systems:**

1. The subcontractor control policy was established in the factory.
2. It was verified through document review, factory tour, management interview and workers interview that no home-working and sub-contracting was used by this factory.

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

1. Factory policy
2. Factory tour (Calculation on total production and estimated capacity)
3. Materials in/out records
4. Management and workers interview

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

Process Subcontracted	Nil
Name of factory	
Address	

Details:

Nil

**Non-compliance:**

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

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

**Objective evidence observed:**  
 NA

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

**Recommended corrective action:**  
 NA

**Observation:**

**Description of observation:**  
 Nil

**Objective evidence observed:**  
 NA

**Local law or ETI/Additional elements requirement:**  
 NA

**Comments:**  
 NA

**Good Examples observed:**

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

**Objective Evidence Observed:**  
 NA

**Summary of sub-contracting – if applicable**

Not Applicable please x

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

Yes  
 No  
 Please describe: NA

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

Yes  
 No  
 If **Yes**, summarise details: NA

C: Number of sub-contractors/agents used

NA

D: Is there a site policy on sub-

Yes

contracting?	<input type="checkbox"/> No If <b>Yes</b> , summarise details: NA
E: What checks are in place to ensure no child labour is being used and work is safe?	NA

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

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

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

**ETI**

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

Additional elements:

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

<p>A: Are there published, anonymous and/or open channels available for reporting any violations of Labour standards and H&amp;S or any other grievances to a 3<sup>rd</sup> party?</p>	<p><input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No                  Please describe: records of opening suggestion box, email and telephone number were available for employees' complaints.</p>
<p>B: If <b>Yes</b>, are workers aware of these channels and have access? Please give details.</p>	<p>Yes, based on worker interview and site tour, those channels were available for employees.</p>
<p>C: If yes, what type of mechanism is used e.g. hotline, whistle blowing mechanism, comment box etc. Please give details.</p>	<p>Hotline, whistle blowing mechanism, comment box on site were available.</p>
<p>D: Is there a grievance mechanism in place for:</p>	<p><input checked="" type="checkbox"/> Workers  <input checked="" type="checkbox"/> Communities  <input checked="" type="checkbox"/> Suppliers  <input type="checkbox"/> Other                  Details:</p>
<p>E: Are there any open disputes?</p>	<p><input type="checkbox"/> Yes  <input checked="" type="checkbox"/> No                  If yes, please give details</p>
<p>F: Does grievance mechanism meet with UNGP requirement of e.g. (Legitimate, Accessible, Predictable, Equitable, Transparent, Rights-compatible, a source of continuous learning and based on stakeholder engagement)?</p>	<p><input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No                  If no, please give details</p>
<p>G: Does the site \ encourage its business partners (e.g., suppliers) provide individuals and communities with access to effective grievance mechanisms (e.g., help lines or whistle blowing mechanism</p>	<p><input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No                  If No Please give details</p>

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

**Current Systems and Evidence Examined**

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

**Current systems:**

1. No evidence of harsh or inhumane treatment was found in factory rules.
2. The duties of security guards were to protect safety of factory's property, to regularized entrance/exit of goods/ vehicles/ employees/ visitors. No negative evidence of mental/ physical coercion was identified.
3. There was no evidence of sexual harassment.

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

Details:

1. Factory regulations
2. Hiring procedures and anti-harassment training records were checked
3. Management and workers interview
4. Factory tour

Any other comments:

Nil

**Non-compliance:**

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

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

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

NA

**Recommended corrective action:**

NA

**Objective evidence observed:**

NA

**Observation:**

**Description of observation:**

Nil

**Local law or ETI requirement:**

NA

**Comments:**

NA

**Objective evidence observed:**

NA

**Good Examples observed:**

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

Nil

**Objective Evidence Observed:**

NA

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

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

**Additional Elements**

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

**Current Systems and Evidence Examined**

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

**Current systems:**

1. No employment agency was used by the factory.
2. The factory recruited the new workers by the advertisements or the employees' recommendation.
3. All workers would be reviewed and validated the original documentation before they employed.

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

Details:

1. Labour contract
2. Personnel files
3. Hiring procedure
4. Worker handbook
5. Management and workers interview

Any other comments:

Nil

**Non-compliance:**

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

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

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

NA

**Recommended corrective action:**

NA

**Objective evidence observed:**

NA

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

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

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**10. Other issue areas 10B2: Environment 2-Pillar**

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

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:**

1. The factory had obtained Environment evaluation report from local EPB.
2. Environment emergency action procedures were available.
3. The factory established environment policy, relevant procedure and carried out environment management system.
4. Waste was collected and segregated in place. The factory transferred all hazardous wastes to licensed vendor with relevant qualification.

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

Details:

- 1.Environmental policy and procedure
2. Wastes records
3. Management and workers interview
4. Factory tour

Any other comments:

Nil

**Non-compliance:**

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

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

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

NA

**Recommended corrective action:**

NA

**Objective evidence observed:**

NA

**Observation:**

**Description of observation:**

Nil

**Local law or ETI/additional elements requirement:**

NA

**Comments:**

NA

**Objective evidence observed:**

NA

**Good examples observed:**

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

Nil

**Objective Evidence Observed:**

NA

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

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

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

**B.4. Compliance Requirements**

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

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

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

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

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

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

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

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

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

**B4. Guidance for Observations**

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

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

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

**Current Systems and Evidence Examined**

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

**Current systems:**

NA

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

**Details:**

NA

**Any other comments:**

NA

**Non-compliance:**

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

NC against ETI/Additional Elements  NC against Local  
 NC against customer code:  
 NA

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

**Recommended corrective action:**  
 NA

**Objective evidence observed:**  
 NA

**Observation:**

**Description of observation:**  
 NA

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

**Comments:**  
 NA

**Objective evidence observed:**  
 NA

**Good examples observed:**

Description of Good Example (GE):  
 NA

**Objective Evidence Observed:**  
 NA

**Environmental Analysis**

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

A: Responsible for Environmental issues (Name and Position):

NA

B: Has the site conducted a risk assessment on the environmental impact of the site, including implementation of controls to reduce identified risks

Yes  No  
 Details: NA

C: Does the site have a recognised environmental system certification such as ISO 14000 or equivalent? Please detail.

Yes  No  
 Details: NA

<p>D: Does the site have an Environmental policy? <i>(For guidance, please see Measurement criteria)</i></p>	<input type="checkbox"/> Yes <input type="checkbox"/> No If yes, is it publicly available? NA	
<p>E: If yes, does it address the key impacts from their operations and their commitment to improvement?</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No Details: NA	
<p>F: Does the site have a Biodiversity policy? <i>(For guidance, please see Measurement criteria)</i></p>	<input type="checkbox"/> Yes <input type="checkbox"/> No NA	
<p>G: Is there any other sustainability systems present such as Chain of Custody, Forest Stewardship Council (FSC), Marine Stewardship Council (MSC) etc.? Please detail. <i>(For guidance, please see Measurement criteria)</i></p>	<input type="checkbox"/> Yes <input type="checkbox"/> No Details: NA	
<p>H: Have all legally required permits been shown? Please detail.</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No Details: NA	
<p>I: Is there a documentation process to record hazardous chemicals used in the manufacturing process?</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A Details: NA	
<p>J: Is there a system for managing client's requirements and legislation in the destination countries regarding environmental and chemical issues?</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No Details: NA	
<p>K: Facility has reduction targets in place for environmental aspects e.g. water consumption and discharge, waste, energy and green-house gas emissions</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No Details: NA	
<p>L: Facility has evidence of waste recycling and is monitoring volume of waste that is recycled.</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No Details: NA	
<p>M: Facility has a system in place for accurately measuring and monitoring consumption of key utilities of water, energy and natural resources that follows recognised protocols or standards</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No Details: NA	
<p>N: Facility has checked that any Sub-Contracting agencies or business partners operating on the premises have appropriate permits and licences and are conducting business in line with environmental expectations of the facility</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No Details: NA	
<p><b>Usage/Discharge analysis</b></p>		
<p>Criteria</p>	<p>Previous year: Please state period: NA</p>	<p>Current Year: Please state period: NA</p>

Electricity Usage: <i>Kw/hrs</i>	NA	NA
Renewable Energy Usage: <i>Kw/hrs</i>	NA	NA
Gas Usage: <i>Kw/hrs</i>	NA	NA
Has site completed any carbon Footprint Analysis?	<input type="checkbox"/> Yes <input type="checkbox"/> No NA	<input type="checkbox"/> Yes <input type="checkbox"/> No NA
If <b>Yes</b> , please state result	NA	NA
Water Sources: <i>Please list all sources e.g. lake, river, and local water authority.</i>	NA	NA
Water Volume Used: <i>(m<sup>3</sup>)</i>	NA	NA
Water Discharged: <i>Please list all receiving waters/recipients.</i>	NA	NA
Water Volume Discharged: <i>(m<sup>3</sup>)</i>	NA	NA
Water Volume Recycled: <i>(m<sup>3</sup>)</i>	NA	NA
Total waste Produced <i>(please state units)</i>	NA	NA
Total hazardous waste Produced: <i>(please state units)</i>	NA	NA
Waste to Recycling: <i>(please state units)</i>	NA	NA
Waste to Landfill: <i>(please state units)</i>	NA	NA
Waste to other: <i>(please give details and state units)</i>	NA	NA
Total Product Produced <i>(please state units)</i>	NA	NA

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

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

To be completed for a 4-Pillar SMETA Audit

**10C. Compliance Requirements**

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

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

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

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

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

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

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

**10C. Guidance for Observations**

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

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

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

**Current Systems and Evidence Examined**

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

**Current systems:**

NA

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

**Details:**

NA

**Any other comments:**

NA

**Non-compliance:**

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

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

**Objective evidence observed:**  
NA

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

**Recommended corrective action:**  
NA

**Observation**

**Description of observation:**  
NA

**Objective evidence observed:**  
NA

**Local law or ETI/Additional elements requirement:**  
NA

**Comments:**  
NA

**Good examples observed:**

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

**Objective Evidence Observed:**  
NA

<p>A: Does the facility have a Business Ethics Policy and is the policy communicated and applied internally, externally or both, as appropriate?</p>	<p> <input type="checkbox"/> Internal Policy  <input type="checkbox"/> Policy for third parties including suppliers             Please give details: NA         </p>
<p>B: Does the site give training to relevant personnel (e.g. sales and logistics) on business ethics issues</p>	<p>NA</p>
<p>C: Is the policy updated on a regular (as needed) basis?</p>	<p> <input type="checkbox"/> Yes  <input type="checkbox"/> No             Please give details: NA         </p>
<p>D: Does the site require third parties including suppliers to complete their own business ethics training</p>	<p> <input type="checkbox"/> Yes  <input type="checkbox"/> No             Please give details: NA         </p>

**Other Findings Outside the Scope of the Code**

Nil

**Community Benefits**

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

Nil

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## Appendix 1

<p><b>Comparison between ETI code and Customer's Supplier's Code. Any areas where a site complies with the Customer's Supplier Code, but not with the ETI code are discussed at the audit close out meeting and recorded on the CAPR. Note to supplier "for this customer it may not be necessary to complete corrective actions where NC's DO NOT meet the ETI code, but DO meet your customer's code. If the audit is shared with other customers who work to the ETI code or an equivalent international standard, corrective actions will be necessary."</b></p> <p><input checked="" type="checkbox"/> Not Applicable please x</p>	
<p><b>NOTE:</b> The provisions of the ETI base Code constitute minimum and not maximum standards, and this code should not be used to prevent companies from exceeding these standards. Companies applying the ETI Base Code are expected to comply with national and other applicable law and, where the provisions of law and the ETI Base Code address the same subject, to apply that provision which affords the greater protection.</p>	<p><b>Instruction to Audit Company:</b> fill in the relevant clauses from the Customer Supplier Code - where applicable.</p>
<b>ETI Code / Additional Elements</b>	<b>Customer's Supplier Code equivalent</b>
<b>0.A. Universal Rights covering UNGP</b>	<b>0.A. Universal Rights covering UNGP</b>
<p><b>0.A. Guidance for Observations</b>            0.A.1 Businesses should have a policy, endorsed at the highest level, covering human rights impacts and issues, and ensure it is communicated to all appropriate parties, including its own suppliers.            0.A.2 Businesses should have a designated person responsible for implementing standards concerning Human rights            0.A.3 Businesses shall identify their stakeholders and salient issues.            0.A.4 Businesses shall measure their direct, indirect, and potential impacts on stakeholders (rights holders) human rights.            0.A.5 Where businesses have an adverse impact on human rights within any of their stakeholders, they shall address these issues and enable effective remediation.            0.A.6 Businesses shall have a transparent system in place for confidentially reporting, and dealing with human rights impacts without fear of reprisals towards the reporter.</p>	<p><b>NA</b></p>
<b>0.B. Management Systems &amp; Code Implementation</b>	<b>0.B. Management Systems &amp; Code Implementation</b>
<p>0.1 Suppliers are expected to implement and maintain systems for delivering compliance to this Code.            0.2 Suppliers shall appoint a senior member of</p>	<p><b>NA</b></p>

<p>management who shall be responsible for compliance with the Code.          0.3 Suppliers are expected to communicate this Code to all employees.          0.4 Suppliers should communicate this code to their own suppliers and, where reasonably practicable, extend the principles of this Ethical Code through their supply chain.</p>	
<p><b>ETI 1. Forced Labour</b></p>	<p><b>ETI 1. Forced Labour</b></p>
<p>1.1 There is no forced, bonded or involuntary prison labour.          1.2 Workers are not required to lodge "deposits" or their identity papers with their employer and are free to leave their employer after reasonable notice.</p>	<p><b>NA</b></p>
<p><b>ETI 2. Freedom of association and the right to collective bargaining are respected</b></p>	<p><b>ETI 2. Freedom of association and the right to collective bargaining are respected</b></p>
<p>2.1 Workers, without distinction, have the right to join or form trade unions of their own choosing and to bargain collectively.          2.2 The employer adopts an open attitude towards the activities of trade unions and their organisational activities.          2.3 Workers' representatives are not discriminated against and have access to carry out their representative functions in the workplace.          2.4 Where the right to freedom of association and collective bargaining is restricted under law, the employer facilitates, and does not hinder, the development of parallel means for independent and free association and bargaining.</p>	<p><b>NA</b></p>
<p><b>ETI 3. Working conditions are safe and hygienic</b></p>	<p><b>ETI 3. Working conditions are safe and hygienic</b></p>
<p>3.1 A safe and hygienic working environment shall be provided, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Adequate steps shall be taken to prevent accidents and injury to health arising out of, associated with, or occurring in the course of work, by minimising, so far as is reasonably practicable, the causes of hazards inherent in the working environment.          3.2 Workers shall receive regular and recorded Health &amp; Safety training, and such training shall be repeated for new or reassigned workers.          3.3 Access to clean toilet facilities and to potable water, and, if appropriate, sanitary facilities for food storage shall be provided.          3.4 Accommodation, where provided, shall be</p>	<p><b>NA</b></p>

<p>clean, safe, and meet the basic needs of the workers. 3.5 The company observing the code shall assign responsibility for Health &amp; Safety to a senior management representative.</p>	
<p><b>ETI 4. Child labour shall not be used</b></p>	<p><b>ETI 4. Child labour shall not be used</b></p>
<p>4.1 There shall be no new recruitment of child labour. 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.</p>	<p><b>NA</b></p>
<p><b>ETI 5. Living wages are paid</b></p>	<p><b>ETI 5. Living wages are paid</b></p>
<p>5.1 Wages and benefits paid for a standard working week meet, at a minimum, national legal standards or industry benchmark standards, whichever is higher. In any event wages should always be enough to meet basic needs and to provide some discretionary income. 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.</p>	<p><b>NA</b></p>
<p><b>ETI 6. Working Hours are not excessive</b></p>	<p><b>ETI 6. Working Hours are not excessive</b></p>
<p>6.1 Working hours must comply with national laws, collective agreements, and the provisions of 6.2 to 6.6 below, whichever affords the greater protection for workers. Sub-clauses 6.2 to 6.6 are based on international labour standards. 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</p>	<p><b>NA</b></p>

<p>be used responsibly, taking into account all the following: the extent, frequency and hours worked by individual workers and the workforce as a whole. It shall not be used to replace regular employment. Overtime shall always be compensated at a premium rate, which is recommended to be not less than 125% of the regular rate of pay.</p> <p>6.4 The total hours worked in any 7 day period shall not exceed 60 hours, except where covered by clause 6.5 below.</p> <p>6.5 Working hours may exceed 60 hours in any 7 day period only in exceptional circumstances where <b>all</b> of the following are met:</p> <ul style="list-style-type: none"> <li>- this is allowed by national law;</li> <li>- this is allowed by a collective agreement freely negotiated with a workers' organisation representing a significant portion of the workforce;</li> <li>- appropriate safeguards are taken to protect the workers' health and safety; and</li> <li>- The employer can demonstrate that exceptional circumstances apply such as unexpected production peaks, accidents or emergencies.</li> </ul> <p>6.6 Workers shall be provided with at least one day off in every 7 day period or, where allowed by national law, 2 days off in every 14 day period.</p>	
<p><b>ETI 7. No discrimination is practised</b></p>	<p><b>ETI 7. No discrimination is practised</b></p>
<p>7.1 There is no discrimination in hiring, compensation, access to training, promotion, termination or retirement based on race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation.</p>	<p><b>NA</b></p>
<p><b>ETI 8. Regular employment is provided</b></p>	<p><b>ETI 8. Regular employment is provided</b></p>
<p>8.1 To every extent possible work performed must be on the basis of recognised employment relationship established through national law and practice.</p> <p>8.2 Obligations to employees under labour or social security laws and regulations arising from the regular employment relationship shall not be avoided through the use of labour-only contracting, sub-contracting, or home-working arrangements, or through apprenticeship schemes where there is no real intent to impart skills or provide regular employment, nor shall any such</p>	<p><b>NA</b></p>

<p>obligations be avoided through the excessive use of fixed-term contracts of employment.</p> <p><b>Additional Elements: Responsible Recruitment</b>              8.3 Suppliers have full understanding of the entire recruitment process and assess all labour recruiters and intermediaries against legal and/or ethical requirements.              8.4 There are effective management systems in place to identify and monitor the hiring and management of all migrant workers, contract workers, agency workers, temporary or casual labour The supplier shall implement processes to enable adequate control over agencies with regards the above points and related legislation.              8.5 Employment agencies must only supply workers registered with them.              8.6 Workers pay no recruitment fee at any stage of the recruitment process.              8.7 Worker contracts accurately reflect the agreed payment and terms in the recruitment process and are understood and signed by workers.</p>	
<p><b>8A: Sub-Contracting and Homeworking</b></p>	<p><b>8A: Sub-Contracting and Homeworking</b></p>
<p>8A.1 There should be no sub-contracting unless previously agreed with the main client.              8A.2 Systems and processes should be in place to manage sub-contracting, homeworking and external processing.</p>	<p><b>NA</b></p>
<p><b>ETI 9. No harsh or inhumane treatment is allowed</b></p>	<p><b>ETI 9. No harsh or inhumane treatment is allowed</b></p>
<p>9.1 Physical abuse or discipline, the threat of physical abuse, sexual or other harassment and verbal abuse or other forms of intimidation shall be prohibited.              Additional elements:              9.2 companies should provide access to a confidential grievance mechanism for all workers</p>	<p><b>NA</b></p>
<p><b>10. Other Issue areas: 10A: Entitlement to Work and Immigration</b></p>	
<p><b>Additional Elements</b>              10A.1 Only workers with a legal right to work shall be employed or used by the supplier.              10A.2 All workers, including employment agency staff, must be validated by the supplier for their legal right to work by reviewing original documentation.</p>	<p><b>NA</b></p>
<p><b>10. Other issue areas 10B2: Environment 2-Pillar</b></p>	


<p>10B2.1 Suppliers must comply with the requirements of local and international laws and regulations including having necessary permits.          10B2.2 The supplier should be aware of and comply with their end clients' environmental requirements.  <i>Note for auditors and readers, This is not a full environmental assessment but a check on basic systems and management approach.</i></p>	<p><b>NA</b></p>
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SMETA Extra Sections for 4 Pillar Audit:	SMETA Extra Sections for 4 Pillar Audit:
<b>Environment Section</b>	<b>Environment Section</b>
<p><b>B.4. Compliance Requirements</b>            10B4.1 Businesses as a minimum must meet the requirements of local and national laws related to environmental standards.            10B4.2 Where it is a legal requirement, businesses must be able to demonstrate that they have the relevant valid permits including for use and disposal of resources e.g. water, waste etc.            10B4.3 Businesses shall be aware of their end client's environmental standards/code requirements            10B4.4 Suppliers should have an environmental policy, covering their environmental impact, which is communicated to all appropriate parties, including its own suppliers.            10B4.5 Suppliers shall be aware of the significant environmental impact of their site and its processes.            10B4.6 The site should measure its impacts, including continuous recording and regular reviews of use and discharge of natural resources e.g. energy use, water use (see 4-pillar audit report and audit checks for details).            10B4.7 Businesses shall make continuous improvements in their environmental performance.            10B4.8 Businesses shall have available for review any environmental certifications or any environmental management systems documentation            10B4.9 Businesses should have a nominated individual responsible for co-ordinating the site's efforts to improve environmental performance.  <b>B4. Guidance for Observations</b>            10B4.10 Suppliers should have completed the appropriate section of the SAQ and made it available to the auditor.            10B4.11 Has the site recently been subject to (or pending) any fines/prosecutions for noncompliance to environmental regulations.</p>	<p><b>NA</b></p>
<b>Business Practices Section</b>	

<p><b>10C. Compliance Requirements</b></p> <p>10C.1 Businesses shall conduct their business ethically without bribery, corruption, or any type of fraudulent Business Practice.</p> <p>10C.2 Businesses as a minimum must meet the requirements of local and national laws related to bribery, corruption, or any type of fraudulent Business Practices.</p> <p>10C.3 Where it is a legal requirement, businesses must be able to demonstrate that they comply with all fiscal legislative requirements.</p> <p>10C.4 Businesses shall have access to a transparent system in place for confidentially reporting, and dealing with unethical Business Ethics without fear of reprisals towards the reporter.</p> <p>10C.5 Businesses should have a Business Ethics policy, covering bribery, corruption, or any type of fraudulent Business Practice,</p> <p>10C.6 Businesses should have a designated person responsible for implementing standards concerning Business Ethics</p> <p>10C.7 Suppliers should ensure that the staff whose job roles carry a higher level of risk in the area of ethical Business Practice e.g. sales, purchasing, logistics are trained on what action to take in the event of an issue arising in their area.</p> <p><b>10C. Guidance for Observations</b></p> <p>10C.8 Businesses should communicate their Business Ethics policy, covering bribery, corruption, or any type of fraudulent Business Practice to all appropriate parties, including its own suppliers.</p> <p>10C.9 Has the site recently been subject to (or pending) any fines/prosecutions for non-compliance to Business Ethics regulations. If so is there evidence that sustainable corrective actions have been implemented.</p>	<p>NA</p>
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## Photo Form

### Non-compliance Photos:

	<p>Nil</p>	<p>Nil</p>
<p>Workers did not wear earplugs in the workshop. <b>Photo #1</b></p>	<p>NA</p>	<p>NA</p>

### General Site Tour Photos:

		
<p>Factory name</p>	<p>Factory gate</p>	<p>Production building</p>
		
<p>Material warehouse</p>	<p>Cutting</p>	<p>Polishing</p>

		
<p>Sculpture</p>	<p>Printing</p>	<p>Assembling</p>
		
<p>Packing</p>	<p>Finished goods</p>	<p>Electricity box with warning sign</p>
		
<p>Evacuation indicating sign</p>	<p>Exit sign and emergency light</p>	<p>Evacuation plan</p>
		
<p>Fire hydrant</p>	<p>Fire extinguishers</p>	<p>Fire alarm</p>

		
<p>First aid kits</p>	<p>Toilet</p>	<p>Potable water</p>
		
<p>Attendance recorder</p>	<p>Suggestion box</p>	<p>Cargo lift</p>
		
<p>Forklift</p>	<p>PPE warning sign</p>	<p>Worker with earplugs and dust mask</p>
		
<p>Chemical warehouse</p>	<p>Eyewash equipment</p>	<p>Business license</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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