



Sedex Members Ethical Trade Audit Report

Version 6.1



Audit Details

Sedex Company Reference: (only available on Sedex System)	ZC: 416523549	Sedex Site Reference: (only available on Sedex System)	ZS: 416902697
Business name (Company name):	SHARNDY JEWELRY CO., LIMITED		
Site name:	SHARNDY JEWELRY CO., LIMITED 东莞市绅蒂首饰有限公司		
Site address: (Please include full address)	2/F, NO. 8, Getian Road, ChangAn Town, XinAn District, Dongguan City, China 东莞市长安镇新安社区格田路 8 号 2 楼	Country:	China
Site contact and job title:	Ms. Marsha Xiao (Sales Manager)		
Site phone:	+86 13798161417	Site e-mail:	407252608@qq.com
SMETA Audit Pillars:	☒ Labour Standards	☒ Health & Safety (plus Environment 2-Pillar)	☐ Environment 4-pillar ☐ Business Ethics
Date of Audit:	22 November 2021		

Audit Company Name & Logo:
Benchmarks Co., Ltd.
(APSCA Audit Firm No.: 11600027)



Report Owner (payer):
(If paid for by the customer of the site please remove for Sedex upload)

SHARNDY JEWELRY CO., LIMITED

Audit Conducted By

Affiliate Audit Company	☒	Purchaser	☐	Retailer	☐
Brand owner	☐	NGO	☐	Trade Union	☐
Multi-stakeholder	☐	Combined Audit (select all that apply)			

If you have any concerns or queries about this SMETA report or the associated SMETA audit, please contact grievance@sedex.com.

To confirm the validity of this report, please visit
<https://www.sedex.com/audit-verifier/>

Audit Content:

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

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

2-Pillar SMETA Audit

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

4-Pillar SMETA

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

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

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

SMETA Declaration

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

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

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

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

Lead auditor: Julia Zhu APSCA number: CSCA21700007

Lead auditor APSCA status: In Good Standing

Team auditor: Nil APSCA number: Nil

Interviewers: Julia Zhu APSCA number: CSCA21700007

Report writer: Julia Zhu

Report reviewer: Gaby He

Date of declaration: 22 November 2021

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

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

Summary of Findings

Issue (please click on the issue title to go direct to the appropriate audit results by clause) Note to auditor, please ensure that when issuing the audit report, hyperlinks are retained.		Area of Non-Conformity (Only check box when there is a non-conformity, and only in the box/es where the non-conformity can be found)				Record the number of issues by line*:			Findings (note to auditor, summarise in as few words as possible NCs, Obs and GE)
		ETI Base Code	Local Law	Additional Elements	Customer Code	NC	Obs	GE	
0A	Universal Rights covering UNGP			☐	☐				Nil
0B	Management systems and code implementation		☐	☒	☐	1			NC: Workers were not aware of the ETI code.
1.	Freely chosen Employment	☐	☐		☐				Nil
2	Freedom of Association	☐	☐		☐				Nil
3	Safety and Hygienic Conditions	☒	☒		☐	3			NC: 1. Electrical device was exposed without insulation. 2. Part of employees did not properly wear PPE (Personal Protective Equipment). 3. No occupational health examination was provided for employees.
4	Child Labour	☐	☐		☐				Nil
5	Living Wages and Benefits	☒	☒		☐	1			NC: Insufficient social insurance participated.
6	Working Hours	☒	☒		☐	1			NC: Monthly overtime hours exceeded 36 hours.

7	Discrimination	☐	☐	☐	☐				Nil
8	Regular Employment	☐	☐	☐	☐				Nil
8A	Sub-Contracting and Homeworking	☐	☐	☐	☐				Nil
9	Harsh or Inhumane Treatment	☐	☐	☐	☐				Nil
10A	Entitlement to Work	☐	☐	☐	☐				Nil
10B2	Environment 2-Pillar	☐	☐	☐	☐				Nil
10B4	Environment 4-Pillar	☐	☐	☐	☐	N/A	N/A	N/A	N/A
10C	Business Ethics	☐	☐	☐	☐	N/A	N/A	N/A	N/A

General observations and summary of the site:

Site Summary:

The audit of SHARNDY JEWELRY CO., LIMITED was conducted on 22 November 2021. Upon arrival, the auditor was greeted by Mr. Quan Cheng Da (Factory Manager) and the facility management team. After exchanging business cards, an opening meeting was held with the purpose of introducing the procedure of the assessment. A fully assessment was allowed to be conducted including documents review, factory tour and employees' interviews. The management appeared to be cooperative throughout the whole assessment process.

At the end of the assessment, a closing meeting was held between the facility management team, worker's representative and auditor. All current findings and necessary suggestions were explained to Mr. Quan Cheng Da (Factory Manager), Ms. Marsha Xiao (Sales Manager) and the management team. The facility management was receptive to all the findings and conclusions. Finally, Ms. Marsha Xiao (Sales Manager) signed on the CAPR.

Overall, there were 6 non-compliances found during this audit. These were related to Management systems and code implementation (1 NC) Safety and Hygienic Conditions (3 NCs), Living Wages and Benefits (1 NC) and Working Hours (1 NC).

**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:	SHARNDY JEWELRY CO., LIMITED																			
B: Site name:	SHARNDY JEWELRY CO., LIMITED																			
C: GPS location: (If available)	GPS Address:	Latitude: N22°82'66.53" Longitude: E113°79'47.07"																		
D: Applicable business and other legally required licence numbers and documents, for example, business license number, liability insurance, any other required government inspections	Business license: 91441900MA4UWX110C Valid from 28 October 2016 to long term																			
E: Products/Activities at site, for example, garment manufacture, electricals, toys, grower, cutting, sewing, packing etc	stainless steel jewelry (rings, pendants, earrings, chains. etc)																			
F: Site description: (Include size, location, and age of site. Also, include structure and number of buildings)	SHARNDY JEWELRY CO., LIMITED was located at 2/F & 3/F, NO. 8, Getian Road, ChangAn Town, XinAn District, Dongguan City, China. The factory used the 2/F & 3/F of 3-storey buildings for office area, production and warehouse and the 4/F of 4-storey building for dormitory. No canteen provided. A total of 52 employees were currently working in the factory, which included 42 production employees and 10 non-production employees. Normally employees worked for 5 days a week in 1 shift. The normal working hour was from 08:00 to 17:30 with 1.5 hours' break time from 12:00 to 13:30. The overtime hour was from 18:30 to 20:30 if necessary. <table border="1"> <thead> <tr> <th>Production Building no 1</th> <th>Description</th> <th>Remark, if any</th> </tr> </thead> <tbody> <tr> <td>Floor 1</td> <td>Other factory</td> <td>Used by 东莞市钜鹿精密五金制品有限公司</td> </tr> <tr> <td>Floor 2</td> <td>office, production</td> <td>Nil</td> </tr> <tr> <td>Floor 3</td> <td>production and warehouse</td> <td>Nil</td> </tr> <tr> <td>Is this a shared building?</td> <td>Yes</td> <td>The audited factory used the 2/F & 3/F of 3-storey buildings for office area, production and warehouse.</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th>Dormitory Building no 1</th> <th>Description</th> <th>Remark, if any</th> </tr> </thead> <tbody> </tbody> </table>		Production Building no 1	Description	Remark, if any	Floor 1	Other factory	Used by 东莞市钜鹿精密五金制品有限公司	Floor 2	office, production	Nil	Floor 3	production and warehouse	Nil	Is this a shared building?	Yes	The audited factory used the 2/F & 3/F of 3-storey buildings for office area, production and warehouse.	Dormitory Building no 1	Description	Remark, if any
Production Building no 1	Description	Remark, if any																		
Floor 1	Other factory	Used by 东莞市钜鹿精密五金制品有限公司																		
Floor 2	office, production	Nil																		
Floor 3	production and warehouse	Nil																		
Is this a shared building?	Yes	The audited factory used the 2/F & 3/F of 3-storey buildings for office area, production and warehouse.																		
Dormitory Building no 1	Description	Remark, if any																		

	Floor 1 - 3	Dormitory for other factory	Floor 1 to 3 was used by other factory.
	Floor 4	Dormitory for audit factory	Nil
	Is this a shared building?	Yes	The audited factory used the 4/F of 4-storey building for dormitory.
	F1: Visible structural integrity issues (large cracks) observed? ☐ Yes ☒ No F2: Please give details: No obvious structural crack was observed during the audit. F3: Does the site have a structural engineer evaluation? ☒ Yes ☐ No F4: Please give details: The factory provided the Building Structure Safety inspection report for review, which showed that the structure of the production building was in safety condition.		
G: Site function:	☐ Agent ☒ Factory Processing/Manufacturer ☒ Finished Product Supplier ☐ Grower ☐ Homeworker ☐ Labour Provider ☐ Pack House ☐ Primary Producer ☐ Service Provider ☐ Sub-Contractor		
H: Month(s) of peak season: (if applicable)	Not obvious		
I: Process overview: (Include products being produced, main operations, number of production lines, main equipment used)	The main products of the factory were stainless steel jewelry (rings, pendants, earrings, chains. etc). The main processes included Laser cutting, Polishing, Assembly and packing. The main production equipment included: Laser cutting machines: 2 sets		
J: What form of worker representation / union is there on site?	☐ Union (name) ☒ Worker Committee ☐ Other (specify) ☐ None		
K: Is there any night production work at the site?	☐ Yes ☒ No		

L: Are there any on site provided worker accommodation buildings e.g. dormitories	☒ Yes ☐ No L1: If yes, approx. 15 % of workers in on site accommodation
M: Are there any off site provided worker accommodation buildings	☐ Yes ☒ No M1: If yes, approx. % of workers
N: Were all site-provided accommodation buildings included in this audit	☒ Yes ☐ No N1: If no, please give details

Audit Parameters

A: Time in and time out	A1: Day 1 Time in: 09:00 A2: Day 1 Time out: 17:30	A3: Day 2 Time in: Nil A4: Day 2 Time out: Nil	A5: Day 3 Time in: Nil A6: Day 3 Time out: Nil
B: Number of auditor days used:	1MD (1 auditor in one day)		
C: Audit type:	☒ Full Initial ☐ Periodic ☐ Full Follow-up ☐ Partial Follow-Up ☐ Partial Other If other, please define:		
D: Was the audit announced?	☐ Announced ☒ Semi – announced: Window detail: 2 weeks ☐ Unannounced		
E: Was the Sedex SAQ available for review?	☒ Yes ☐ No If No, why not		
F: Any conflicting information SAQ/Pre-Audit Info to Audit findings?	☐ Yes ☒ No If Yes , please capture detail in appropriate audit by clause		
G: Who signed and agreed CAPR (Name and job title)	Ms. Marsha Xiao (Sales Manager)		
H: Is further information available (If yes, please contact audit company for details)	☐ Yes ☒ No		
I: Previous audit date:	N/A		
J: Previous audit type:	N/A		
K: Were any previous audits reviewed for this audit	☐ Yes ☐ No ☒ N/A		

Audit attendance	Management	Worker Representatives	
	Senior management	Worker Committee representatives	Union representatives
A: Present at the opening meeting?	☒ Yes ☐ No	☒ Yes ☐ No	☐ Yes ☒ No
B: Present at the audit?	☒ Yes ☐ No	☒ Yes ☐ No	☐ Yes ☒ No
C: Present at the closing meeting?	☒ Yes ☐ No	☒ Yes ☐ No	☐ Yes ☒ No
D: If Worker Representatives were not present please explain reasons why (only complete if no worker reps present)	N/A		
E: If Union Representatives were not present please explain reasons why: (only complete if no union reps present)	There was no union in the factory.		

Worker Analysis

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

Worker Analysis								
	Local			Migrant*				Total
	Permanent	Temporary	Agency	Permanent	Temporary	Agency	Home workers	
Worker numbers – Male	6	0	0	18	0	0	0	24
Worker numbers – female	8	0	0	20	0	0	0	28
Total	14	0	0	38	0	0	0	52
Number of Workers interviewed – male	1	0	0	4	0	0	0	5
Number of Workers interviewed – female	1	0	0	4	0	0	0	5
Total – interviewed sample size	2	0	0	8	0	0	0	10



A: Nationality of Management	Chinese	
B: Please list the nationalities of all workers, with the three most common nationalities listed first. <i>Please add more nationalities as applicable to site. Add more rows if required.</i>	Nationalities: B1: Nationality 1: <u>Chinese</u> B2: Nationality 2: _____ B3: Nationality 3: _____	Was the list completed during peak season? ☐ Yes ☐ No N/A. The factory did not have obvious peak season. If no, please describe how this may vary during peak periods:
C: Please provide more information for the three most common nationalities.	C: approx % total workforce: Nationality 1 <u>100%</u> C1: approx % total workforce: Nationality 2 _____ C2: approx % total workforce: Nationality 3 _____	
D: Worker remuneration (management information)	D: _____% workers on piece rate D1: <u>100</u> % hourly paid workers D2: _____% salaried workers Payment cycle: D3: _____% daily paid D4: _____% weekly paid D5: <u>100</u> % monthly paid D6: _____% other D7: If other, please give details	



Worker Interview Summary		
A: Were workers aware of the audit?	☒ Yes ☐ No	
B: Were workers aware of the code?	☐ Yes ☒ 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 of 4 (total 4 workers)	
D: Number of individual interviews <i>(Please see SMETA Best Practice Guidance and Measurement Criteria)</i>	D1: Male: 4	D2: Female: 2
E: All groups of workers are included in the scope of this audit such as; Direct employees, Casual and agency workers, Workers employed by service providers such as security and catering staff as well as workers supplied by other contractors. <i>Note to auditor: please record details of migrant /agency/contractor workers in section 8 – Regular Employment, under Responsible Recruitment</i>	☒ Yes ☐ No If no, please give details	
F: Interviews were done in private and the confidentiality of the interview process was communicated to the workers?	☒ Yes ☐ No	
G: In general, what was the attitude of the workers towards their workplace?	☒ Favourable ☐ Non-favourable ☐ Indifferent	
H: What was the most common worker complaint?	All workers interviewed had a positive attitude to the management and the site.	
I: What did the workers like the most about working at this site?	Working environment and colleagues' relationship.	
J: Any additional comment(s) regarding interviews:	Most workers enjoyed working at this factory, they felt they had sufficient work and had a good relationship with management in general.	
K: Attitude of workers to hours worked:	Workers expressed that they sometimes wanted to work extra, to earn more money, however they could turn down overtime if they wanted.	
L. Is there any worker survey information available?		

☐ Yes ☒ No L1: If yes, please give details:
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>
10 employees were selected for the interview. All the interviewees were favourable with the management and working condition, and no negative information was raised.
N: Attitude of worker's committee/union reps: <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 worker representative was favourable with the management and working condition, and no negative information was raised.
O: Attitude of managers: <i>(Include attitude to audit, and audit process. Both positive and negative information should be included)</i>
The factory management was found to be cooperative throughout the audit.

Audit Results by Clause

0A: Universal Rights covering UNGP

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

0.A. Guidance for Observations

- 0.A.1 Businesses should have a policy, endorsed at the highest level, covering human rights impacts and issues, and ensure it is communicated to all appropriate parties, including its own suppliers.
- 0.A.2 Businesses should have a designated person responsible for implementing standards concerning Human rights
- 0.A.3 Businesses shall identify their stakeholders and salient issues.
- 0.A.4 Businesses shall measure their direct, indirect, and potential impacts on stakeholders (rights holders) human rights.
- 0.A.5 Where businesses have an adverse impact on human rights within any of their stakeholders, they shall address these issues and enable effective remediation.
- 0.A.6 Businesses shall have a transparent system in place for confidentially reporting, and dealing with human rights impacts without fear of reprisals towards the reporter.

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

Current Systems and Evidence Examined

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

Current systems:

1. The site published a human rights statement, and posted in notice board.
2. Mr. Quan Cheng Da (Factory Manager) was responsible for implementing standards concerning Human Rights.
3. There was formal training given to all employees and their suppliers on the need to protect human rights.
4. The terms and conditions for employees were stated in the employee handbook and all workers were trained in the grievance procedure.

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

Details:

1. Employee handbook was reviewed. It was complying with ETI Code, written policies and procedure and it was provided individually to employees.
2. Company manual contained details of Code and Business Ethics with the commitment of being compliant in all aspects of business and integrity aligned with the client's requirement and local law.
3. Management interview and worker interview

Any other comments:

Nil

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

☒ Yes
☐ No

	A1: Please give details: The factory published a human rights statement.
B: Does the business have a designated person responsible for implementing standards concerning Human Rights?	☒ Yes ☐ No Please give details: Name: Mr. Quan Cheng Da Job title: Factory Manager
C: Does the business have a transparent system in place for confidentially reporting, and dealing with human rights impacts without fear of reprisals towards the reporter?	☒ Yes ☐ No C1: 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.
D: Does the grievance mechanism meet UNGP expectations? (Legitimate, Accessible, Predictable, Equitable, Transparent, Rights-compatible, a source of continuous learning and based on stakeholder engagement)	☒ Yes ☐ No D1: If no, please give details
E: Does the business demonstrate effective data privacy procedures for workers' information, which is implemented?	☒ Yes ☐ No E1: Please give details: All employee information and personnel files were kept locked away in the human resources office and only viewed by the HR manager and his team.

Findings		
Finding: Observation ☐ Company NC ☐ Description of observation: None observed Local law or ETI/Additional elements / customer specific requirement: N/A Comments: N/A		Objective evidence observed: N/A

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

Measuring Workplace Impact

Workplace Impact		
A: Annual worker turnover: Number of workers leaving in last 12 months as a % of average total number of workers on site over the year (annual worker turnover)	A1: Last year: <u>3</u> %	A2: This year <u>2</u> %
B: Current % quarterly (90 days) turnover: Number of workers leaving from the first day of the 90 days period through to the last day of the 90 day period / [(number of employees on the 1 st day of 90 day period + number of employees on the last day of the 90 day period) / 2]	1 %	
C: Annual % absenteeism: Number of days lost through job absence in the year / [(number of employees on 1 st day of the year + number employees on the last day of the year) / 2] * number available workdays in the year	C1: Last year: <u>0</u> %	C2: This year <u>0</u> %
D: Quarterly (90 days) % absenteeism: Number of days lost through job absence in the period / [(Number of employees on 1 st of the period + Number of employees on the last day of the period) / 2] * Number of available workdays in the month	0	
E: Are accidents recorded?	☒ Yes ☐ No E1: Please describe: Management kept records of all accidents.	
F: Annual Number of work related accidents and injuries per 100 workers: [(Number of work related accidents and injuries * 100) / Number of total workers]	F1: Last year: Number: 0	F2: This year: Number: 0
G: Quarterly (90 days) number of work related accidents and injuries per 100 workers: [(Number of work related accidents and injuries * 100) / Number of total workers]	0	
H: Lost day work cases per 100 workers: [(Number of lost days due to work accidents and work related injuries * 100) / Number of total workers]	H1: Last year: 0	H2: This year: 0
I: % of workers that work on average more than 48 standard hours / week in the last 6 / 12 months:	I1: 6 months <u>0</u> % workers	I2: 12 months <u>0</u> % workers
J: % of workers that work on average more than 60 total hours / week in the last 6 / 12 months:	J1: 6 months <u>0</u> % workers	J2: 12 months <u>0</u> % workers

0B: Management system and Code Implementation

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

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

Current Systems and Evidence Examined

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

Current systems:

1. The factory had well set up a proper management system to implement social compliance requirements. Mr. Quan Cheng Da (Factory Manager) was designated as senior management representative, who was in charge of implementing and updating all social compliance policy and procedure.
2. There was an internal audit team for quality who in addition to take on the role for internal audit of the social standards of the factory. The internal audit and management review records were provided.
3. Implementation of any necessary changes was then given to the individual department heads after agreement with the factory management, this system was fully effective.

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

Details:

1. Employee handbook was reviewed. It was complying with ETI Code, written policies and procedure and it was provided individually to employees.
2. Company manual contained details of Code and Business Ethics with the commitment of being compliant in all aspects of business and integrity aligned with the client's requirement and local law.
3. Management interview and worker interview.

Any other comments:

Nil

Management Systems:

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

☐ Yes

☒ No

A1: Please give details: No fine for any non-compliance was noted from the related government inspection.

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

☒ Yes

☐ No

harassment & abuse?	B1: Please give details: Policies and procedures on "No force labour, no child labour, no discrimination and prohibition of harassment & abuse" were established.
C: If Yes, is there evidence (an indication) of effective implementation? Please give details.	The factory had established policies and procedures which ensured the site met in particular discrimination, child labour prohibition and general human rights standards.
D: Have managers and workers received training in the standards for forced labour, child labour, discrimination, harassment & abuse?	☒ Yes ☐ No D1: Please give details: The training records were available in the factory.
E: If Yes, is there evidence (an indication) that training has been effective e.g. training records etc.? Please give details	☒ Yes ☐ No E1: Please give details: According to the interview with workers, all of them had been well trained.
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).	☐ Yes ☒ No F1: Please give details: There was no such certificate.
G: Is there a Human Resources manager/department? If Yes, please detail.	☒ Yes ☐ No G1: Please give details: Human Resources was responsible by Mr. Quan Cheng Da (Factory Manager)
H: Is there a senior person / manager responsible for implementation of the code	☒ Yes ☐ No H1: Please give details: Implementation of the Code was responsible by Mr. Quan Cheng Da (Factory Manager)
I: Is there a policy to ensure all worker information is confidential?	☒ Yes ☐ No I1: Please give details: The company's policies stipulate that all employees' information was kept in confidential.
J: Is there an effective procedure to ensure confidential information is kept confidential?	☒ Yes ☐ No J1: Please give details: All worker information was kept locked in files in the personnel office.
K: Are risk assessments conducted to evaluate policy and procedure effectiveness?	☒ Yes ☐ No K1: Please give details: The factory had established the risk assessment report on the H&S issues.

L: Does the facility have a process to address issues found when conducting risk assessments, including implementation of controls to reduce identified risks?	☒ Yes ☐ No L1 Please give details: Any problems found at internal audit were brought to the attention of senior management and corrections made.
M: Does the facility have a policy/code which require labour standards of its own suppliers?	☒ Yes ☐ No M1: Please give details: The site sent a copy of the ETI code and any relevant customer codes to its own suppliers.
Land rights	
N: Does the site have all required land rights licenses and permissions (see SMETA Measurement Criteria)?	☒ Yes ☐ No N1: Please give details: The copy of land rights licenses was provided 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?	☒ Yes ☐ No O1: Please give details: The factory recognized and applied national laws and practices relating to land title.
P: Does the site have a written policy and procedures specific to land rights. If yes, does it include any due diligence the company will undertake to obtain free, prior and informed consent, (FPIC) even if national/local law does not require it	☐ Yes ☒ No P1: If yes, how does the company obtain FPIC:
Q: Is there evidence that facility / site compensated the owner/lessor for the land prior to the facility being built or expanded.	☐ Yes ☒ No Q1: Please give details: No such finding was found.
R: Does the facility demonstrate that alternatives to a specific land acquisition were considered to avoid or minimize adverse impacts?	☐ Yes ☐ No R1: Please give details: N/A
S: Is There any evidence of illegal appropriation of land for facility building or expansion of footprint.	☐ Yes ☒ No S1: Please give details: No illegal appropriation of land for facility building or expansion of footprint.

Non-compliance:

1. Description of non-compliance:

☒ NC against ETI/Additional Elements

☐ NC against Local Law

☐ NC against customer code:

Workers were not aware of the ETI code.

Workers were not aware of the ETI code.

During worker interview, 5 out of 10 workers interviewed were not aware of the ETI code.

Local law and/or ETI requirement:

In accordance with Additional Elements Clause 0.B.4 Suppliers are expected to communicate this Code to all employees.

Recommended corrective action:

It is recommended that all workers are made aware of the content of the ETI code and that it is additionally displayed in the notice board for increased visibility.

Objective evidence observed:

(where relevant please add photo numbers)

Worker interview and document review

Observation:

Description of observation:

None observed

Local law or ETI requirement:

N/A

Comments:

N/A

Objective evidence observed:

N/A

Good Examples observed:

Description of Good Example (GE):

None observed

Objective evidence observed:

N/A

1: Freely Chosen Employment

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

ETI

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

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

Current Systems and Evidence Examined

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

Current systems:

1. The factory had a policy which prohibited forced labour and this was available for review.
2. There was a non-formalised application procedure which stated that workers must present their ID's for proof of age but that only copies must be kept in the personnel files and the original given back to the workers.
3. The employee handbook - given to all workers on joining, stated that workers within their probation period were free to leave with 3 days written notice and once a worker was permanent (this was out of probation) they can resign from the factory with one month's prior written notice, given to their supervisor or the personnel office. The handbook also stated that they would be given their full wages on their last day of work.
4. The terms and conditions of employment in the handbook stated that the workers were free to leave the workplace outside of their working hours.
5. Contract for security guards stated that they must not prevent workers from leaving the premises outside of working hours and where they were conducting searches that this was at the request of management, was done on a sample basis and was performed discretely and without significant delay to workers leaving at the end of shift.
6. The above was confirmed in management and worker interview.

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

Details:

1. Social accountability policy and manual
2. Personnel files and labour contracts
3. Resignation records
4. Interview with management and workers
5. Site tour

Any other comments:

Nil

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

☐ Yes

☒ No

A1: If yes, please give details and category of workers affected:

B: Is there any evidence of a loan

☐ Yes

scheme in operation	☒ No B1: If yes, please give details and category of worker affected:
C: Is there any evidence of retention of wages /deposits	☐ Yes ☒ No C1: If yes, please give details and category of worker affected:
D: Are there any restrictions on workers' freedom to terminate employment?	☐ Yes ☒ No D1: Please describe finding: N/A
E: If any part of the business is UK based or registered there & has a turnover over £36m, is there a published a 'modern day slavery statement'?	☐ Yes ☐ No ☒ Not applicable E1: Please describe finding:
F: Is there evidence of any restrictions on workers' freedoms to leave the site at the end of the work day?	☐ Yes ☒ No F1: Please describe finding: The terms and conditions of employment in the handbook stated that the employees were free to leave the workplace outside of their working hours.
G: Does the site understand the risks of forced / trafficked / bonded labour in its supply chain	☒ Yes ☐ No ☐ Not applicable G1: If yes, please give details and category of workers affected: Confirmed by document review and management interview, the site understand the risks of forced / trafficked / bonded labour in its supply chain.
H: Is the site taking any steps taking to reduce the risk of forced / trafficked labour?	☒ Yes ☐ No H1: Please describe finding: Factory would regularly carry out social compliance assessment for all their suppliers.

Non-compliance:

1. Description of non-compliance:

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

None observed

Local law and/or ETI requirement

N/A

Recommended corrective action:

N/A

Objective evidence observed:

(where relevant please add photo numbers)

N/A

Observation:

Description of observation:

None observed

Local law or ETI requirement:

N/A

Comments:

N/A

Objective evidence observed:

N/A

Good Examples observed:

Description of Good Example (GE):

None observed

Objective evidence observed:

N/A

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

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

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

ETI

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

Current Systems and Evidence Examined

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

Current systems:

1. The factory management always respected workers' choice and the freedom of association and never interfered with workers to join the trade union or any other kind of workers committee.
2. There was no union in the factory.
3. The worker committee was made up of 3 worker representatives who were democratically elected by the production workers. The worker representative normally would have a meeting on a trimonthly basis to summarize the concerns and complaints from production workers.
4. All interviewed workers stated that they could report their concerns to the worker representative or directly to the supervisor or upper management.
5. In addition, workers could also response their concerns through suggestion box. And all complaints or suggestions would be tackled within a short time.

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

Details:

1. The policy on freedom of association and right to collective bargaining.
2. Social accountability manual included worker committee selection program and the responsibility of the worker representative.
3. Interview with workers
4. Interview with management

Any other comments:

Nil

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

- ☐ Union (name)
☒ Worker Committee
☐ Other (specify)
☐ None

B: Is it a legal requirement to have a union?

- ☐ Yes
☒ No

C: Is it a legal requirement to have a worker's committee?	☐ Yes ☒ No	
D: Is there any other form of effective worker/management communication channel? (Other than union/worker committee e.g. H&S, sexual harassment)	☒ Yes ☐ No D1: Please give details: Workers could raise their concerns through worker representative, telephone, suggestion box, directly communicating with the factory management. D2: Is there evidence of free elections? ☒ Yes ☐ No	
E: Does the supplier provide adequate facilities to allow the Union or committee to conduct related business?	☒ Yes ☐ No E1: Please give details: There was a room available for the worker committee to meet and the members were allowed 2 hours per month for a meeting.	
F: Name of union and union representative, if applicable:	N/A	F1: Is there evidence of free elections? ☐ Yes ☐ No ☒ N/A
G: If there is no union, is there a parallel means of consultation with workers e.g. worker committees?	All workers could directly report their concerns via the worker representative, suggestion box, or directly report to their supervisors.	G1: Is there evidence of free elections? ☒ Yes ☐ No ☐ N/A
H: Are all workers aware of who their representatives are?	☒ Yes ☐ No	
I: Were worker representatives freely elected?	☒ Yes ☐ No	I1: Date of last election: 21 Mar 2021
J: Do workers know what topics can be raised with their representatives?	☒ Yes ☐ No	
K: Were worker representatives/union representatives interviewed?	☒ Yes ☐ No If Yes , please state how many: 1	
L: Please describe any evidence that union/worker's committee is effective? Specify date of last meeting; topics covered; how minutes were communicated etc.	The committee had met every 3 months. There were meeting minutes and the employee committee interview confirmed that they had met with management every 3 months. Meeting minutes were communicated to all employees via the public board.	
M: Are any workers covered by Collective Bargaining Agreement (CBA)?	☐ Yes ☐ No N/A, no CBA was established in this factory. Workers were freely to attend the employee representative/ management representative	

	meetings.	
If Yes , what percentage by trade Union/worker representation	M1: ____% workers covered by Union CBA N/A	M2: ____% workers covered by worker rep CBA N/A
M3: If Yes , does the Collective Bargaining Agreement (CBA) include rates of pay?	☐ Yes ☐ No N/A	

Non-compliance:

1. Description of non-compliance:

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

Local law and/or ETI requirement:

N/A

Recommended corrective action:

N/A

Objective evidence observed:

(where relevant please add photo numbers)
N/A

Observation:

Description of observation:

None observed

Local law or ETI requirement:

N/A

Comments:

N/A

Objective evidence observed:

N/A

Good Examples observed:

Description of Good Example (GE):

None observed

Objective evidence observed:

N/A

3: Working Conditions are Safe and Hygienic

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

ETI

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

Current Systems and Evidence Examined

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

Current systems:

1. General Health and Safety management

- Health & Safety policy was established in the factory and the factory manager was familiar with it.
- Mr. Quan Cheng Da (Factory Manager) was appointed to be responsible for the facility's safety and health conditions.
- Purified water was provided free of charge to workers, the drinking water test report was up-to-date and kept in the factory and the test result was qualified.
- Lavatory facilities were accessible and adequate in number, private and segregated for men and women.
- Ventilation, temperature and lighting were adequate for the production processes.
- All workers were properly wearing PPE (Personal Protective Equipment) in the production workshop.
- Occupational hazards factors testing was conducted, and the report was provided for review.
- Minutes of meetings showed that there were trimonthly meetings between the H&S committee (workers) and the H&S manager, and each point was acted on.

2. Fire Safety

- There were at least 2 exits from each work area and these were clearly marked.
- Fire fighting equipment were adequate and checks were up-to-date.
- Evacuation diagrams were posted in all areas and understood by all workers interviewed.
- Fire drills were organised and recorded every 6 months for production unit.
- Training had been given to all employees.

3. Electrical safety

- Most electrical equipment was maintained in good condition such as sockets, plugs, switches and main fuse boards.
- There was 1 competent electrician at the site and his training certificate was available for review.

4. Medical services

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

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

1. Health and safety policy
2. Health and safety manual
3. Health and safety committee minutes
4. Training records and certificates
5. Government licenses
6. Special equipment inspection reports and qualified operator certificates
7. Fire equipment maintenance records
8. Fire drill and evacuation records
9. Building structure safety certificates
10. Fire safety certificates
11. First aider certificates
12. Checks on fire equipment
13. Accident reports
14. Electrician certificates
15. Potable water testing report
16. Interview with H&S manager and committee members
17. Interview with workers
18. Site tour
19. Etc.

Any other comments:

Nil

A: Does the facility have general and occupational Health & Safety policies and procedures that are fit for purpose and are these communicated to workers?	☒ Yes ☐ No A1: Please give details: The site had a H&S manager and a H&S committee who met regularly.
B: Are the policies included in workers' manuals?	☒ Yes ☐ No B1: Please give details: Based on the documents review, it was noted that the health and safety procedure and policy were set up for implementation of health and safety compliance in the facility.
C: Are there any structural additions without required permits/inspections (e.g. floors added)?	☐ Yes ☒ No C1: Please give details: N/A, no structural addition was found during audit.
D: Are visitors to the site informed on H&S and provided with personal protective equipment	☒ Yes ☐ No D1: Please give details: Visitor's badges had H&S information on them and the visitor was requested to read it.
E: Is a medical room or medical facility provided for workers? If yes, do the room(s) meet legal	☐ Yes ☒ No E1: Please give details: N/A. There was no medical room.

requirements and is the size/number of rooms suitable for the number of workers.	
F: Is there a doctor or nurse on site or there is easy access to first aider/trained medical aid?	☒ Yes ☐ No F1: Please give details: There were 2 first aiders in the factory.
G: Where the facility provides worker transport - is it fit for purpose, safe, maintained and operated by competent persons e.g. buses and other vehicles?	☐ Yes ☒ No G1: Please give details: No transport was provided to workers.
H: Is secure personal storage space provided for workers in their living space and is fit for purpose?	☒ Yes ☒ No H1: Please give details: Lockers were provided for workers in the dormitory.
I: Are H&S Risk assessments are conducted (including evaluating the arrangements for workers doing overtime e.g. driving after a long shift) and are there controls to reduce identified risk?	☒ Yes ☐ No I1: Please give details: The factory had carried out the health and safety risk assessment on the areas such as evaluating the arrangements for workers doing overtime.
J: Is the site meeting its legal obligations on environmental requirements including required permits for use and disposal of natural resources?	☒ Yes ☐ No J1: Please give details: The factory had established environmental administrative manual and obtained environmental impact registration document for review.
K: Is the site meeting its customer requirements on environmental standards, including the use of banned chemicals?	☒ Yes ☐ No K1: Please give details: The site had a copy of the banned substances list from its customer and was meeting those requirements.

Non-compliance:

1. Description of non-compliance:

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

Electrical device was exposed without insulation.

During factory tour, it was noted that 1 electrical device was not installed with insulation inner cover on 2F of production building.

Local law and/or ETI requirement

In accordance with ETI 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.

In accordance with National Safety Technical Code for Electric Equipment's – GB19517-2009

2.2 Preventive measure against the hazard of electric shock

Insulation protective technology, direct/indirect touching protective

Objective evidence observed:

(where relevant please add photo numbers)

Factory tour (please refer to NC photo No. 1)

technology, and so on could be adopted to provide adequate protection for electric shock hazard of electric equipments, which work in normal application, caused by direct effect of electrical energy.

2.2.1 To ensure smooth operation and prevent hazard from direct effect of electric current, electric equipments must be with adequate electric insulation performance including insulation resistance, electric strength, quality of thermal endurance, moisture-proof, filthiness-proof, flame resistance, and tracking resistance, and so on.

Recommended corrective action:

It is recommended that the facility should ensure that all electricity boxes in the factory are marked with appropriate warning signs to avoid electric shock.

2. Description of non-compliance:

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

Part of employees did not properly wear PPE (Personal Protective Equipment).

During factory tour, it was noted that 2 employees working in the Laser welding workshop did not wear masks.

Local law and/or ETI requirement

In accordance with ETI 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.

In accordance with the PRC Law of Prevention and Control of Occupational Diseases article 26, at the workplace with toxic and hazardous substances where acute occupational injuries may occur, the employer shall have such places equipped with alarming devices, first-aid articles and washing equipment, and have emergency exit passages built and necessary risk obviating areas prepared. For the workplaces exposed to radioactive substances and the transportation and storage of radioisotope, the employer shall install protective equipment and alarming devices, and make sure that the employees exposed to radioactive rays wear dosimeters for personal use. With regard to the equipment for prevention of occupational diseases, emergency rescue facilities, and the articles to be used by individuals for prevention of occupational diseases, the employer shall have them maintained and overhauled regularly and have their properties and effects testes periodically, in order to keep them in normal condition. Without authorization, it may not have them dismantle or discontinue their use.

In addition, in accordance with standards for the Design of Industrial Enterprises (GBZ1-2010) 8.3, In workplaces or workshops where chemical burns or acute poisoning resulting from mucous absorption may occur, emergency response facilities should be established nearby based on the potential or existing occupational hazardous factors and characteristics. Emergency response facilities should include shower and eye wash devices with continuous water supply, gas protection cabinet, personal protective equipment, first-aid kit and medicine, stretcher and devices for transfer of patients, first aid equipment and communications equipment for emergency rescue.

Recommended corrective action:

Objective evidence observed:

(where relevant please add photo numbers)

Factory tour (please refer to NC photo No. 2)

It is recommended that the facility should keep eye washer available and inspect regularly.	
3. Description of non-compliance: ☒ NC against ETI ☒ NC against Local Law ☐ NC against customer code: No occupational health examination was provided for employees. During document review and worker interview, it was noted that 14 employees engaged in post with occupational disease hazards in dust and Laser welding workstation. However, these employees did not conduct the occupational health examination. Local law and/or ETI requirement In accordance with ETI 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. In accordance with the Regulations on Safety Use of Chemicals in Workplaces (1996), Article 12, Chemicals used shall have the labels, and the hazardous chemicals should be attached with safety labels. Also, the safety and technical instructions of the chemicals shall be available for operators engaged in the use of the chemical. Recommended corrective action: It is recommended that the facility shall conduct regular occupational health examination for those laborers who are engaged in using or contacting noxious articles in their working process.	Objective evidence observed: <i>(where relevant please add photo numbers)</i> Factory tour and management interview

Observation:	
Description of observation: None observed Local law or ETI requirement: N/A Recommended corrective action: N/A	Objective evidence observed: N/A

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

4: Child Labour Shall Not Be Used

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

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

ETI

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

Current Systems and Evidence Examined

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

Current systems:

1. There was a written policy in regard to prohibition of child labour, which stipulated that no worker under 16 years old would be recruited in the factory.
2. To prevent hiring child labour, the factory also established age verification mechanism. The HR staffs would authenticate ID card of candidates via physical appearance comparison, questions testing and ID card authentication facility. All these processes ensured no fake ID card was used by potential worker during the hiring process.
3. According to review of employees' personal files and employee interview, there was no child labour in the factory.
4. Through reviewing employees' personnel files and whole factory tour, there was no employee that was under 18 years.

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

Details:

1. The recruitment policy on child labour was reviewed. It stated that the factory would never employ or use any child labour under the age of 16 years old.
2. Recruitment procedure
3. Latest employee list
4. Personnel files of all workers
5. Interview with management and workers
6. Site tour

Any other comments:

Nil

A: Legal age of employment:	16 years old
B: Age of youngest worker found:	18 years old
C: Are there children present on the work floor but not working at the time of	☐ Yes ☒ No

audit?	
D: % of under 18's at this site (of total workers)	0 %
E: Are workers under 18 subject to hazardous work assignments? (Go to clause 3 – Health and Safety)	☐ Yes ☐ No E1: If yes, give details N/A

Non-compliance:	
1. Description of non-compliance: ☐ NC against ETI ☐ NC against Local Law ☐ NC against customer code: None observed Local law and/or ETI requirement: N/A Recommended corrective action: N/A	Objective evidence observed: <i>(where relevant please add photo numbers)</i> N/A

Observation:	
Description of observation: None observed Local law or ETI requirement: N/A Comments: N/A	Objective evidence observed: N/A

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

5: Living Wages are Paid

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

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

ETI

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

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

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

Current Systems and Evidence Examined

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

Current systems:

1. All employees' wages were calculated by hourly rate basis by cash before 30th each month for the last month. The pay slip with proper information including workers name, department, wage level, regular working hours, regular work payment, overtime hours, overtime payment, gross wages, deductions, net wages, staff signature etc. was provided to each worker.
2. During this audit, the payroll records from November 2020 to October 2021 (current month) and attendance records from 1 November 2020 to 22 November 2021 (current month) were provided for review. As per review of 10 sampled employees' payrolls and attendance records of December 2020, May 2021 and October 2021 (current month), it was noted that all workers were paid at least RMB9.89 per hour (RMB1720 per month) which was met the legal minimum wage as RMB1720 per month effective from 1 July 2018.
3. Additionally, all sampled workers were properly paid 150% and 200% of their normal wages for all workdays and weekend overtime hours respectively as legally required and no statutory holidays overtime hours were noted. All workers were paid when they were enjoying statutory holidays.
4. Paid annual leave benefit was also entitled to the employees who worked more than one year in the factory according to legal law.
5. Insufficient social insurance participated. According to the social insurance payment receipt of November 2021, there were 5 out of 52 eligible employees had participated in medical, basic retirement, unemployment insurance, disability caused by work-related injury insurance and maternity insurance.

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

Details:

1. Wages and benefits policy and procedure
2. Local and national laws
3. Local legal min wage documents
4. Overtime premiums records
5. Labour contracts for all workers
6. Resignation records
7. Production records

8. Social security insurance payment receipts
9. Worker interview and management interview

Any other comments:
Nil

Non-compliance:

1. Description of non-compliance:

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

Insufficient social insurance participated.

According to the social insurance payment receipt of November 2021, there were 5 out of 52 eligible employees had participated in medical, basic retirement, unemployment insurance, disability caused by work-related injury insurance and maternity insurance.

Local law and/or ETI requirement:

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

In accordance with the PRC Labor Law article 72, employing unit and employees must participate in social insurance and pay social insurance premiums in accordance with the law; and according to Social Insurance Law of the People's Republic of China, Article 10 Employees shall participate in the basic retirement insurance, and the basic retirement insurance premiums shall be jointly paid by employers and employees. Article 23 Employees shall participate in the basic illness or injury insurance for employees, and the basic illness or injury insurance premiums shall be jointly paid by employers and employees in accordance with the relevant provisions of the state. Article 33 Employees shall participate in the disability caused by work-related injury or occupational disease insurance, and the disability caused by work-related injury or occupational disease insurance premiums shall be paid by their employers rather than the employees. Article 44 Employees shall participate in unemployment insurance, and the unemployment insurance premiums shall be jointly paid by employers and employees in accordance with the relevant provisions of the state. Article 53 Employees shall participate in child-bearing insurance, and the child-bearing insurance premiums shall be paid by employers rather than employees in accordance with the relevant provisions of the state.

Recommended corrective action:

It is recommended that the facility shall ensure all employees participate in all 5 types of social insurance schemes and therefore receive all of their statutory welfare to comply with the Law.

Objective evidence observed:

(where relevant please add photo numbers)
Document review and worker interview

Observation:

Description of observation:

None observed

Objective evidence observed:

N/A

Local law or ETI requirement: N/A Comments: N/A	
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Good Examples observed:	
Description of Good Example (GE): None observed	Objective Evidence Observed: N/A

Summary Information

Criteria	Local Law (Please state legal requirement)	Actual at the Site (Record site results against the law)	Is this part of a Collective Bargaining Agreement?
A: Standard/Contracted work hours: (Maximum legal and actual required working hours excluding overtime, please state if possible per day, week, and month)	Legal maximum: 8 hours per day and 40 hours per week	A1: 8 hours per day and 40 hours per week	A2: ☐ Yes ☒ No
B: Overtime hours: (Maximum legal and actual overtime hours, please state if possible per day, week, and month)	Legal maximum: 3 hours per day and 36 hours per month	B1: Maximum 2 hours per day, 18 hours per week and 78 hours per month	B2: ☐ Yes ☒ No
C: Wage for standard/contracted hours: (Minimum legal and actual minimum wage at site, please state if possible per hr, day, week, and month)	Legal minimum: RMB1720/month equal to RMB9.89/hour since 1 July 2018	C1: Minimum RMB9.89/hour equal to RMB1720/month	C2: ☐ Yes ☒ No
D: Overtime wage: (Minimum legal and actual minimum overtime wage at site, please state if possible per hr, day, week, and month)	Legal minimum: 150%, 200% and 300% of regular rate for regular overtime hours, weekend overtime hours and statutory holiday overtime hours respectively.	D1: 150% and 200% of regular rate for regular overtime hours and weekend overtime hours respectively. No overtime work in statutory holidays.	D2: ☐ Yes ☒ No

Wages analysis: (Click here to return to Key Information)	
A: Were accurate records shown at the first request?	☒ Yes ☐ No
A1: If No , why not?	N/A

B: Sample Size Checked (State number of worker records checked and from which weeks/months – should be current, peak, and random/low. Please see SMETA Best Practice Guidance and Measurement Criteria)	Time records and payrolls of 10 sampled employees of December 2020, May 2021 and October 2021 were reviewed in this audit.		
C: Are there different legal minimum wage grades? If Yes, please specify all.	☐ Yes ☒ No	C1: If Yes, please give details:	
D: If there are different legal minimum grades, are all workers graded and paid correctly?	☐ Yes ☐ No ☒ N/A	D1: If No, please give details:	
E: For the lowest paid production workers, are wages paid for standard/contracted hours (excluding overtime) below or above the legal minimum?	☐ Below legal min ☒ Meet ☐ Above	E1: Lowest actual wages found: <i>Note: full time employees and please state hour / week / month etc.</i> Minimum RMB9.89/hour, RMB1720/month	
F: Please indicate the breakdown of workforce per earnings:	F1: ____% of workforce earning under minimum wage F2: <u>100</u>% of workforce earning minimum wage F3: ____% of workforce earning above minimum wage		
G: Bonus Scheme found: Please specify details:	Bonus Scheme found: <i>Note: type of employee (e.g. full time, temp, etc.) and please state which units e.g. /hour /week /month etc.</i> Nil		
H: What deductions are required by law e.g. social insurance? Please state all types:	Social insurance and personal income tax		
I: Have these deductions been made?	☒ Yes ☐ No	I1: Please list all deductions that have been made.	1. Social insurance 2. Personal income tax Please describe: Social insurance and personal income tax were deducted from wages and recorded in payroll records by factory.
		I2: Please list all deductions that have not been made.	1. Nil 2. Nil Please describe: No deductions that have not been made.
J: Were appropriate records available to verify hours of work and wages?	☒ Yes ☐ No		
K: Were any inconsistencies found? (if yes describe nature)	☐ Yes ☒ No	K1: Type ☐ Poor record keeping ☐ Isolated incident	

		☐ 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)	☒ Yes ☐ No L1: Please give details: All working hours in time records were paid rightly.	
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>	☐ Yes ☒ No M1: Please specify amount/time: No defined living wage was available at local.	
M2: If yes, what was the calculation method used.	☐ ISEAL/Anker Benchmarks ☐ Asia Floor Wage ☐ Figures provided by Unions ☐ Living Wage Foundation UK ☐ Fair Wear Wage Ladder ☐ Fairtrade Foundation Other – please give details: N/A	
N: Are there periodic reviews of wages? If Yes give details (include whether there is consideration to basic needs of workers plus discretionary income).	☒ Yes ☐ No N1: Please give details: There was an annual review when local wage rates were examined.	
O: Are workers paid in a timely manner in line with local law?	☒ Yes ☐ No	
P: Is there evidence that equal rates are being paid for equal work:	☒ Yes ☐ No P1: Please give details: Through factory rules review, payroll records review and employee interview, it was confirmed that equal rates were being paid for equal work.	
Q: How are workers paid:	☒ Cash ☐ Cheque ☐ Bank Transfer ☐ Other Q1: If other, please explain:	

6: Working Hours are not Excessive

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

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

ETI

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

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

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

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

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

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

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

Current Systems and Evidence Examined

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

Current systems:

1. Through employee interview, employees were voluntary to work overtime.
2. The factory adopted fingerprint scanning facility to record working hours for all employees.
3. Normally employees worked for 5 days a week in 1 shift. The normal working hour was from 08:00 to 17:30 with 1.5 hours' lunch break from 12:00 to 13:30. The regular OT was from 18:30 to 20:30.
4. There was no obvious peak month in the factory.
5. During this audit, the payroll records from November 2020 to October 2021 (current month) and attendance records from 1 November 2020 to 22 November 2021 (current month) were provided for review. As per review of 10 sampled employees' payrolls and attendance records of December 2020, May 2021 and October 2021 (current month), it was noted that the maximum daily overtime hours, weekly total working hours and consecutively working days for all sample population employees were 2 hours per work day, 58 hours per week and 6 days respectively.

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

Details:

1. Factory policy on working hours
2. Local and national laws
3. Workers contracts
4. Attendance records
5. Production and quality records to cross check hours
6. Management interview and worker interview

Any other comments:

Nil

Non-compliance:

1. Description of non-compliance:

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

Monthly overtime hours exceeded 36 hours.

During document review, it was noted that sampled employees worked in excess of the legal limits. The maximum number of monthly overtime hours were 78 in December 2020.

Local law and/or ETI requirement:

In accordance with ETI 6.1 Working hours must comply with national laws.

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

Recommended corrective action:

It is recommended that the facility should ensure the overtime of workers be in accordance with the legal requirements.

Objective evidence observed:

(where relevant please add photo numbers)
Document review and worker interview

Observation:

Description of observation:

None observed

Local law or ETI requirement:

N/A

Comments:

N/A

Objective evidence observed:

N/A

Good Examples observed:

Description of Good Example (GE): None observed	Objective Evidence Observed: N/A
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Working hours' analysis Please include time e.g. hour/week/month (Go back to Key information)					
Systems & Processes					
A. What timekeeping systems are used: time card etc.	Describe: Fingerprint scanning system				
B: Is sample size same as in wages section?	☒ Yes ☐ No B1: If no, please give details				
C: Are standard/contracted working hours defined in all contracts/employment agreements?	☒ Yes ☐ No	C1: If NO, please give details including % and which type of workers do NOT have standard hours defined in contracts/employment agreements. Please give details:			
D: Are there any other types of contracts/employment agreements used?	☐ Yes ☒ No	D1: If YES, please complete as appropriate:			
		☐ 0 hrs	☐ Part time	☐ Variable hrs	☐ Other
		If "Other", Please define:			
		N/A			
E. Do any standard/contracted working hours defined in contracts/employment agreements exceed 48 hours per week?	☐ Yes ☒ No	E1: If yes , please detail hours, %, types of workers affected and frequency Please give details:			
F: Are workers provided with at least 1 day off in every 7-day-period, or 2 in 14-day-period?	F2: Please select all applicable: ☒ 1 in 7 days ☐ 2 in 14 days ☐ No If 'No', please explain:	F3: Is this allowed by local law? ☒ Yes ☐ No			

		Maximum number of days worked without a day off (in sample):
		6 days
Standard/Contracted Hours worked		
G: Were standard working hours over 48 hours per week found?	☐ Yes ☒ No	G1: If yes, % of workers & frequency: N/A
H: Any local waivers/local law or permissions which allow averaging/annualised hours for this site?	☐ Yes ☒ No	H1: If yes, please give details: N/A
Overtime Hours worked		
I: Actual overtime hours worked in sample (State per day/week/month)	Highest OT hours: Maximum overtime 2 hours/day, 18 hours/week, 78 hours/month in December 2020. Maximum overtime 2 hours/day, 18 hours/week, 72 hours/month in May 2021. Maximum overtime 2 hours/day, 18 hours/week, 54 hours/month in October 2021.	
J: Combined hours (standard or contracted + overtime hours = total) over 60 found? Please give details:	☐ Yes ☒ No	
K: Approximate percentage of total workers on highest overtime hours:	90 %	
L: Is overtime voluntary?	☒ Yes ☐ No ☐ Conflicting Information	L1: Please detail evidence e.g. Wording of contract / employment agreement / handbook / worker interviews / refusal arrangements: Confirmed by worker interview
Overtime Premiums		
M: Are the correct legal overtime premiums paid?	☒ Yes ☐ No ☐ N/A – there is no legal requirement to OT premium	M1: Please give details of normal day overtime premium as a % of standard wages: 150% and 200% of regular rate for regular overtime hours and weekend overtime hours respectively.
N: Is overtime paid at a premium?	☒ Yes ☐ No	N1: If yes, please describe % of workers & frequency: 100% workers were paid at a premium monthly.

O: If the site pays less than 125% OT premium and this is allowed under local law, are there other considerations? Please complete the boxes where relevant.	☐ No ☐ Consolidated pay (May be standard wages above minimum legal wage, with no/low overtime premium) ☐ Collective Bargaining agreements ☐ Other N/A O1: Please explain any checked boxes above e.g. detail of consolidated pay / CBA or Other N/A
P: If more than 60 total hours per week and this is legally allowed, are there other considerations? Please complete the boxes where relevant.	☐ Overtime is voluntary ☐ Onsite Collective bargaining allows 60+ hours/week ☐ Safeguards are in place to protect worker's health and safety ☐ Site can demonstrate exceptional circumstances ☐ Other reasons (please specify) N/A P1: Please explain any checked boxes above e.g. detail of consolidated pay / CBA or other: N/A
Q: Is there evidence that overtime hours are being used for extended periods to make up for labour shortages or increased order volumes?	☐ Yes ☒ No Q1: If yes, please give details:
R: If sufficient workers cannot be hired, are new working time arrangements explored to ensure that overtime is the exception rather than the rule.	☐ Yes ☒ No

7: No Discrimination is Practiced

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

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. As informed by interviewed employees, most employees spoke highly of the facility owner.
2. No employee was required to do the examination of the hepatitis B virus and HIV. Female workers in this factory were not required to take pregnant tests before or during their employment.
3. Anti-discrimination procedure on hiring, compensation, promotion and access to training was available during the audit, Gender divisions did not exist in the facility; both female and male employees were distributed in all types of work.
4. There was an internal grievance process, all sampled employees were aware of the grievance channels in case they encountered any discrimination cases.
5. 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. Anti-discrimination policy and social accountability manual
2. The hiring and termination procedure, leave application records and employee handbook
3. Attendance records
4. Training records
5. Termination records
6. Interview with management and workers

Any other comments:

Nil

A: Gender breakdown of Management + Supervisors (Include as one combined group)	A1: Male: <u>40</u> % A2: Female <u>60</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:	1
C: Is there any evidence of discrimination based on race, caste, national origin, religion, age, disability,	☐ Hiring ☐ Compensation ☐ Access to training

gender, marital status, sexual orientation, union membership or political affiliation?:	☐ Promotion ☐ Termination or retirement ☒ No evidence of discrimination found C1: Please give details: N/A
---	--

Professional Development	
A: What type of training and development are available for workers?	All workers were given H&S training.
B: Are HR decisions e.g. promotion, training, compensation based on objective, transparent criteria?	☒ Yes ☐ No If no, please give details:

Non-compliance:	
1. Description of non-compliance: ☐ NC against ETI ☐ NC against Local Law ☐ NC against customer code: None observed Local law and/or ETI requirement: N/A Recommended corrective action: N/A	Objective evidence observed: <i>(where relevant please add photo numbers)</i> N/A

Observation:	
Description of observation: None observed Local law or ETI requirement: N/A Comments: N/A	Objective evidence observed: N/A

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

8: Regular Employment Is Provided

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

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

ETI

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

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

Additional Elements: Responsible Recruitment

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

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

8.5 Employment agencies must only supply workers registered with them.

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

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

Current Systems and Evidence Examined

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

Current systems:

1. All workers were recruited by the factory directly and had properly signed contracts with the factory.
2. No labour agency was used to hire workers.
3. No temporary worker or home worker was identified by auditor.
4. Additionally, all of the workers were properly provided with one copy of the labour contract for his or her reference.

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

Details:

1. Recruitment policy
2. The hiring and termination practices
3. Personal files and labour contracts
4. Interview with management interview and workers

Any other comments:

Nil

Non-compliance:

1. Description of non-compliance:

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

None observed

Local law and/or ETI requirement:

N/A

Recommended corrective action:

N/A

Objective evidence observed:

(where relevant please add photo numbers)

N/A

Observation:

Description of observation:

None observed

Local law or ETI requirement:

N/A

Comments:

N/A

Objective evidence observed:

N/A

Good Examples observed:

Description of Good Example (GE):

None observed

Objective Evidence Observed:

N/A

Responsible Recruitment

All Workers

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

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

A1: If any are unchecked, please describe finding and specific category(ies) of workers affected:

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

- ☐ Yes
- ☒ No

B1: If yes, please describe details and specific category(ies) of workers affected:

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

Migrant Workers: <i>The term "migrant worker" refers to a person who is engaged or has been engaged in a remunerated activity in a country of which they are not a national or permanent resident or has purposely migrated on a temporary basis to another in-country region to seek and engage in a remunerated activity</i>		
A: Type of work undertaken by migrant workers:	Migrant workers were involved in all types of work in the factory.	
B: Please give details about recruitment agencies for migrant workers:	B1: Total number of (in country recruitment agencies) used: 0 B2: Total number of (outside of local country) recruitment agencies used: 0	
C: Are migrant workers' voluntary deductions (such as for remittances) confirmed in writing by the worker and is evidence of the transaction supplied by the facility to the worker?	☐ Yes ☐ No C1: Please describe finding: N/A	C2: Observations: No deduction was made from migrant workers.
D: Are Any migrant workers in skilled, technical, or management roles <i>Migrant Workers (this should include all migrant workers including permanent workers, temporary and/or seasonal workers)</i>	☒ Yes ☐ No D1: If yes, number and example of roles: There were 9 migrant workers in skilled and technical role.	

NON-EMPLOYEE WORKERS

Recruitment Fees:	
A: Are there any fees?	☐ Yes ☒ No
B: If yes, check all that apply:	☐ Recruitment / hiring fees ☐ Service fees ☐ Application costs ☐ Recommendation fees ☐ Placement fees ☐ Administrative, overhead or processing fees ☐ Skills tests ☐ Certifications ☐ Medical screenings ☐ Passports/ID's ☐ Work / resident permits ☐ Birth certificates ☐ Police clearance fees ☐ Any transportation and lodging costs after employment offer ☐ Any transport costs between work place and home ☐ Any relocation costs after commencement of employment ☐ New hire training / orientation fees ☐ Medical exam fees ☐ Deposit bonds or other deposits ☐ Any other non-monetary assets ☐ Other B1 – If other, please give details:
C: If any checked, give details:	N/A

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

	D1: Please give details:
E: Does the site have a system for checking labour standards of agencies? If yes, please give details.	☐ Yes ☐ No E1: Please give details: N/A

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

8A: Sub-Contracting and Homeworking

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

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

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. A site tour showed that all production processes were present in the unit.
2. No sub-contracting or home-working was used in the facility.
3. As per management interview and factory tour, there was not homeworkeer used by the factory.

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

Details:

1. List of approval supplier
2. Production records
3. Interview with management and workers
4. Site tour

Non-compliance:

1. Description of non-compliance:

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

Local law and/or ETI /Additional Elements requirement:

N/A

Recommended corrective action:

N/A

Objective evidence observed:

(where relevant please add photo numbers)

N/A

Observation:

Description of observation: None observed Local law or ETI/Additional elements requirement: N/A Comments: N/A	Objective evidence observed: N/A
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Good Examples observed:

Description of Good Example (GE): None observed	Objective Evidence Observed: N/A
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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 or undeclared sub-contracting	☐ Yes ☐ No A1: Please describe:
B: If sub-contractors are used, is there evidence this has been agreed with the main client?	☐ Yes ☐ No B1: If Yes , summarise details:
C: Number of sub-contractors/agents used:	
D: Is there a site policy on sub-contracting?	☐ Yes ☐ No D1: If Yes , summarise details:
E: What checks are in place to ensure no child labour is being used and work is safe?	

Summary of homeworking – if applicable

☒ Not Applicable please x

A: If homeworking is being used, is there evidence this has been agreed with the main client?	☐ Yes ☐ No A1: If Yes , summarise details:
---	---

B: Number of homeworkers	B1: Male:	B2: Female:	Total:
C: Are homeworkers employed direct or through agents?	☐ Directly ☐ Through Agents	C1: If through agents, number of agents:	
D: Is there a site policy on homeworking?	☐ Yes ☐ No		
E: How does the site ensure worker hours and pay meet local laws for homeworkers?			
F: What processes are carried out by homeworkers?			
G: Do any contracts exist for homeworkers?	☐ Yes ☐ No G1: Please give details:		
H: Are full records of homeworkers available at the site?	☐ Yes ☐ No		

9: No Harsh or Inhumane Treatment is Allowed

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

ETI

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

Additional elements:

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

A: Are there published, anonymous and/or open channels available for reporting any violations of Labour standards and H&S or any other grievances to a 3 rd party?	☒ Yes ☐ No A1: Please give details: Workers could report to the local labour force bureau if violations happened.
B: If Yes , are workers aware of these channels and have access? Please give details.	Workers were aware of the channel and they could report violations to the local labour force bureau freely.
C: If yes, what type of mechanism is used e.g. hotline, whistle blowing mechanism, comment box etc. Please give details.	There was an internal process for grievance, which was an anonymous email address, where workers could report any grievances (harassment, bullying, discrimination etc.)
D: Which of the following groups is there a grievance mechanism in place for?	☒ Workers ☐ Communities ☐ Suppliers ☐ Other D1: Please give details: Employees could raise their grievances directly to supervisors, worker representative and send emails to state their opinions and suggestions, and then the management would post corresponding feedback on the bulletin board.
E: Are there any open disputes?	☐ Yes ☒ No E1: If yes, please give details
F: Does the site encourage its business partners (e.g. suppliers) to provide individuals and communities with access to effective grievance mechanisms (e.g. helplines or whistle blowing mechanism)	☒ Yes ☐ No F1: If no, please give details
G: Is there a published and transparent disciplinary procedure?	☒ Yes ☐ No G1: If no, please explain

H: If yes, are workers aware of these the disciplinary procedure?	☒ Yes ☐ No H1: If no, please give details
I: Does the disciplinary procedure allow for deductions from wages (fines) for disciplinary purposes (see wages section)?	☐ Yes ☒ No I1: If yes, please give details

Current Systems and Evidence Examined

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

Current systems:

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

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

Details:

1. The relevant policy on prevention of harassment and abuse
2. Internal grievance procedure documentation
3. Disciplinary action records
4. Grievance records
5. Training records
6. Interview with management and workers

Any other comments:

Nil

Non-compliance:

1. Description of non-compliance:

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

Local law and/or ETI requirement:

N/A

Objective evidence observed:

(where relevant please add photo numbers)
N/A

Recommended corrective action: N/A	
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Observation:	
Description of observation: None observed Local law or ETI requirement: N/A Comments: N/A	Objective evidence observed: N/A

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

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

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

Additional Elements

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

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

Current Systems and Evidence Examined

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

Current systems:

1. Per document review, facility management representation and employee interview, all employees in the facility were Chinese.
2. All employees had the proper legal rights to work in this region.
3. The youngest age was 18 years old. All of them were recruited directly by the facility and no agency was involved in facility's recruitment processes.
4. No agency staff or foreign employee was used by the facility.

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

Details:

1. Hiring procedure
2. Worker handbook
3. Personal files and contracts
4. Interview with management and workers

Any other comments:

Nil

Non-compliance:

1. Description of non-compliance:

☐ NC against ETI/Additional Elements

☐ NC against Local Law

☐ NC against customer code:

None observed

Local law and/or ETI /Additional Elements requirement:

N/A

Recommended corrective action:

N/A

Objective evidence observed:

(where relevant please add photo numbers)

N/A

Observation:

Description of observation:

None observed

Local law or ETI/Additional Elements requirement:

N/A

Comments:

N/A

Objective evidence observed:

N/A

Good examples observed:

Description of Good Example (GE):

None observed

Objective Evidence Observed:

N/A

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

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

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

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

10B2.2 The supplier should be aware of and comply with their end clients' environmental requirements.

Note for auditors and readers, this is not a full environmental assessment but a check on basic systems and management approach.

Current Systems and Evidence Examined

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

Current systems:

1. Mr. Quan Cheng Da (Factory Manager) was responsible for the environment management system in the facility.
2. The facility management maintained all legally required environmental documents in place which proved that the production of the facility was in compliance with the related environmental regulations.
3. All legally required certificates including the registration form of environmental impacts of the construction, environmental impact assessment document and the environmental protection check were available and valid during this audit.
4. The annual monitoring report for waste air, wastewater and noise showed the pollutant discharging was in compliance with environmental law.
5. The factory had signed contract with the qualified collector and all hazardous waste generated by the factory would be submitted to the collector.
6. Based on employee interview, they were trained on environmental protection.

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

Details:

1. Management interview and employee interview
2. Facility tour
3. Environmental documents

Any other comments:

Nil

Non-compliance:

1. Description of non-compliance:

☐ NC against ETI/Additional Elements
None observed

☐ NC against Local Law

Local law and/or ETI/Additional Elements requirement:

N/A

Recommended corrective action:

N/A

Objective evidence observed:

(where relevant please add photo numbers)
N/A

Observation:

Description of observation:

None observed

Local law or ETI/additional elements requirement:

N/A

Comments:

N/A

Objective evidence observed:

N/A

Good examples observed:

Description of Good Example (GE):

None observed

Objective Evidence Observed:

N/A

Other findings

Other Findings Outside the Scope of the Code

Nil

Community Benefits

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

Nil

Appendix 1

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."

☒ Not Applicable please x

Photo Form

Non-compliance photo

		Nil
No. 1 Electrical device was exposed without insulation.	No. 2 Part of employees did not properly wear PPE (Personal Protective Equipment).	

General photo

		
Factory gate & Production building	Factory nameplate	Dormitory building
		
Dormitory room	Evacuation plan	Fire alarm bell and fire button Fire hydrant

		
Attendance record facility	Fire extinguishers	Emergency light/Exit sign
		
Suggestion box	First aid kit	Drinking water
		
Warehouse	Assembly and packing	Assembly
		
Laser	Assembly	Polishing



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

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

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

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

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