




Sedex Members Ethical Trade Audit Report

Version 6.0



Audit Details			
Sedex Company Reference: <i>(only available on Sedex System)</i>	ZC: 1050118	Sedex Site Reference: <i>(only available on Sedex System)</i>	ZS: 403323369
Business name (Company name):	47 Brand LLC		
Site name:	Shanghai Yutuo Knitting Co., Ltd.		
Site address: <i>(Please include full address)</i>	No.118 Kanbei Road, Fengxian District, Shanghai.	Country:	China
Site contact and job title:	Mr. Yang Yong / General Manger		
Site phone:	86-21-37510098	Site e-mail:	Lituo-1990@163.com
SMETA Audit Pillars:	<input checked="" type="checkbox"/> Labour Standards	<input checked="" type="checkbox"/> Health & Safety	<input type="checkbox"/> Environment <input type="checkbox"/> Business Ethics
Date of Audit:	March 05, 2019		

<p>Audit Company Name & Logo:</p>  <p>BVCPS</p>	<p>Report Owner (payee): <i>(If paid for by the customer of the site please remove for Sedex upload)</i></p> <p>47 Brand LLC</p>
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Audit Conducted By					
Commercial	<input checked="" type="checkbox"/>	Purchaser	<input type="checkbox"/>	Retailer	<input type="checkbox"/>
Brand owner	<input type="checkbox"/>	NGO	<input type="checkbox"/>	Trade Union	<input type="checkbox"/>
Multi-stakeholder	<input type="checkbox"/>	Combined Audit (select all that apply)			

Audit Content:

(1) A SMETA audit was conducted which included some or all of Labour Standards, Health & Safety, Environment and Business Ethics. The SMETA Best Practice Version 6.0 April 2017 was applied. The scope of workers included all types at the site e.g. direct employees, agency workers, workers employed by service providers and workers provided by other contractors. Any deviations from the SMETA Methodology are stated (with reasons for deviation) in the SMETA Declaration.

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

2-Pillar SMETA Audit

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

4-Pillar SMETA

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

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

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

SMETA Declaration

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

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

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

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

Lead auditor: Chris Xia

Team auditor: Eric Xi

Interviewers: Chris Xia, Eric Xi

Report writer: Chris Xia

Report reviewer: Regent Shi

Audit Company Report Reference: 10190080352

Date of declaration: March 05, 2019

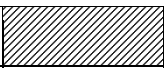
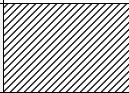




Note: The focus of this ethical audit is on the ETI Base Code and local law. The additional elements will not be audited in such depth or scope, but the audit process will still highlight any specific issues.

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

Non-Compliance Table

Issue <i>(please click on the issue title to go direct to the appropriate audit results by clause)</i> <i>Note to auditor, please ensure that when issuing the audit report, hyperlinks are retained.</i>	Area of Non-Conformity <i>(Only check box when there is a non-conformity, and only in the box/es where the non-conformity can be found)</i>				Record the number of issues by line*:			Findings <i>(note to auditor, summarise in as few words as possible NCs, Obs and GE)</i>
	ETI Base Code	Local Law	Additional Elements	Customer Code	NC	Obs	GE	

0A	Universal Rights covering UNGP			<input type="checkbox"/>	<input type="checkbox"/>		0	0	0	Nil
0B	Management systems and code implementation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		0	0	0	Nil
1.	Freely chosen Employment	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>		0	0	0	Nil
2	Freedom of Association	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>		0	0	0	Nil
3	Safety and Hygienic Conditions	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>		3	0	0	1. Employees in linking workshop were provided with Inappropriate masks 2. Not provided training certificate of safety production management personnel 3. Missing monthly check for fire alarm
4	Child Labour	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>		0	0	0	Nil
5	Living Wages and Benefits	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>		0	0	0	Nil
6	Working Hours	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>		1	0		Sampled workers worked in excess of the statutory overtime hour limits.

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

General observations and summary of the site:

This is a periodic audit, previous findings closed as below:

1. It was noted that the gap between stacks and walls was 0 meter, which was less than the legal requirement of 0.5 meter and the gap between stacks and posts was 0 meter, which was less than the legal requirement of 0.3 meter in finished products warehouse and raw materials warehouse.
2. It was noted that the horizontal distance between two adjacent safety exits in the canteen was 1.5 meters, which was less than the legal requirement of no less than 5 meters.
3. It was noted that the factory failed to provide the original special equipment operator certificate for one pressure vessels operator in the factory for auditors' review, though the copy of the certificate was provided for review.

The site was established in 2003, and produces home textile. The factory is managed by Mr. Yang Yong who has managed the site since 2003. The factory consisted of two 2-storey production and warehouse buildings. The total construction area was about 15000 square meters. No dormitory was available in the factory. The factory subleased the partial of the 1st floor of one 2-storey building to Shanghai Yitian Knitting Co., Ltd. as warehouse.

The audit was performed over 1 day by 2 auditors, and included interviews and records inspection of 26 workers.

Workers interviewed included both male and female. All workers were favourable towards the company.

They enjoyed the work and stated it was a friendly environment. Pay is always accurate and is paid on time; Also, they stated that they felt comfortable in approaching with any concerns they have.

There were several non-compliances found in the audit as per the table, specific examples include, issues in health and safety and benefits and working hour section.

**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:	47 BRAND LLC		
B: Site name:	Shanghai Yutuo Knitting Co., Ltd.		
C: GPS location: (if available)	GPS Address: No.118 Kanbei Road, Fengxian District, Shanghai, China	Latitude: 30.937989 Longitude: 121.733834	
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 No: 91310120756967991N Valid from November 26, 2003 to November 25, 2023		
E: Products/Activities at site, for example, garment manufacture, electricals, toys, grower, cutting, sewing, packing etc.	Socks		
F: Site description: (Include size, location, and age of site. Also, include structure and number of buildings)	Production Building no	Description:	Remark, if any
	Floor 1	Knitting workshop, raw materials	Nil

	warehouse and office room	
Floor 2	Linking workshop, semi-finished goods warehouse	Nil
Is this a shared building?	No	Nil
Production Building no	Description:	Remark, if any
Floor 1	Shaping workshop Warehouse used by other factory (Shanghai Yitian Knitting Co, Ltd.)	Nil
Floor 2	Packing workshop, finished products warehouse and canteen	Nil
Is this a shared building?	Yes	Nil

The factory was located at No.118 Kanbei Road, Fengxian District, Shanghai, which was established on November 26, 2003.

The factory address on business licence was No.4 Dongsiping Road, Situan Economic Park, Fengxian District, Shanghai. Per management interview, they were same and the address information was just redefined by the local government. Now the address of No.118 Kanbei Road was more accurate. The factory business activities were performed in this address since the factory established and never changed the location.

There were 129 employees (21 male and 105 female) currently working in the factory. Among them 9 were factory management and 120 were production workers. On the audit day all employees were present. Migrant employees mostly come from other provinces in China, such as Henan, Anhui, Sichuan. All employees were hired by the facility directly.

There was two shifts for all workshops, One shift was from 7:30 to 19:30 and 19:30 to 7:30 including 2 hours meal break and 2 hours overtime for knitting workshop. Other employees were from 7:30 to 16:30 with lunch break from 11:00 to 12:00. Factory adopted fingerprint attendance system to record the attendance of employees. Production workers were paid at monthly rate on or before 26th of each month for last calendar month payment via bank transfer.

The factory consisted of two 2-storey production and warehouse buildings. The total construction area was about 15000 square meters. No dormitory was available in the factory. The factory subleased the partial of the 1st floor of one 2-storey

	<p>building to Shanghai Yitian Knitting Co., Ltd. as warehouse.</p> <p>Per document review and factory tour, they were belonged to different owners. These two factories had separate business license, management systems and payroll/time records system. Further, these two factories did not share facility equipment or employees.</p> <p>Visible structural integrity issues (large cracks) observed?</p> <p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p> <p>Please give details:</p> <p>Does the site have a structural engineer evaluation?</p> <p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>Please give details: The factory provided Report of inspection for completed building construction projects and Certificate of Inspection for Completed Building Construction Projects for review.</p>
<p>G: Site function:</p>	<p><input type="checkbox"/> Agent</p> <p><input checked="" type="checkbox"/> Factory Processing/Manufacturer</p> <p><input type="checkbox"/> Finished Product Supplier</p> <p><input type="checkbox"/> Grower</p> <p><input type="checkbox"/> Homeworker</p> <p><input type="checkbox"/> Labour Provider</p> <p><input type="checkbox"/> Pack House</p> <p><input type="checkbox"/> Primary Producer</p> <p><input type="checkbox"/> Service Provider</p> <p><input type="checkbox"/> Sub-Contractor</p>
<p>H: Month(s) of peak season: (if applicable)</p>	<p>The peak season was not obvious.</p>
<p>I: Process overview: (Include products being produced, main operations, number of production lines, main equipment used)</p>	<p>The factory specialized in the manufacture of socks. Main processes consisted of knitting, linking, shaping, inspecting and packing.</p> <p>Production line: 1 line</p> <p>Main equipment: knitting machines, linking machine, shaping machines, dryer machine</p>
<p>J: What form of worker representation / union is there on site?</p>	<p><input type="checkbox"/> Union (name)</p> <p><input checked="" type="checkbox"/> Worker Committee</p> <p><input type="checkbox"/> Other (specify)</p> <p><input type="checkbox"/> None</p>
<p>K: Is there any night production work at the site?</p>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p>

<p>L: Are there any on site provided worker accommodation buildings e.g. dormitories</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes approx. % of workers in on site accommodation</p>
<p>M: Are there any off site provided worker accommodation buildings</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes approx. % of workers</p>
<p>N: Were all site provided accommodation buildings included in this audit</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If No, please give details No accommodation was provided for employees.</p>

Audit Parameters			
A: Time in and time out	Day 1 Time in: 8:20 Day 1 Time out: 16:30	Day 2 Time in: N/A Day 2 Time out: N/A	Day 3 Time in: N/A Day 3 Time out: N/A
B: Number of auditor days used:	2 (2 auditors 1 day)		
C: Audit type:	<input type="checkbox"/> Full Initial <input checked="" type="checkbox"/> Periodic <input type="checkbox"/> Full Follow-up <input type="checkbox"/> Partial Follow-Up <input type="checkbox"/> Partial Other If other, please define:		
D: Was the audit announced?	<input checked="" type="checkbox"/> Announced <input type="checkbox"/> Semi – announced: Window detail: weeks <input type="checkbox"/> Unannounced		
E: Was the Sedex SAQ available for review?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If No, why not		
F: Any conflicting information SAQ/Pre-Audit Info to Audit findings?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes , please capture detail in appropriate audit by clause		
G: Who signed and agreed CAPR (Name and job title)	Mr. Yang Yong / General Manager		
H: Is further information available (If yes please contact audit company for details)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
I: Previous audit date:	March 16, 2018		
J: Previous audit type:	Full Initial		
K: Were any previous audits reviewed for this audit	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A		

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

B: Present at the audit?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
C: Present at the closing meeting?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
D: If Worker Representatives were not present please explain reasons why <i>(only complete if no worker reps present)</i>	N/A		
E: If Union Representatives were not present please explain reasons why: <i>(only complete if no union reps present)</i>	No union was available 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 and where they do not intend to remain permanently or has purposely migrated on a temporary basis to another in-country region to seek and engage in a remunerated activity

Worker Analysis								
	Local			Migrant*			Home workers	Total
	Permanent	Temporary	Agency	Permanent	Temporary	Agency		
Worker numbers – Male	8	0	0	12	0	0	0	20
Worker numbers – female	55	0	0	45	0	0	0	100
Total	63	0	0	57	0	0	0	120
Number of Workers interviewed – male	5	0	0	0	0	0	0	5
Number of Workers interviewed – female	14	0	0	7	0	0	0	21
Total – interviewed sample size	19	0	0	7	0	0	0	26

A: Nationality of Management	China
B: Nationality of workers <i>Please add more rows as applicable</i>	Countries: Country 1: ___China___ Country 2: ___N/A___ Country 3: ___N/A___
C: For the majority nationality of workers:	Nationality China approx % total workforce_100%___ Nationality N/A approx % total workforce_____ Nationality N/A approx % total workforce_____
D: Worker remuneration (management information)	___85%___% workers on piece rate _____% hourly paid workers ___15%___% salaried workers Payment cycle: _____% daily paid

	<p>_____ % weekly paid ____100____ % monthly paid _____ % other If other, please give details</p>
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Worker Interview Summary	
A: Were workers aware of the audit?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
B: Were workers aware of the code?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
C: Number of group interviews: <i>(Please specify number and size of groups. Please see SMETA Best Practice Guidance and Measurement Criteria. If the auditor was not able to follow the BPG, please state within the declaration)</i>	4 groups of 5 employees
D: Number of individual interviews <i>(Please see SMETA Best Practice Guidance and Measurement Criteria)</i>	Male: 2 Female: 4
E: All groups of workers are included in the scope of this audit such as; Direct employees, Casual and agency workers, Workers employed by service providers such as security and catering staff as well as workers supplied by other contractors. <i>Note to auditor: please record details of migrant /agency/contractor workers in section 8 – Regular Employment, under Responsible Recruitment</i>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If N, please give details
F: Interviews were done in private and the confidentiality of the interview process was communicated to the workers?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
G: In general, what was the attitude of the workers towards their workplace?	<input checked="" type="checkbox"/> Favourable <input type="checkbox"/> Non-favourable <input type="checkbox"/> Indifferent
H: What was the most common worker complaint?	Nil
I: What did the workers like the most about working at this site?	Issued wages on time, and good payment.
J: Any additional comment(s) regarding interviews:	Nil
K: Attitude of workers to hours worked:	The working hours were quite good.
L. Is there any worker survey information available?	
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <i>If yes, please give details:</i>	
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>	

26 employees were selected for private and confidential interview. In the interview process, they were frank; no hint of coaching by management was noted. All sampled workers stated that the working condition in the factory was good; they could go to toilet or drink water during working hours without restriction. They also stated that they were voluntary to work overtime.

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

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

The worker committee representative stated that the management was very kind to all workers; their workplace was very clean and well lit.

O: Attitude of managers:

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

The factory management had a system in place to check their current practices against their clients' requirements and the local law, and they took notice of the findings of the internal audit team and had recently implemented a Health & Safety committee to take care of health and safety concerns. Not all parts of the code were implemented; please see relevant section of report.

They also were engaged with the issue surrounding minimum wage payment for cleaners and unskilled new workers, and appreciated the need to change this to at least minimum wage for standard hours for all workers.

They stated that the social insurance coverage, although below the legal requirement allowed them to provide social insurance to partial workers, but they did appreciate that this did not meet the client requirement or the law and promised to discuss this internally.

Audit Results by Clause

0A: Universal Rights covering UNGP
[\(Click here to return to NC-table\)](#)

0.A. Guidance for Observations

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

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

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

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

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

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

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

Current Systems and Evidence Examined

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

Current systems:

The auditor checked the Statutory Documents such as Business registration certificates, Local minimum wage notice, Payment receipt of social insurance schemes, Work permits for special & dangerous operations, Non-Statutory Documents such as Employment registration records, Fire drill records, Floor plan, Worker handbook, Factory regulations, Machine maintenance program, Training records and Production Records such as Daily production output reports, product inspection records, material in & out records in warehouse, machine and equipment maintenance records, etc.

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

Details: web site with human rights statement, and employee handbook, some anonymous grievance material from the confidential e mail

Any other comments: Nil

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

- Yes
- No

Please give details: There was a focus on labour right and also aimed to address the responsibility of businesses to understand their broader human rights impacts including the need to recognise community

	human rights impact e.g. in the form of grievance mechanisms and Freedom of Association.
B: Does the business have a designated person responsible for implementing standards concerning Human Rights?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: Name: Mr. Yan Jun Job title: Vice factory director
C: Does the businesses have a transparent system in place for confidentially reporting, and dealing with human rights impacts without fear of reprisals towards the reporter?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: A suggestion box was provided, and Ms. Liu Fang/ HR manager checked the suggestion box monthly.
D: Does grievance mechanism meet with UNGP requirement of e.g. (Legitimate, Accessible, Predictable, Equitable, Transparent, Rights-compatible, a source of continuous learning and based on stakeholder engagement)?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If no, please give details:
E: Does the business demonstrate effective data privacy procedures for workers' information, which is implemented?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The business demonstrated effective data privacy procedures for workers' information, which is implemented.

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

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

Measuring Workplace Impact

Workplace Impact		
A: Annual worker turnover: Number of workers leaving in last 12 months as a % of average total number of workers on site over the year (annual worker turnover)	Last year: __15__ %	This year __10__ %
B: Current % quarterly (90 days) turnover: Number of workers leaving from the first of the 90 day period through to the last day of the 90 day period / [(number of employees on the 1 st day of 90 day period + number of employees on the last day of the 90 day period) / 2]	8%	
C: Annual % absenteeism: Number of days lost through job absence in the year / [(number of employees on 1 st day of the year + number employees on the last day of the year) / 2] * number available workdays in the year	Last year: __0__ %	This year __0__ %
D: Quarterly (90 days) % absenteeism: Number of days lost through job absence in the period / [(Number of employees on 1 st of the period + Number of employees on the last day of the period) / 2] * Number of available workdays in the month	0%	0%
E: Are accidents recorded?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please describe: There was no accident happened in the factory in the past 12 month.	
F: Annual Number of work related accidents and injuries per 100 workers: [(Number of work related accidents and injuries * 100) / Number of total workers]	Last year: 2018 Number: 0	Last year: 2019 Number: 0
G: Quarterly (90 days) number of work related accidents and injuries per 100 workers: [(Number of work related accidents and injuries * 100) / Number of total workers]	0	0
H: Lost day work cases per 100 workers: [(Number of lost days due to work accidents and work related injuries * 100) / Number of total workers]	Last year: 0	This year: 0
I: % of workers that work on average more than 48 standard hours / week in the last 6 / 12 months:	6 months __0__ % workers	12 months __0__ % workers
J: % of workers that work on average more than 60 total hours / week in the last 6 / 12 months:	6 months __0__ % workers	12 months __0__ % workers

0B: Management system and Code Implementation <i>(Click here to return to NC Table)</i>
<p>0.B.1 Suppliers are expected to implement and maintain systems for delivering compliance to this Code.</p> <p>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</p> <p>0.B.3 Suppliers shall appoint a senior member of management who shall be responsible for compliance with the Code.</p> <p>0.B.4 Suppliers are expected to communicate this Code to all employees.</p> <p>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.</p>

Current Systems and Evidence Examined
<p><i>To complete 'current systems' Auditors examine policies and written procedures in conjunction with relevant managers, to understand, and record what controls and processes are currently in place e.g. record what policies are in place, what relevant procedures are carried out, who is/are responsible for the management of this item of the code. Evidence checked should detail any documentary or verbal evidence shown to support the systems.</i></p>
<p>Current systems:</p> <p>The factory had implemented and maintained systems for delivering compliance to this Code and appointed a senior member of management who shall be responsible for compliance with the Code. This code had been communicated to all employees. During this audit, auditor crosschecked attendance records provided by management with related production records collected from workshops and interview 26 sample workers. And no inconsistencies were found after checking these records.</p> <p>Evidence examined – to support system description (Documents examined & relevant comments. Include renewal/expiry date where appropriate):</p> <p>Details: Management interview, Worker interview, Training records, Production records, etc.</p> <p>Any other comments: Nil.</p>

Management Systems:	
<p>A: In the last 12 months, has the site been subject to any fines/prosecutions for non-compliance to any regulations?</p>	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p> <p>Please describe: No fine was noted in the last 12 months.</p>
<p>B: Do policies and/or procedures exist that reduce the risk of forced labour, child labour, discrimination, harassment & abuse?</p>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>Please describe: Factory established human right procedures include forced labour, child labour, discrimination and harassment. The training of those procedures were provided to all employees include management and production employees.</p>
<p>C: If Yes, is there evidence (an indication) of effective implementation? Please give details.</p>	<p>According to ID card copies review and workers interview, the youngest worker was 19 years old.</p>

	<p>According to document review, workers interview and factory tour, there is no discrimination in hiring, compensation, access to training, promotion, termination or retirement based on race, caste, national origin, religion, age, disability, gender, material status, sexual orientation, union membership or political affiliation.</p> <p>According to the factory's regulation, physical abuse or discipline, the threat of physical abuse, sexual or other harassment and verbal abuse or other forms of intimidation were prohibited in the factory. According to worker interview, the factory treated every worker with respect and dignity, and no worker was subject to any physical, sexual, psychological or verbal harassment and abuse.</p>
<p>D: Have managers and workers received training in the standards for forced labour, child labour, discrimination, harassment & abuse?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: Training regarding to forced labour, child labour, discrimination, harassment & abuse were held regularly.</p>
<p>E: If Yes, is there evidence (an indication) that training has been effective e.g. training records etc.? Please give details</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: The factory provided the relevant annual training for management and employees and provided the training records for auditor review.</p>
<p>F: Does the site have any internationally recognised system certifications e.g. ISO 9000, 14000, OHSAS 18000, SA8000 (or other social audits). Please detail (Number and date).</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please describe: Nil</p>
<p>G: Is there a Human Resources manager/department? If Yes, please detail.</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: Ms. Liu Fang / HR Manager was responsible for Human Resources.</p>
<p>H: Is there a senior person /manager responsible for implementation of the code</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: Mr. Yan Jun/ Vice factory director was responsible for implementation of the Code.</p>
<p>I: Is there a policy to ensure all worker information is confidential</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: The factory had established a policy to ensure that all worker information is confidential and all information could only be reviewed by authorized person.</p>

J: Is there an effective procedure to ensure confidential information is kept confidential	<input type="checkbox"/> Yes <input type="checkbox"/> No Please describe: Only assigned responsible can have access to confidential information.
K: Are risk assessments conducted to evaluate policy and procedure effectiveness?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: Internal audit was held regularly.
L: Does the facility have a process to address issues found when conducting risk assessments, including implementation of controls to reduce identified risks?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: Facility management would take corrective action to reduce identified risks.
M: Does the facility have a policy/code which require labour standards of its own suppliers?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: Factory had the policy which required labour standards of its own suppliers.
Land rights	
N: Does the site have all required land rights licenses and permissions (see SMETA Measurement Criteria)?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: Land use permit, Planning permission of construction land and planning permit on construction project of the factory were provided
O: Does the site have systems in place to conduct legal due diligence to recognize and apply national laws and practices relating to land title?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: The procedure for laws and practices collection was established.
P: Does the site have a written policy and procedures specific to land rights. If yes, does it include any due diligence the company will undertake to obtain free, prior and informed consent, (FPIC) even if national/local law does not require it	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If yes, how does the company obtain FPIC: The procedure for due diligence the company undertook to obtain free, prior and informed consent
Q: Is there evidence that facility / site compensated the owner/lessor for the land prior to the facility being built or expanded.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: Planning permission of construction land and planning permit on construction project of the factory were provided for review.
R: Does the Facility demonstrate that alternatives to a specific land acquisition were considered to avoid or minimize adverse impacts?	<input type="checkbox"/> Yes <input type="checkbox"/> No Details: Not applicable Facility had no right of land acquisition in China.
S: Is There any evidence of illegal appropriation of land for facility building or expansion of footprint.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

	Details: There was no evidence of illegal appropriation of land for facility building or expansion of footprint.
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Non-compliance:	
Description of non-compliance: None Observed	Objective evidence observed: Not Applicable

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

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

1: Freely Chosen Employment
(Click here to return to NC-table)

ETI

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

Current Systems and Evidence Examined

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

Current systems:

Per employment procedures crosscheck, employee interview and management interview, there was no forced, bonded or involuntary prison labour. Workers were not required to lodge "deposits" or their identity papers with their employer and were free to leave their employer after reasonable notice in the factory.

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

Details:

- Personnel files (all were checked)
- Resignation records
- Factory rules
- Employee handbook
- Management and worker interview

Any other comments: Nil.

A: Is there any evidence of retention of original documents, e.g. passports/ID's	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes please give details and category of workers affected
B: Is there any evidence of a loan scheme in operation	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes please give details and category of worker affected
C: Is there any evidence of retention of wages /deposits	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes please give details and category of worker affected
D: Are there any restrictions on workers' freedom to terminate employment?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please describe finding: N/A
E: If any part of the business is UK based or registered there & has a	<input type="checkbox"/> Yes <input type="checkbox"/> No

turnover over £36m, is there is a published 'modern day slavery statement.	<input checked="" type="checkbox"/> Not applicable Please describe finding: N/A
G: Is there evidence of any restrictions on workers' freedoms to leave the site at the end of the work day?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please describe finding: Employees can leave the factory at the end of the work day freely and not be restricted.
H: Does the site understand the risks of forced / trafficked / bonded labour in its supply chain	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If yes please give details and category of workers affected: Factory forbade its supply chain involving in any activity of forced / trafficked / bonded labour.
I: Is the site taking any steps taking to reduce the risk of forced / trafficked labour?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe finding: Factory would terminate corporation with its supply chain if any forced / trafficked / bonded labour issue noted.

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

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

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

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

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

ETI

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

Current Systems and Evidence Examined

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

Current systems:

The factory didn't hinder free association and bargaining via interview. Workers in the factory had the right to join or form trade unions of their own choosing and to bargain collectively. Worker representatives were not discriminated against and had access to carry out their representative functions in the workplace.

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

Details:

- Minutes of the works committee meeting
- Site policy on freedom of association
- Interview with workers
- Interview with worker's committee members
- Interview with managers

Any other comments: Nil.

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

<p>effective worker/management communication channel? (Other than union/worker committee e.g. H&S, sexual harassment)</p>	<p><input type="checkbox"/> No Describe: Suggestion box</p> <p>Is there evidence of free elections? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>	
<p>E: Does the supplier provide adequate facilities to allow the Union or committee to conduct related business?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: A meeting room and relevant facilities.</p>	
<p>F: Name of union and union representative, if applicable:</p>	<p>N/A</p>	<p>Is there evidence of free elections? <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A</p>
<p>G: If there is no union, is there a parallel means of consultation with workers e.g. worker committees?</p>	<p>Worker Committee</p>	<p>Is there evidence of free elections? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A</p>
<p>H: Are all workers aware of who their representatives are?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>	<p>Mr. Guo Miao, Ms. Li Jinfeng</p>
<p>I: Were worker representatives freely elected?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>	<p>Date of last election: December 28, 2018</p>
<p>J: Do workers know what topics can be raised with their representatives?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>	<p>Health and safety</p>
<p>K: Were worker representatives/union representatives interviewed?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If Yes, please state how many: 1 worker representative joined the employee interview.</p>	
<p>L: Please describe any evidence that union/worker's committee is effective? <i>Specify date of last meeting; topics covered; how minutes were communicated etc.</i></p>	<p>The recent meeting was held on Jan 8, 2019 and lasted about 35 minutes. The topic was about arrangement for spring festival.</p>	
<p>M: Are any workers covered by Collective Bargaining Agreement (CBA)?</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	
<p>If Yes, what percentage by trade Union/worker representation</p>	<p><u>N/A</u> % workers covered by Union CBA</p>	<p><u>N/A</u> % workers covered by Union CBA</p>
<p>If Yes, does the Collective Bargaining Agreement (CBA) include rates of pay?</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No N/A</p>	

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

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

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

3: Working Conditions are Safe and Hygienic

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

ETI

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

Current Systems and Evidence Examined

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

Current systems:

In all, the working environment was clean organized and ventilated. Workers in the factory had received regular and recorded Health & Safety training, and such training was repeated for new and reassigned workers.

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

Details

- Health and safety policy
- Health and safety manual
- Health and safety committee minutes
- Training records and certificates
- Fire equipment maintenance records
- Fire drill records
- Government licenses and checks on air quality and dust level
- Building structure safety certificate
- Trained first aider register
- Accident reports
- Chemical list and MSDS for each chemical
- Potable water testing certificates
- Interviews with H&S manager
- Interviews with workers and H&S committee members

Any other comments: Nil.

A: Does the facility have general and	<input checked="" type="checkbox"/> Yes
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<p>occupational Health & Safety policies and procedures that are fit for purpose and are these communicated to workers?</p>	<p><input type="checkbox"/> No</p> <p>Details: Factory provided the policy and training records for review.</p>
<p>B: Are the policies included in workers' manuals?</p>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>Details: It was included in worker's manual.</p>
<p>C: Are there any structural additions without required permits/inspections (e.g. floors added)?</p>	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p> <p>Details: No structural addition was noted.</p>
<p>D: Are visitors to the site informed on H&S and provided with personal protective equipment</p>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>Details: Visitors to the site informed on H&S were provided with personal protective equipment.</p>
<p>E: Is a medical room or medical facility provided for workers?</p> <p>If yes, do the room(s) meet legal requirements and is the size/number of rooms suitable for the number of workers.</p>	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p> <p>Details: No medical room or medical facility provided for workers. First aid kit was provided in each workshop.</p>
<p>F: Is there a doctor or nurse on site or there is easy access to first aider/ trained medical aid?</p>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>Details: First aider certificates were available for review.</p>
<p>G: Where the facility provides worker transport - is it fit for purpose, safe, maintained and operated by competent persons e.g. buses and other vehicles?</p>	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p> <p>Details: No such thing provided.</p>
<p>H: Is secure personal storage space provided for workers in their living space and is it fit for purpose?</p>	<p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>N/A, no dormitory was available</p> <p>Details:</p>
<p>I: Are H&S Risk assessments conducted (including evaluating the arrangements for workers doing overtime e.g. driving after a long shift) and are there controls</p>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>Details: Risk assessment records were provided for review.</p>

to reduce identified risk?	
J: Is the site meeting its legal obligations on environmental requirements including required permits for use and disposal of natural resources?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: The approval of environmental impact appraisal documents and the approval document for on-site inspection and acceptance of completed environmental protection facilities were provided for review.
K: Is the site meeting its customer requirements on environmental standards, including the use of banned chemicals?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: No banned chemicals were used in the audited factory.

Non-compliance:	
<p>1. Description of non-compliance: <input checked="" type="checkbox"/> NC against ETI <input checked="" type="checkbox"/> NC against Local Law <input type="checkbox"/> NC against customer code: It was noted that the 3 out of 7 employees in the linking workshop were wearing disposable masks instead of dust protecting masks.</p> <p>Local law and/or ETI requirement ETI Code: A safe and hygienic working environment shall be provided, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Adequate steps shall be taken to prevent accidents and injury to health arising out of, associated with, or occurring in the course of work, by minimising, so far as is reasonably practicable, the causes of hazards inherent in the working environment.</p> <p>Local law: In accordance with Article 42 of Law of the People's Republic of China on Production Safety, business entities must provide their employees with labor protection products meeting the national or industry standards, and supervise and educate their employees on wearing or using such products in accordance with the rules of use.</p> <p>Recommended corrective action: It is recommended that management adopt practices and controls to ensure that necessary personal protective equipments are provided to relevant employees and measures are taken to ensure that employees use such personal protective equipment appropriately.</p> <p>Action by: Mr. Yang Yong /General Manager Timeframe: 30 days</p>	<p>Objective evidence observed: (where relevant please add photo numbers)</p> <p>1 Per factor tour Please refer to NC photo No.1</p>
<p>2. Description of non-compliance: <input checked="" type="checkbox"/> NC against ETI <input checked="" type="checkbox"/> NC against Local Law <input type="checkbox"/> NC against customer code: It was noted that the safety training certificate for the safety production management personnel (full time) in the factory was expired on June 2018. Remark: The factory provided an invoice issued on May 24, 2018 to prove that</p>	<p>2 Per document review and management review</p>

they had applied this training course.

Local law and/or ETI requirement

ETI Code: 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.

Local law: In accordance with Article 21 of Law of the People's Republic of China on Production Safety, Units of production, operation and storage of mining, metal smelting, building construction, road transport units and dangerous goods shall set up a safety production management institution or be equipped with full-time safety production management personnel.

Production and business units other than those specified in the preceding paragraph, employing more than one hundred people, should be set up safety management agency or have full-time personnel for the administration of production safety; in less than one hundred employees, shall be equipped with safety production management personnel full-time or part-time

Recommended corrective action: It is recommended that management adopt practices and controls to ensure that facility is equipped with safety production management personnel as legal requirement, and ensure the safety production management personnel have the knowledge and management ability of production safety related to the production and operation activities of the entity, and the safety training is carried out in accordance with the safety training outline formulated by the work safety supervision and supervision department.

Action by: Mr. Yang Yong /General Manager

Timeframe: 60 days

3. Description of non-compliance:

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

It was noted that the factory conducted the fire-safety inspection for fire alarms once on monthly basis, but did not conduct it since October 2018 in knitting workshop.

Local law and/or ETI requirement

ETI Code: 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.

Local law: In accordance with Article 26 of the Regulation on Fire-safety Management for State Organs, Organizations, Enterprises and Institutional Organizations, fire-safety inspection shall be conducted at least on a quarterly basis and other units shall conduct fire-safety inspection at least on a monthly basis. The fire-safety inspection shall include the following items:

1. whether corrective actions are implemented to tackle the potential fire-safety risk;

3 Per factor four
Please refer to NC photo No.2

<ol style="list-style-type: none"> 2. status of the evacuation signs installed in the evacuation passage, the emergency lights and the safety exits; 3. status of the passage allowing the fire-fighting truck's entry and the fire water supply; 4. the distribution and functionality status of the fire-fighting equipment; 5. whether there is improper use of fire and electricity; 6. how the key staffs and other staffs are aware of the knowledge of fire-fighting; 7. how the key areas are managed on fire-safety; 8. fireproof and explosive proof measures taken for combustible and explosive hazardous materials and places and the status of fireproof measures taken for other important material; 9. on duty status, equipment operation status and record status of the fire safety control center; 10. status of fire safety inspection; 11. the completeness and effectiveness status of the fire safety signs and equipment; 12. other items needed to be inspected <p>Recommended corrective action: It is recommended that management adopt practices and controls to ensure that the fire-safety inspection for fire extinguishers is conducted on monthly basis.</p> <p>Action by: Mr. Yang Yong /General Manager Timeframe: 30 days</p>	
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Observation:	
<p>Description of observation:</p> <p>None Observed</p>	<p>Objective evidence observed:</p> <p>Not Applicable</p>

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

4: Child Labour Shall Not Be Used

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

ETI

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

Current Systems and Evidence Examined

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

Current systems:

Factory maintained all workers' ID card copies. According to the employees' ID numbers in the factory name list, the youngest worker was 19 years old.

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

Details:

- Personnel files of all workers
- Latest list of employees
- Young workers details
- Records of any health checks

Any other comments: Nil

A: Legal age of employment:	16 years old
B: Age of youngest worker found:	19 years old
C: Are there children present on the work floor but not working at the time of audit?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
D: % of under 18's at this site (of total workers)	0 %
E: Are workers under 18 subject to hazardous work assignments? (Go to clause 3 – Health and Safety)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Y give details: Nil

Non-compliance:

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

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

5: Living Wages are Paid

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

ETI

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

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

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

Current Systems and Evidence Examined

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

Current systems:

Employees were paid by piece rate on or before the 26th of the next month via bank transfer and payment circle was from 1st to end of the month.

The auditor randomly selected 26 sampled employees' payroll and attendance records in January 2019 (the most recent pay period), 26 sampled workers in December 2018, and 26 sampled workers in September 2018. All sampled workers were paid RMB 14.16 to 18.40 per hour for regular working time in all selected months, which was no less than the local legal minimum wage of RMB 2420 per month or RMB 13.91 per hour since April 1, 2018. Employees were paid 150% of overtime working hours on weekdays and 200% of overtime working hours on rest day. No overtime working hours on holidays were noted. According to the social insurance payment receipt provided by factory management, it was noted that all employees were provided with pension, medical, accident, unemployment and maternity insurance in January 2019.

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

Details:

- Worker interview
- Wages and benefits policy
- Local legal minimum wage documents
- Payroll records from February 2018 to January 2019
- Leave records
- Social insurance and payment receipts from the local labour department
- Labour contracts
- Resignation records
- Attendance records

Any other comments: Nil.

Non-compliance:

Description of non-compliance: None Observed	Objective evidence observed: <i>(where relevant please add photo numbers)</i>
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Observation:	
Description of observation: None Observed	Objective evidence observed: Not Applicable

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

Summary Information

Criteria	Local Law <i>(Please state legal requirement)</i>	Actual at the Site <i>(Record site results against the law)</i>	Is this part of a Collective Bargaining Agreement?
A: Standard/Contracted work hours: <i>(Maximum legal and actual required working hours excluding overtime, please state if possible per day, week, and month)</i>	Legal maximum: 8 hours a day and 40 hours a week	8 hours a day and 40 hours a week	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
B: Overtime hours: <i>(Maximum legal and actual overtime hours, please state if possible per day, week, and month)</i>	Legal maximum: 3 hours a day and 36 hours a month	2 hours a day, 95 hours a month	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
C: wage for standard/contracted hours: <i>(Minimum legal and actual minimum wage at site, please state if possible per hr, day, week, and month)</i>	Legal minimum: RMB 2420 per month or 13.91 per hour since April 1, 2018	RMB 134.16 to 18.40 per hour	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
D: overtime wage: <i>(Minimum legal and actual minimum overtime wage at site, please state if possible per hr, day, week, and month)</i>	Legal minimum: Not less than 150% of normal wage for weekday overtime; Not less than	150% of normal wage for overtime on weekdays; 200% of normal wage for overtime on rest	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

	200% of normal wage for rest day overtime; Not less than 300% of normal wage for holiday overtime	days; no overtime on holidays was noted.	
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Wages analysis: (Click here to return to Key Information)		
A: Were accurate records shown at the first request?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
If No , why not?	Nil	
B: Sample Size Checked <i>(State number of worker records checked and from which weeks/months – should be current, peak, and random/low. Please see SMETA Best Practice Guidance and Measurement Criteria)</i>	26 samples each from August 2018, December 2018, January 2019	
C: Are there different legal minimum wage grades? If Yes , please specify all.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If Yes , please give details:
D: If there are different legal minimum grades, are all workers graded and paid correctly?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A	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?	<input type="checkbox"/> Below legal min <input type="checkbox"/> Meet <input checked="" type="checkbox"/> Above	Please indicate the breakdown of workforce per earnings: 100% of employees were paid RMB 14.16 to 18.40 per hour, which was more than the legal minimum wage of RMB 2420 per month or 13.91 per hour since April 1, 2018.
F: Please indicate the breakdown of workforce per earnings:	Lowest Wages found: RMB 14.16 per hour	___% of workforce earning under min wage ___% of workforce earning min wage __100__% of workforce earning above min wage
F: Bonus scheme found: Please specify details:	Bonus Scheme found: Nil <i>Note: full time employees and please state hour / week / month etc.</i>	
H: What deductions are required by law e.g. social insurance? Please state all types:	Social insurance and tax	

I: Have these deductions been made? Please list all deductions that have/have not been made.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Please list all deductions that have been made.	1. Social insurance 2. Tax Please describe: Social insurance and tax were deducted according the requirement of local law.
		Please list all deductions that have not been made.	1. Nil 2. Nil Please describe: N/A
J: Were appropriate records available to verify hours of work and wages?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
K: Were any inconsistencies found? (if yes describe nature)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Poor record keeping <input type="checkbox"/> Isolated incident <input type="checkbox"/> Repeated occurrence:	
L: Do records reflect all time worked? (For instance, are workers asked to attend meetings before or after work but not paid for their time)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: Nil		
M: Is there a defined living wage: <i>This is <u>not normally</u> minimum legal wage. If answered yes, please state amount and source of info: Please see SMETA Best Practice Guidance and Measurement Criteria.</i>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Details: NA		
If yes, what was the calculation method used.	<input type="checkbox"/> ISEAL/Anker Benchmarks <input type="checkbox"/> Asia Floor Wage <input type="checkbox"/> Figures provided by Unions <input type="checkbox"/> Living Wage Foundation UK <input type="checkbox"/> Fair Wear Wage Ladder <input type="checkbox"/> Fairtrade Foundation Other – please give details: N/A		
N: Are there periodic reviews of wages? If Yes give details (include whether there is consideration to basic needs of workers plus discretionary income).	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: There was a HR in the factory that was responsible for the wages, and she reviewed the payroll records once a month, to insure that all the employees were paid rightly.		
O: Are workers paid in a timely manner in line with local law?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
P: Is there evidence that equal rates are being paid for equal work:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: Equal work with equal rate.		

Q: How are workers paid:	<input type="checkbox"/> Cash <input type="checkbox"/> Cheque <input checked="" type="checkbox"/> Bank Transfer <input type="checkbox"/> Other If other, please explain:
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6: Working Hours are not Excessive

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

ETI

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

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

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

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

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

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

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

Current Systems and Evidence Examined

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

Current systems:

1. Through employees' interview, overtime is voluntary.
2. According to the attendance records provided by the factory, it was noted that the factory used the IC card or fingerprint attendance system to record employee attendance.
3. Based on the 83 sample employees' attendance records provided by the factory, it was noted the maximum of the daily overtime and monthly overtime was respectively 2 and 95 hours, and the maximum of the weekly working hours was 60 hours, the longest continuous working day was 6 days.

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

Details:

- Employee interview
- Management interview
- Local and national laws

- Factory policy on working hours
- Computerised time logging system
- Workers contracts
- Attendance records of February 2018 to February 2019
- Quality and production records to cross check hours

Any other comments: Nil

Non-compliance:

1. Description of non-compliance:

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

It was noted that 83 out of 83 sample population employees worked in excess of the statutory overtime hour limits.

A review of 83 random sample population time records (26 samples from August 2018, 26 samples from December 2018, 26 samples from current paid month January 2019 and 5 samples from current unpaid month February 2019) yielded the following:

- 23 out of 26 sample population employee worked in excess of 36 overtime hours per month (i.e. 45 to 95 hours) in August 2018, which was not in compliance with the legal requirement;
- 23 out of 26 sample population employee worked in excess of 36 overtime hours per month (i.e. 54 to 91 hours) December 2018, which was not in compliance with the legal requirement.
- 22 out of 26 sample population employee worked in excess of 36 overtime hours per month (i.e. 42 to 91 hours) January 2019, which was not in compliance with the legal requirement.
- 5 out of 5 sample population employee worked in excess of 36 overtime hours per month (i.e. 44 hours) February 2019, which was not in compliance with the legal requirement.

Local law and/or ETI requirement

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

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

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

Action by: Ms. Yang Yong/ General Manager

Objective evidence observed:

(where relevant please add photo numbers)

According working hour testing

Time scale: 60 days	
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Observation:	
Description of observation: None Observed	Objective evidence observed: Not Applicable

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

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

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

working hours defined in contracts/employment agreements exceed 48 hours per week?		Details: N/A
F: Are workers provided with at least 1 day off in every 7-day-period, or 2 in 14-day-period?	Please select all applicable: <input checked="" type="checkbox"/> 1 in 7 days <input type="checkbox"/> 2 in 14 days <input type="checkbox"/> No If 'No', please explain: N/A	Is this allowed by local law? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
	Maximum number of days worked without a day off (in sample):	
	6 days	
Standard/Contracted Hours worked		
G: Were standard working hours over 48 hours per week found?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If yes, % of workers & frequency: N/A
H: Any local waivers/local law or permissions which allow averaging/annualised hours for this site?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If yes, please give details:
Overtime Hours worked		
I: Actual overtime hours worked in sample (State per day/week/month)	Highest OT hours:	2 hours per day in August 2018; 2 hours per day in December 2018; 2 hours per day in January 2019; 2 hours per day in February 2019; 20 hours/week in August 2018; 20 hours/week in December 2018; 20 hours/week in January 2019; 20 hours/week in February 2019; 95 hours/month in August 2018; 91 hours/month in December 2018; 91 hours/month in January 2019; 44 hours/month in February 2019;
J: Combined hours (standard or contracted + overtime hours =	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	

total) over 60 found? Please give details:		
K: Approximate percentage of total workers on highest overtime hours:	___32___%	
L: Is overtime voluntary?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Conflicting Information	<p>Please detail evidence e.g. Wording of contract/employment agreement/handbook/worker interviews/refusal arrangements:</p> <p>All employees interviewed represented that they were voluntarily to work overtime.</p>
Overtime Premiums		
M: Are the correct legal overtime premiums paid?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A – there is no legal requirement to OT premium	<p>Please give details of normal day overtime premium as a % of standard wages: All sampled employees were paid 150% and 200% of overtime working hours on weekdays and rest days monthly. No overtime working hours on holidays were noted.</p>
N: Is overtime paid at a premium?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<p>If yes, please describe % of workers & frequency: All sampled employees were paid 150% and 200% of overtime working hours on weekdays and rest days monthly. No overtime working hours on holidays were noted.</p>
O: If the site pays less than 125% OT premium and this is allowed under local law, are there other considerations? Please complete the boxes where relevant.	<input type="checkbox"/> No <input type="checkbox"/> Consolidated pay (May be standard wages above minimum legal wage, with no/low overtime premium) <input type="checkbox"/> Collective Bargaining agreements <input type="checkbox"/> Other N/A	
	Please explain any checked boxes above e.g. detail of consolidated pay CBA or Other	
	N/A	
P: If more than 60 total hours per week and this is legally allowed, are there other considerations? Please complete the boxes where relevant.	<input checked="" type="checkbox"/> Overtime is voluntary <input type="checkbox"/> Onsite Collective bargaining allows 60+ hours/week <input type="checkbox"/> Safeguards are in place to protect worker's health and safety <input type="checkbox"/> Site can demonstrate exceptional circumstances <input type="checkbox"/> Other reasons (please specify)	
	Please explain any checked boxes above	
	Overtime is voluntary per employee interview.	

<p>Q: Is there evidence that overtime hours are being used for extended periods to make up for labour shortages or increased order volumes?</p>	<p> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes, please describe N/A </p>
<p>R: If sufficient workers cannot be hired, are new working time arrangements explored to ensure that overtime is the exception rather than the rule.</p>	<p> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No </p>

7: No Discrimination is Practiced

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

ETI

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

Current Systems and Evidence Examined

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

Current systems:

Based on management interview, the factory's recruitment was only based on workers' working skills and abilities, and equal pay for equal work was ensured. According to documents review, workers interview and factory tour, there was no discrimination in hiring, compensation, access to training, promotion, termination or retirement based on race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation.

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

Details: Factory rules and regulations, employees' handbook, management interview etc.

Any other comments: Nil

A: Gender breakdown of Management + Supervisors (Include as one combined group)	Male: __50__ % Female __50__ %
B: Number of women who are in skilled or technical roles e.g. where specific qualifications are needed i.e. machine engineer / laboratory analyst:	#: 0
C: Is there any evidence of discrimination based on race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation?:	<input type="checkbox"/> Hiring <input type="checkbox"/> Compensation <input type="checkbox"/> access to training <input type="checkbox"/> promotion <input type="checkbox"/> termination or retirement N/A

Professional Development

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

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

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

8: Regular Employment Is Provided

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

ETI

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

Additional Elements: Responsible Recruitment

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

Current Systems and Evidence Examined

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

Current systems:

The factory signed labor contracts with all workers to establish the employment relationship and confirm the rights and obligations of the employment conditions. According to worker interview, after signing contract, the factory gave a copy to them.

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

Details:
 Management interview
 Document review

Any other comments: Nil

Non-compliance:

Description of non-compliance: None Observed	Objective evidence observed: Not Applicable
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Observation:	
Description of observation: None Observed	Objective evidence observed: Not Applicable

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

Responsible Recruitment

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

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

Migrant Workers:			
The term "migrant worker" refers to a person who is engaged or has been engaged in a remunerated activity in a country of which they are not a national and where they do not intend to remain permanently or has purposely migrated on a temporary basis to another in-country region to seek and engage in a remunerated activity			
A: Type of work undertaken by migrant workers:	All production processes		
B: Migrant worker recruitment	Total number of (in country recruitment agencies) used: 0 Total number of (outside of local country) recruitment agencies used: 0		
C: 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?	<table border="0" style="width: 100%;"> <tr> <td style="width: 50%; vertical-align: top;"> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please describe finding: </td> <td style="width: 50%; vertical-align: top;"> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please describe finding: </td> </tr> </table>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please describe finding:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please describe finding:
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please describe finding:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please describe finding:		
D: Are any migrant workers in skilled, technical, or management roles <i>Migrant Workers (this should include all migrant workers including permanent workers, temporary and/or seasonal workers)</i>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If Yes number and example of roles 3 skilled and technical workers from linking process		

NON-EMPLOYEE WORKERS

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

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

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

8A: Sub-Contracting and Homeworking:

8A: Sub-Contracting and Homeworking (Click here to return to NC-table) (Click here to return to Key Information)
<p>8A.1 There should be no sub-contracting unless previously agreed with the main client.</p> <p>8A.2 Systems and processes should be in place to manage sub-contracting, homeworking and external processing.</p> <p style="text-align: center;"><i>Note to auditor on homeworking:</i></p> <p style="text-align: center;"><i>Report on whether it is direct or via agents. How many workers, relationship with site and what control systems are in place.</i></p> <p style="text-align: center;"><i>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</i></p>

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

<p>Current systems:</p> <p>Per interview with factory management, the factory had no subcontracting process and no sub-contractor was used in the factory.</p> <p>Evidence examined – to support system description (Documents examined & relevant comments. Include renewal/expiry date where appropriate):</p> <p>Details:</p> <ol style="list-style-type: none"> 1. Document Review 2. Factory Tour 3. Management interview 4. Worker interview
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Non-compliance:	
Description of non-compliance: None Observed	Objective evidence observed: Not Applicable

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

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

Summary of sub-contracting – if applicable <input checked="" type="checkbox"/> Not Applicable please x	
A: Has the auditor made a simple calculation to compare capacity with workers' work load in order to identify possible unrecorded work or undeclared sub-contracting	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: The auditor made a simple calculation to compare capacity with workers' work load and no sub-contractor was used in the factory.
B: If sub-contractors are used, is there evidence this has been agreed with the main client?	<input type="checkbox"/> Yes <input type="checkbox"/> No If Yes , summarise details: N/A. No sub-contractor was used.
C: Number of sub-contractors/agents used:	0
D: Is there a site policy on sub-contracting?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If Yes , summarise details: The factory had established a policy to ensure sub-contracting would not be used unless previously agreed with the main clients.
E: What checks are in place to ensure no child labour is being used and work is safe?	N/A. No sub-contractor was used.

Summary of homeworking – if applicable <input checked="" type="checkbox"/> Not Applicable please x			
A: If homeworking is being used, is there evidence this has been agreed with the main client?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes , summarise details: No homeworking is being used		
B: Number of homeworkers	Male: 0	Male: 0	Male: 0
C: Are homeworkers employed direct or through agents?	<input type="checkbox"/> Directly <input type="checkbox"/> Through Agents N/A		<input type="checkbox"/> Directly <input type="checkbox"/> Through Agents N/A
D: Is there a site policy on homeworking?	<input type="checkbox"/> Yes <input type="checkbox"/> No If Yes , summarise details: N/A		
E: How does the site ensure worker	N/A		

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

9: No Harsh or Inhumane Treatment is Allowed

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

ETI

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

Additional elements:

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

<p>A: Are there published, anonymous and/or open channels available for reporting any violations of Labour standards and H&S or any other grievances to a 3rd party?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: Suggestion box and hot lines</p>
<p>B: If Yes, are workers aware of these channels and have access? Please give details.</p>	<p>All sampled employees were aware of channels per interview</p>
<p>C: If yes, what type of mechanism is used e.g. hotline, whistle blowing mechanism, comment box etc. Please give details.</p>	<p>Suggestion box</p>
<p>D: Which of the following groups is there a grievance mechanism in place for?</p>	<p><input checked="" type="checkbox"/> Workers <input type="checkbox"/> Communities <input type="checkbox"/> Suppliers <input type="checkbox"/> Other Please give Details: Suggestion box</p>
<p>E: Are there any open disputes?</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes, please give details</p>
<p>F: Does the site encourage its business partners (e.g., suppliers) to provide individuals and communities with access to effective grievance mechanisms (e.g. help lines or whistle blowing mechanism)</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If no, please give details</p>
<p>G: Is there a published and transparent disciplinary procedure?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If No please explain</p>
<p>H: If yes, are workers aware of these the disciplinary procedure?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If no please give details</p>

<p>I: Does the disciplinary procedure allow for deductions from wages (fines) for disciplinary purposes (see wages section)?</p>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes please give details
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Current Systems and Evidence Examined
<p><i>To complete 'current systems' Auditors examine policies and written procedures in conjunction with relevant managers, to understand, and record what controls and processes are currently in place e.g. record what policies are in place, what relevant procedures are carried out, who is /are responsible for the management of this item of the code. Evidence checked should detail any documentary or verbal evidence shown to support the systems.</i></p>
<p>Current systems:</p> <p>According to the factory's regulation, physical abuse or discipline, the threat of physical abuse, sexual or other harassment and verbal abuse or other forms of intimidation were prohibited in the factory. According to worker interview, the factory treated every worker with respect and dignity, and no worker was subject to any physical, sexual, psychological or verbal harassment and abuse.</p> <p>Evidence examined – to support system description (Documents examined & relevant comments. Include renewal/expiry date where appropriate):</p> <p>Details: Management interview Document review</p> <p>Any other comments: Nil</p>

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

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

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

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:

According to the factory's regulation, physical abuse or discipline, the threat of physical abuse, sexual or other harassment and verbal abuse or other forms of intimidation were prohibited in the factory. According to worker interview, the factory treated every worker with respect and dignity, and no worker was subject to any physical, sexual, psychological or verbal harassment and abuse.

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

Details:
 Management interview
 Document review

Any other comments: Nil

Non-compliance:

Description of non-compliance:

None Observed

Objective evidence observed:

Not Applicable

Observation:

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

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

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

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

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

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

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

Current Systems and Evidence Examined

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

Current systems:

The environment was well, the air quality was good and the drinking water was clean. The factory was complied with the requirements of local and international laws and regulations and necessary permits were obtained.

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

Details: Management interview
Document review
Factory tour

Any other comments: Nil

Non-compliance:

Description of non-compliance:

None Observed

Objective evidence observed:

Not Applicable

Observation:

Description of observation:

None Observed

Objective evidence observed:

Not Applicable

Good examples observed:

Description of Good Example (GE):

Objective evidence

None Observed	observed: Not Applicable
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Other Findings Outside the Scope of the Code
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None Observed

Community Benefits

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

None Observed

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

NOTE: The provisions of the ETI base Code constitute minimum and not maximum standards, and this code should not be used to prevent companies from exceeding these standards. Companies applying the ETI Base Code are expected to comply with national and other applicable law and, where the provisions of law and the ETI Base Code address the same subject, to apply that provision which affords the greater protection.

Instruction to Audit Company: fill in the relevant clauses from the Customer Supplier Code - where applicable.

ETI Code / Additional Elements

Customer's Supplier Code equivalent

0.A. Universal Rights covering UNGP

0.A. Universal Rights covering UNGP

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.

0.B. Management Systems & Code Implementation

0.B. Management Systems & Code Implementation

0.1 Suppliers are expected to implement and maintain systems for delivering compliance to this Code.

<p>0.2 Suppliers shall appoint a senior member of management who shall be responsible for compliance with the Code.</p> <p>0.3 Suppliers are expected to communicate this Code to all employees.</p> <p>0.4 Suppliers should communicate this code to their own suppliers and, where reasonably practicable, extend the principles of this Ethical Code through their supply chain.</p>	
<p>ETI 1. Forced Labour</p>	<p>ETI 1. Forced Labour</p>
<p>1.1 There is no forced, bonded or involuntary prison labour.</p> <p>1.2 Workers are not required to lodge "deposits" or their identity papers with their employer and are free to leave their employer after reasonable notice.</p>	
<p>ETI 2. Freedom of association and the right to collective bargaining are respected</p>	<p>ETI 2. Freedom of association and the right to collective bargaining are respected</p>
<p>2.1 Workers, without distinction, have the right to join or form trade unions of their own choosing and to bargain collectively.</p> <p>2.2 The employer adopts an open attitude towards the activities of trade unions and their organisational activities.</p> <p>2.3 Workers' representatives are not discriminated against and have access to carry out their representative functions in the workplace.</p> <p>2.4 Where the right to freedom of association and collective bargaining is restricted under law, the employer facilitates, and does not hinder, the development of parallel means for independent and free association and bargaining.</p>	
<p>ETI 3. Working conditions are safe and hygienic</p>	<p>ETI 3. Working conditions are safe and hygienic</p>
<p>3.1 A safe and hygienic working environment shall be provided, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Adequate steps shall be taken to prevent accidents and injury to health arising out of, associated with, or occurring in the course of work, by minimising, so far as is reasonably practicable, the causes of hazards inherent in the working environment.</p> <p>3.2 Workers shall receive regular and recorded Health & Safety training, and such training shall be repeated for new or reassigned workers.</p> <p>3.3 Access to clean toilet facilities and to potable water, and, if appropriate, sanitary facilities for food storage shall be provided.</p>	

<p>3.4 Accommodation, where provided, shall be clean, safe, and meet the basic needs of the workers.</p> <p>3.5 The company observing the code shall assign responsibility for Health & Safety to a senior management representative.</p>	
<p>ETI 4. Child labour shall not be used</p>	<p>ETI 4. Child labour shall not be used</p>
<p>4.1 There shall be no new recruitment of child labour.</p> <p>4.2 Companies shall develop or participate in and contribute to policies and programmes which provide for the transition of any child found to be performing child labour to enable her or him to attend and remain in quality education until no longer a child.</p> <p>4.3 Children and young persons under 18 shall not be employed at night or in hazardous conditions.</p> <p>4.4 These policies and procedures shall conform to the provisions of the relevant ILO Standards.</p>	
<p>ETI 5. Living wages are paid</p>	<p>ETI 5. Living wages are paid</p>
<p>5.1 Wages and benefits paid for a standard working week meet, at a minimum, national legal standards or industry benchmark standards, whichever is higher. In any event wages should always be enough to meet basic needs and to provide some discretionary income.</p> <p>5.2 All workers shall be provided with written and understandable information about their employment conditions in respect to wages before they enter employment and about the particulars of their wages for the pay period concerned each time that they are paid.</p> <p>5.3 Deductions from wages as a disciplinary measure shall not be permitted nor shall any deductions from wages not provided for by national law be permitted without the expressed permission of the worker concerned. All disciplinary measures should be recorded.</p>	
<p>ETI 6. Working Hours are not excessive</p> <p>6.1 Working hours must comply with national laws, collective agreements, and the provisions of 6.2 to 6.6 below, whichever affords the greater protection for workers. Sub-clauses 6.2 to 6.6 are based on international labour standards.</p> <p>6.2 Working hours, excluding overtime, shall be defined by contract, and shall not exceed 48 hours per week.</p>	<p>ETI 6. Working Hours are not excessive</p>

<p>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.</p> <p>6.4 The total hours worked in any 7 day period shall not exceed 60 hours, except where covered by clause 6.5 below.</p> <p>6.5 Working hours may exceed 60 hours in any 7 day period only in exceptional circumstances where all of the following are met:</p> <ul style="list-style-type: none"> - this is allowed by national law; - this is allowed by a collective agreement freely negotiated with a workers' organisation representing a significant portion of the workforce; - appropriate safeguards are taken to protect the workers' health and safety; and - The employer can demonstrate that exceptional circumstances apply such as unexpected production peaks, accidents or emergencies. <p>6.6 Workers shall be provided with at least one day off in every 7 day period or, where allowed by national law, 2 days off in every 14 day period.</p>	
<p>ETI 7. No discrimination is practised</p>	<p>ETI 7. No discrimination is practised</p>
<p>7.1 There is no discrimination in hiring, compensation, access to training, promotion, termination or retirement based on race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation.</p>	
<p>ETI 8. Regular employment is provided</p>	<p>ETI 8. Regular employment is provided</p>
<p>8.1 To every extent possible work performed must be on the basis of recognised employment relationship established through national law and practice.</p> <p>8.2 Obligations to employees under labour or social security laws and regulations arising from the regular employment relationship shall not be avoided through the use of labour-only contracting, sub-contracting, or home-working arrangements, or through apprenticeship schemes where there is no real intent to impart skills or</p>	

<p>provide regular employment, nor shall any such obligations be avoided through the excessive use of fixed-term contracts of employment.</p> <p>Additional Elements: Responsible Recruitment 8.3 Suppliers have full understanding of the entire recruitment process and assess all labour recruiters and intermediaries against legal and/or ethical requirements. 8.4 There are effective management systems in place to identify and monitor the hiring and management of all migrant workers, contract workers, agency workers, temporary or casual labour The supplier shall implement processes to enable adequate control over agencies with regards the above points and related legislation. 8.5 Employment agencies must only supply workers registered with them. 8.6 Workers pay no recruitment fee at any stage of the recruitment process. 8.7 Worker contracts accurately reflect the agreed payment and terms in the recruitment process and are understood and signed by workers.</p>	
<p>8A: Sub-Contracting and Homeworking</p>	<p>8A: Sub-Contracting and Homeworking</p>
<p>8A.1 There should be no sub-contracting unless previously agreed with the main client. 8A.2 Systems and processes should be in place to manage sub-contracting, homeworking and external processing.</p>	
<p>ETI 9. No harsh or inhumane treatment is allowed</p>	<p>ETI 9. No harsh or inhumane treatment is allowed</p>
<p>9.1 Physical abuse or discipline, the threat of physical abuse, sexual or other harassment and verbal abuse or other forms of intimidation shall be prohibited. Additional elements: 9.2 companies should provide access to a confidential grievance mechanism for all workers</p>	
<p>10. Other Issue areas: 10A: Entitlement to Work and Immigration</p>	
<p>Additional Elements 10A.1 Only workers with a legal right to work shall be employed or used by the supplier. 10A.2 All workers, including employment agency staff, must be validated by the supplier for their legal right to work by reviewing original documentation.</p>	
<p>10. Other issue areas 10B2: Environment 2-Pillar</p>	

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

10C. Compliance Requirements

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

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

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

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

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

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


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

10C. Guidance for Observations

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

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

Photo Form

		
<p>Factory name</p>	<p>Gate</p>	<p>Factory address</p>
		
<p>Workshop, warehouse and canteen combined building</p>	<p>Workshop, warehouse and office combined building</p>	<p>Canteen interior</p>
		
<p>Suggest box</p>	<p>Knitting workshop</p>	<p>Linking workshop</p>



		
<p>Fire extinguishers</p>	<p>Fire hydrant</p>	<p>Safety exit sign & emergency light</p>
		
<p>Smoke detector</p>	<p>Warning sign</p>	<p>Eye washing facility</p>
		
<p>Secondary container</p>	<p>Assembling point</p>	<p>Attendance recording machine</p>

Non-compliance Photo

		<p>NIL</p>
<p>No.1 Use unsuitable mask</p>	<p>No 2 Missing monthly check for fire alarm</p>	<p>END</p>



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