

# Sedex Members Ethical Trade Audit (SMETA) Report

Version 5.0 Dec 2014, 2/4 Pillar Audit; replaces version 4.0 May 2012

Supplier name:	N/A	
Site country:	China	
Site name:	Taizhou Shuren Shoes Co., Ltd.	
Parent Company name (of the site):	N/A	
SMETA Audit Type:	<input checked="" type="checkbox"/> 2-Pillar	<input type="checkbox"/> 4-Pillar
Date of Audit	20 Dec., 2016	

**Audit Content:**

(1) A SMETA audit was conducted which included some or all of Labour Standards, Health and Safety, Environment and Business ethics. The SMETA Best Practice Guidance Version 5 December 2015 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
  - Management systems and code implementation,
  - 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 new ETI Working Hours Clause

- Now integrated into this latest SMETA version.

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.





<b>Audit Company Name:</b> Benchmarks Co., Ltd.	<b>Report Owner (payee):</b> Taizhou Shuren Shoes Co., Ltd.
Sedex Company Reference: <i>(only available on Sedex System)</i>	<b>ZC: No information (No registration number obtained by the factory)</b>
Sedex Site Reference: <i>(only available on Sedex System)</i>	<b>ZS: No information</b>

Audit Conducted By			
Commercial	<input checked="" type="checkbox"/>	Purchaser	<input type="checkbox"/>
NGO	<input type="checkbox"/>	Retailer	<input type="checkbox"/>
Trade Union	<input type="checkbox"/>	Brand Owner	<input type="checkbox"/>
Multi-stakeholder	<input type="checkbox"/>	Combined Audit (select all that apply)	

Auditor Reference Number: <i>(If applicable)</i>	N/A
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## SMETA Declaration

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

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

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

Lead auditor: Kevin Lu

Team auditor: Nil

Interviewers: Kevin Lu

Date: 20 Dec., 2016

## Non-Compliance Table

Issue <i>(please click on the issue title to go direct to the appropriate audit results by clause)</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*:		
	ETI Base Code	Local Law	Additional Elements <i>(i.e. not part of ETI code)</i>	NC	Obs	GE
0 <a href="#">Management systems and code implementation</a>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	2	1	
1 <a href="#">Employment Freely Chosen</a>	<input type="checkbox"/>	<input type="checkbox"/>				
2 <a href="#">Freedom of Association</a>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		1		
3 <a href="#">Safety and Hygienic Conditions</a>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		7		
4 <a href="#">Child Labour</a>	<input type="checkbox"/>	<input type="checkbox"/>				
5 <a href="#">Wages and Benefits</a>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		1		
6 <a href="#">Working Hours</a>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		1		
7 <a href="#">Discrimination</a>	<input type="checkbox"/>	<input type="checkbox"/>				
8 <a href="#">Regular Employment</a>	<input type="checkbox"/>	<input type="checkbox"/>				
8A <a href="#">Sub-Contracting and Homeworking</a>		<input type="checkbox"/>	<input type="checkbox"/>			
9 <a href="#">Harsh or Inhumane Treatment</a>	<input type="checkbox"/>	<input type="checkbox"/>				
10A <a href="#">Entitlement to Work</a>		<input type="checkbox"/>	<input type="checkbox"/>			
10B2 <a href="#">Environment 2-Pillar</a>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	4		
10B4 <a href="#">Environment 4-Pillar</a>		<input type="checkbox"/>	<input type="checkbox"/>	N/A	N/A	N/A
10C <a href="#">Business Ethics</a>		<input type="checkbox"/>	<input type="checkbox"/>		N/A	N/A

\*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.

## Summary of Findings

Summary of main findings: (positive and negative)  
 (Please give a short summary of the main findings per clause)

### Audit Process:

This initial audit was conducted by Benchmarks Co., Ltd. One auditor assessed the factory operations against the ETI Base Code and local legislations on a sampling basis in one day.

### Overview of opening meeting, factory management responses:

At 09:00, auditor entered the factory then held an opening meeting; the factory managements and worker representative were present in the opening meeting. They stated that they would be cooperative with this audit.

### Sampling:

All employees' attendance records from 01 Dec., 2015 to the audit day (20 Dec., 2016) and payroll records from Dec., 2015 to Nov., 2016 were provided for reviewing. 10 workers were interviewed, including 5 males and 5 females. After cross checking with worker interview, no inconsistency was found on the aspect of working hours and payrolls.

### Summary of Positive Findings:

- Overall responsibility for meeting the standards was taken by Mr. Zhang Ke / Vice General Manager.
- A total of 88 employees were currently working in the factory, which included 79 production workers and 9 non-production employees.
- The proportion of local employees to migrant employees was around 98%. Migrant workers mostly came from other provinces in China, such as Anhui, Guizhou, Hunan, Sichuan, Guangxi, Jiangxi and other provinces.
- All employees were hired by the factory directly. The factory had established the effective employment policies and programs.
- No Child labour, forced labour, discrimination, harsh or inhumane treatment was identified during the audit. The youngest worker on site was 18 years old.
- The employees were not required to lodge deposits or their ID cards in the factory at the beginning of employment, and they were free to leave the factory after reasonable notice (30 days in advance).
- There were two worker representatives chosen by worker themselves.
- No sub-contractor or home worker was used by the factory.
- There was a health and safety committee at the site. The factory conducted H&S meeting quarterly.
- The health and safety training was conducted by the factory regularly.
- Potable water was provided free of charge to workers. Lavatory facilities were accessible, clean and adequate in number, private and segregated for men and women, washbasins and water taps were available and adequate.
- At least 2 exits at each work area and they were clearly marked. All exits were unblocked, unbarred and unlocked.
- All evacuation aisles were clear and unblocked and its width was enough.
- Fire fighting facilities were adequate and good functional and inspected once every month, and check records were available.
- The factory conducted fire drills and emergency evacuation exercise twice per year.
- The factory had obtained the record on building structure safety records and fire safety certificates for its all buildings.
- Most electrical equipment was maintained in good condition such as sockets, plugs, switches and main fuse boards.
- One competent electrician was available at the site and the qualified certificates were provided for review.

- No accident or injury had occurred up to the audit date.
- Qualified operator certificate for all used cargo lift was available and maintained at the site.
- There were some kinds of chemicals used in the factory, including thinner, curing agent, diesel oil, PU glue, write glue, lubricating oil, etc. The factory had obtained the MSDS copies of all used chemicals.
- The first aid kits with sufficient first aid suppliers were equipped in each production area.
- The factory conducted internal first aid training for all employees.
- There were two qualified first aiders available in the factory.
- The working hour policy, labour contracts and etc. indicated that the regular working hours in the factory was 8 hours per day and 5 days per week.
- The working hours in the factory were recorded by electric attendance system.
- According to workers interview, overtime was voluntary.
- Workers had at least one day rest after 6 days working.
- The factory provided the legal paid leaves to all employees, all workers were paid by hourly rate, and the minimum wages were ensured.
- Factory paid OT compensation in line with legal requirements which were 150%, 200% and 300% of regular/normal pay for overtime work on regular weekdays, rest days and statutory holidays respectively.
- No other deductions from wages as a disciplinary measure were required in the factory.
- The factory provided statutory holidays to workers as per legal requirement.
- The factory signed labour contracts with all employees on the first day of employment and kept one copy of labour contract in the factory and issued one copy to each worker.
- No labour agency was used to hire workers.

**Summary of Negative Findings:**

In view of the findings raised, below non-compliances were found in the areas of Managements system, Freedom of Association, Safety and Hygienic Conditions, Wage and benefit, Working Hours and Other issue areas 10 B 2: Environment 2-pillar . For other areas, no violations were noted.

**0. Managements system and Code Implementation**

- It was noted that the factory did not communicate this ETI code to all employees. According to interview with 10 workers, 6 of them were aware of the ETI base code.
- It was noted that the factory did not conduct the regular internal social audit and management review based on ETI code.

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

- It was noted that the factory did not provide related training for the workers' representatives.

**3. Safety and Hygienic Conditions**

- It was noted that 20% sewing machines in the factory were not equipped with belt guards.
- It was noted that one cargo lift was used at the site; however no annual inspection report issued by professionally qualified authority was available in the factory.
- It was noted that there was no gap between material stacks and walls/posts in the warehouses.
- It was noted that some containers filled with liquid chemicals used in forming workshop were not protected by the anti-leakage facilities, no identifiable labels attached to the chemical containers
- It was noted that some gluing workers in the forming workshop wore disposable masks rather than activated carbon masks. No protective gloves were provided for them.
- It was noted that potential occupational health hazards mainly were noise, dust and VOCs from cutting, sewing and forming process. However, the factory did not identify those potential occupational hazards. No annual

monitoring was conducted by a professionally qualified agency.

- It was noted that the factory did not provide occupational health examination to employees who worked in the cutting, sewing and forming jobs with exposure to occupational disease hazards (e.g., noise, dust and VOCs).

5. Wage and benefit

- The factory did not provide social insurance to all employees as local social insurance administrative department requirement. According to the Social insurance payment receipts and interview with management, there were total 88 employees at present, the factory should provide 84 employees with the legal five kinds of social insurances (injury / retirement / medical / Children bearing / unemployment). In fact, the factory provided 55 employees with five kinds of social insurances. In addition, the factory provided 29 employees with social work-related injury insurances. (Remark: 4 employees who retired and unable to participate in social insurances were provided the group accident insurance to other all employees through Commercial Insurance Company (PICC).)

6. Working Hours are not Excessive

- The overtime hours of workers exceeded the local legal requirements. According to the 10 sets of sampling attendance records of Nov., 2016, Apr., 2016, Feb., 2016 and Jan., 2016. It was noted that the monthly overtime hours ranged from 8-46 hours in all sampling months. The maximum monthly overtime hours were 46 hours in Apr., 2016.

10. Other issue areas 10 B 2 Environment 2-pillar

- It was noted that the factory did not provide the environmental assessment documents or its approval for review.
- It was noted that the factory did not obtain the environmental protection acceptance check report for their completed construction project.
- It was noted that the factory did not monitor its atmospheric pollution and boundary noise regularly.
- It was noted that no hazardous waste transfer contract neither manifest was provided to show that hazardous wastes, such as waste chemical, waste rag with chemicals and waste empty chemical containers had been transferred to licensed vendor for disposal.

**Observation:**

0: Management systems and code Implementation

- The factory did not communicate ETI code to its suppliers, also did not conduct the assessment for its suppliers on social accountability.

**Best practice:**

None observed



## Audit Details

Audit Details			
A: Report #:	BMSZ000379-01B		
B: Time in and time out (SMETA Best Practice Guidance and Measurement Criteria recommends 9.00–17.00 hrs. if any different please state why in the SMETA declaration )	Day 1 Time in: 09:00 Day 1 Time out: 17:00	Day 2 Time in: N/A Day 2 Time out: N/A	Day 3 Time in: N/A Day 3 Time out: N/A
C: Number of Auditor Days Used: (number of auditor x number of days)	1 MD (1 auditor *1 day)		
D: 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 - Define		
E: Was the audit announced? (AAG recommends a window of three weeks for semi-announced, this gives optimum results)	<input checked="" type="checkbox"/> Announced <input type="checkbox"/> Semi – announced: Window detail:    weeks <input type="checkbox"/> Unannounced		
F: Was the Sedex SAQ available for review?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
If <b>No</b> , why not? (Examples would be, site has not completed SAQ, site has not been asked to complete the SAQ.)	No SAQ was available for review, the factory is not a Sedex member, but pre-audit information was gathered before the audit.		
G: Any conflicting information SAQ/Pre-Audit Info to Audit findings?	<input type="checkbox"/> Yes <input type="checkbox"/> No If <b>Yes</b> , please capture detail in appropriate audit by clause N/A No SAQ was available for review.		
H: Auditor name(s) and role(s):	Kevin Lu / Lead auditor		
I: Report written by:	Kevin Lu		
J: Report reviewed by:	Elton Chau		
K: Report issue date:	27 Dec., 2016		
L: Supplier name:	N/A		
M: Site name:	Taizhou Shuren Shoes Co., Ltd. 台州树人鞋业有限公司		

N: Site country:	China			
O: Site contact and job title:	Mr. Zhang Ke / Vice General Manager			
P: Site address: <i>(Please include full address)</i>	No. 139, Yuying West Road, Muyu Street, Zeguo Town, Wenling City, Zhejiang Province, China 中国浙江省温岭市泽国镇牧屿街道育英西路 139 号			
Site phone:	+86-13105683332			
Site fax:	+86-576-86444098			
Site e-mail:	1322987844@qq.com			
Q: Applicable business and other legally required licence numbers: for example, business license no, and liability insurance	Business License No.: 331081100292460 Valid from 06 Nov., 2014 till 05 Nov., 2034			
R: Products/Activities at site, for example, garment manufacture, electricals, toys, grower	Shoes			
S: Audit results reviewed with site management?	Yes			
T: Who signed and agreed CAPR <i>(Name and job title)</i>	Mr. Zhang Ke / Vice General Manager			
U: Did the person who signed the CAPR have authority to implement changes?	Yes			
V: Present at closing meeting (Please state name and position, including any workers/union reps/worker reps):	Mr. Zhang Ke / Vice General Manager Mr. Meng Qingxiang / Factory Director Ms. Cheng Yan / Office Director Mr. Liu Minggao / Worker Representative			
W: What form of worker representation / union is there on site?	<input type="checkbox"/> Union (name) <input checked="" type="checkbox"/> Worker Committee <input type="checkbox"/> Other (specify) <input type="checkbox"/> None			
X: Are any workers covered by Collective Bargaining Agreement (CBA)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
Y: Previous audit date:	19 Jan., 2016, Conducted by Benchmarks			
Z: Previous audit type:		SMETA 2-pillar	SMETA 4-pillar	Other
	Full Initial	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



	Periodic	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Full Follow-Up Audit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Partial Follow-Up	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Partial Other*	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	*If other, please define: <a href="#">N/A</a>			

## Audit Scope/Actual Results

Criteria	Local Law <i>(Please state legal requirement)</i>	Actual at the Site <i>(Record site results against the law)</i>	Is this part of a Collective Bargaining Agreement?
A: Standard/Contracted work hours: <i>(Maximum legal and actual required working hours excluding overtime, please state if possible per day, week and month)</i>	Legal maximum: 8 hours per day and 40 hours per week	8 hours per day and 40 hours per week	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
B: Legal Overtime hours: <i>(Maximum legal and actual overtime hours, please state if possible per day, week and month)</i>	Legal maximum: 3 hours per day, 36 hours per month	Max overtime was 2 hours per day, 12 hours per week, 46 hours per month	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
C: Legal age of employment: <i>(Minimum legal and actual minimum age at site)</i>	Legal minimum: 16 years old	18 years old	
D: Legal minimum 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 1470/month (e.q. RMB8.45/hr) before 1 Nov., 2015 and RMB 1660/month (e.q. RMB9.54/hr) since 1 Nov., 2015.	RMB 2200 per month. (e.q. RMB12.64/hr).	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
E: Legal minimum 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: 150% of normal wage for overtime on work days; 200% of normal wage for overtime on rest days; 300% of normal wage for overtime on holidays	Overtime wages were paid with at the rate of 150%, 200% and 300% of normal wage according to the legal requirement.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

### Audit Scope

*(Please select the code and additional requirements that were audited against during this audit)*

2-Pillar Audit	<input checked="" type="checkbox"/>
10B4: Environment 4-Pillar	<input type="checkbox"/>
10C: Business Ethics	<input type="checkbox"/>

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.	<input checked="" type="checkbox"/>
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*Note: The main 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.*

## Audit Overview

Audit Overview			
	Management	Worker Representatives	
Audit attendance	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 (only complete if no worker reps present)	N/A		
E: If Union Representatives were not present please explain reasons why: (only complete if no union reps present)	There was no union at this factory.		
F: Site description: (Include size, location and age of site. Also include structure and number of buildings)	<p>The factory was established on 06 Nov., 2014, located at No. 139, Yuying West Road, Muyu Street, Zeguo Town, Wenling City, Zhejiang Province, China.</p> <p>A total of 88 employees were currently working in the factory, which included 79 production employees and 9 non-production employees. The age ranged from 18-60 years old. There were around 98% migrant employees in the factory.</p> <p>All employees working in one shift which was from 07:30 to 17:00 with one and half an hour lunch break time from 11:30 to 13:00. Electrical time recording system was used for time recording. As per the time</p>		

	<p>records of employees, they scanned their fingerprints when they went in and out the factory.</p> <p>Employees' wages were paid on the monthly rate for normal wages and the hourly basis rate for overtime as local requirements. Workers were paid within 8<sup>th</sup> by cash monthly.</p> <p>In view of the facilities, the factory rented and used one 4-storey production building from "Wenlin Muyu Shoe Machinery Plastic Wire Factory". The lease agreement was provided for reviewing during this audit. The validity of the last lease agreement was from 12 Jun., 2014 till 11 Jun., 2024.</p> <p>No canteen or accommodation was provided for employees by the factory.</p> <p>In view of the facilities, the factory buildings as following:</p> <table border="1"> <thead> <tr> <th>Production Building no</th> <th>Description</th> <th>Remark, if any</th> </tr> </thead> <tbody> <tr> <td>4-storey production building</td> <td></td> <td></td> </tr> <tr> <td>Floor 1</td> <td>Office area; Cutting workshop Raw materials warehouse</td> <td>Nil</td> </tr> <tr> <td>Floor 2</td> <td>Forming workshop Inspection and packing workshops Finished products warehouse</td> <td>Nil</td> </tr> <tr> <td>Floor 3</td> <td>Forming workshop Inspection and packing workshops Finished products warehouse</td> <td>Nil</td> </tr> <tr> <td>Floor 4</td> <td>Sewing workshop</td> <td>Nil</td> </tr> <tr> <td>Is this a shared building?</td> <td>No</td> <td>Total floor area 2380 m2</td> </tr> </tbody> </table>	Production Building no	Description	Remark, if any	4-storey production building			Floor 1	Office area; Cutting workshop Raw materials warehouse	Nil	Floor 2	Forming workshop Inspection and packing workshops Finished products warehouse	Nil	Floor 3	Forming workshop Inspection and packing workshops Finished products warehouse	Nil	Floor 4	Sewing workshop	Nil	Is this a shared building?	No	Total floor area 2380 m2
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Floor 3	Forming workshop Inspection and packing workshops Finished products warehouse	Nil																				
Floor 4	Sewing workshop	Nil																				
Is this a shared building?	No	Total floor area 2380 m2																				
G: Site function:	<input type="checkbox"/> Agent <input checked="" type="checkbox"/> Factory Processing/Manufacturer <input type="checkbox"/> Finished Product Supplier <input type="checkbox"/> Grower <input type="checkbox"/> Homeworker <input type="checkbox"/> Labour Provider <input type="checkbox"/> Pack House <input type="checkbox"/> Primary Producer <input type="checkbox"/> Service Provider <input type="checkbox"/> Sub-Contractor																					

<p>H: Month(s) of peak season: <i>(if applicable)</i></p>	<p>Not obviously</p>
<p>I: Process overview: <i>(Include products being produced, main operations, number of production lines, main equipment used)</i></p>	
<p>The factory main products were shoes. The main production processes were cutting, sewing, forming and packing. The main machines were as following: Cutting machine, sewing machine, forming line, etc.</p>	
<p>J: 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></p>	
<p>10 workers were selected for interview included 5 males and 5 females; they were interviewed as 6 individual workers and one group of 4 workers.  The workers were assured of confidentiality and they spoke freely of their views of the factory. All workers said they were satisfied with their employment and the current wages. They felt free to leave this employer and understood the notice period required. They had good relationships with their supervisors and managers who treated them with respect.</p>	
<p>K: Attitude of workers committee/union reps: <i>(Include their attitude to management, workplace and the interview process. Both positive and negative information should be included) Note: Do not document any information that could put workers at risk</i></p>	
<p>The worker representatives were satisfied with all management and work condition, and they were well cooperate with the interview process.</p>	
<p>L: Attitude of managers: <i>(Include attitude to audit, and audit process. Both positive and negative information should be included)</i></p>	
<p>The factory management showed a positive attitude to this audit during the whole process. At the end of the audit, all findings and suggested corrective actions were accepted by the factory management.</p>	

## Key Information

Key Information					
(click on the key information title to go to appropriate section of the report)					
A: Do all workers (including migrant workers) have contracts of employment/employment agreements? <a href="#">(Go to clause 8 – Regular Employment)</a>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No				
B: Are maximum standard/contracted working hours clearly defined in contract/employment agreements? <a href="#">(Go to clause 8 – Regular Employment)</a>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No				
C: Were appropriate records available to verify hours of work and wages? <a href="#">(Go to clause 5 – Living Wage)</a>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No				
D: Were any inconsistencies found? (if yes describe nature) <a href="#">(Go to Wages Table)</a>	<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				
E: For the lowest paid production workers, are wages paid for standard/contracted hours (excluding overtime) below or above the legal minimum? <a href="#">(Go to clause 5 – Living Wage)</a>	<table border="1" style="width: 100%;"> <tr> <td style="width: 50%;">Wages found:</td> <td style="width: 50%;">Please indicate the breakdown of workforce according to earnings:</td> </tr> <tr> <td> <input type="checkbox"/> Below legal min  <input type="checkbox"/> Meet  <input checked="" type="checkbox"/> Above                 </td> <td>                     ___% of workforce earning under min wage                      ___% of workforce earning min wage                      _100_ % of workforce earning above min wage                 </td> </tr> </table>	Wages found:	Please indicate the breakdown of workforce according to earnings:	<input type="checkbox"/> Below legal min <input type="checkbox"/> Meet <input checked="" type="checkbox"/> Above	___% of workforce earning under min wage ___% of workforce earning min wage _100_ % of workforce earning above min wage
Wages found:	Please indicate the breakdown of workforce according to earnings:				
<input type="checkbox"/> Below legal min <input type="checkbox"/> Meet <input checked="" type="checkbox"/> Above	___% of workforce earning under min wage ___% of workforce earning min wage _100_ % of workforce earning above min wage				
F: % of piece rate workers: (if applicable)	No, all workers were paid by monthly rate.				
G: Do the standard/contracted hours stated in a contract/employment agreement exceed the law or 48 hours per week? <a href="#">(Go to clause 6 – Working hours)</a>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
H: If yes, what are the standard/contracted hours per week as stated in the contract/employment agreement? <a href="#">(Go to clause 6 – Working hours)</a>	<table border="1" style="width: 100%;"> <tr> <td style="width: 50%;">_N/A_ hrs/week</td> <td style="width: 50%;">Approx. _0_% of <b>ALL</b> workers on these contacted hours</td> </tr> </table>	_N/A_ hrs/week	Approx. _0_% of <b>ALL</b> workers on these contacted hours		
_N/A_ hrs/week	Approx. _0_% of <b>ALL</b> workers on these contacted hours				
I: Combined hours (standard/contracted plus overtime = total hours) over 60 per week found? <a href="#">(Go to Working Hours Analysis)</a>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
J: Are workers provided with 1 day off in every 7-day-period, or 2 in 14-day-period (where the law allows)?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If 'No', please explain: N/A				

<p>K: Are the correct legal overtime premiums paid? <a href="#">(Go to Wages Table)</a></p>	<p><input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No  <input type="checkbox"/> N/A – there is no legal requirement to OT premium</p>
<p>L: Please state what actual OT is paid. <i>(As a percentage of the workers standard rate)</i> <a href="#">(Go to Working Hours Analysis)</a></p>	<p><i>Please give details of overtime premium as a % of standard wages:</i>  <input type="checkbox"/> 0%  <input type="checkbox"/> 1% – 115%  <input type="checkbox"/> 116% – 124%  <input type="checkbox"/> 125% – 149%  <input checked="" type="checkbox"/> 150% – 199%  <input checked="" type="checkbox"/> 200%+          Please give details: All workers were paid at rate of 150%, 200% and 300% of normal wage when overtime on weekdays, weekends and statutory holidays.</p>
<p>M: Is there any night production work at the site?</p>	<p><input type="checkbox"/> Yes  <input checked="" type="checkbox"/> No</p>
<p>N: % of workers living in site provided accommodation (if applicable):</p>	<p>0%</p>
<p>O: Age of youngest worker found: <a href="#">(Go to clause 4 – Child labour)</a></p>	<p>18 years old and he was born on 24 Sep., 1998</p>
<p>P: Workers under 18 subject to hazardous work assignments? <a href="#">(Go to clause 3 – Health and Safety)</a></p>	<p><input type="checkbox"/> Yes  <input type="checkbox"/> No          N/A</p>
<p>% of under 18's at this site (of total workers)</p>	<p>0 %</p>
<p>Q: What form of worker representation/union is there on site? <a href="#">(Go to clause 2 – Freedom of Association)</a></p>	<p><input type="checkbox"/> Union (name)  <input checked="" type="checkbox"/> Worker Committee  <input type="checkbox"/> Other (specify)  <input type="checkbox"/> None</p>
<p>R: Is it a legal requirement to have a union? <a href="#">(Go to clause 2 – Freedom of Association)</a></p>	<p><input type="checkbox"/> Yes  <input checked="" type="checkbox"/> No</p>
<p>S: Is It a legal requirement to have a workers committee? <a href="#">(Go to clause 2 – Freedom of Association)</a></p>	<p><input type="checkbox"/> Yes  <input checked="" type="checkbox"/> No</p>
<p>T: Is there any other form of effective worker/management communication channel? <i>(Other than union/worker committee)</i> <a href="#">(Go to clause 2 – Freedom of Association)</a></p>	<p><input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No          Describe: Workers could raise their concerns through worker representatives, telephone, suggestion box, directly communicating with the factory management.</p>
<p>U: Are there any External Processes? <a href="#">(Go to clause 8A – Sub-contracting and Home working)</a></p>	<p><input type="checkbox"/> Sub-Contracting  <input type="checkbox"/> Homeworking  <input type="checkbox"/> Other External Process  <input checked="" type="checkbox"/> No external processes</p>

## Management Systems

Management Systems:	
A: Nationality of Management	China
B: Gender breakdown of Management + Supervisors (Include as one combined group)	Male: <u>40</u> % Female: <u>60</u> %
C: Majority nationality of workers	China
D: Number of workers leaving in last 12 months as a % of average total number of workers on site over the year (annual worker turnover)	<u>12</u> %
E: Were accurate records shown at the first request?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
F: If <b>No</b> , why not?	N/A
G: In the last 12 months, has the site been subject to any fines/prosecutions for non-compliance to any regulations?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please describe: N/A
H: Do policies and/or procedures exist that reduce the risk of forced labour, child labour, discrimination, harassment & abuse?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: Policies exist for child labour, recruitment, discrimination, forced labour, no harsh treatment, health and safety, living wage, working hours, environment and etc.
I: If <b>Yes</b> , is there evidence (an indication) of effective implementation? Please give details.	The factory communicated such policies with all employees, which were confirmed through employee interview. During the audit, no negative evidences were identified.
J: Have managers and workers received training in the standards for forced labour, child labour, discrimination, harassment & abuse?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: Standards on forced labour, no harsh treatment, child labour and discrimination were communicated to workers though training.
K: If <b>Yes</b> , is there evidence (an indication) that training has been effective e.g. training records etc.? Please give details	Training records: - Training for management/supervisors. - Introductory training record for new employees. Confirmed via management and worker interview
L: Are there published, anonymous and/or open channels available for reporting any violations of Labour standards and H&S or any other grievances to a 3 <sup>rd</sup> party?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: Workers could report to the local labor force bureau if violations happened.



M: If <b>Yes</b> , are workers aware of these channels? Please give details.	Workers were aware of the channel and they could report violations to the local labor force bureau freely.
N: Have health and safety risks been identified e.g. through internal audits, formal risk analysis process, worker involvement etc.?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: The factory had established the risk assessment report on the H&S issues, identified the risks and established the measures to reduce or avoid them. No negative evidences were identified during the audit.
O: If <b>Yes</b> , has effective action been taken to reduce or eliminate these risks?	For some of the risks, action has been taken, such as training for machine operators, posters on good H&S practices in per workshop. But there were still some not had any action.
P: Are accidents recorded?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: No accidents happened during the past 12 months.
Q: Has the auditor made a simple calculation to compare capacity with workers' work load in order to identify possible unrecorded work hours?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: Through sample checking, there was no unrecorded work hours found during this audit.
R: Does the site have all required land rights licenses and permissions (see SMETA Measurement Criteria)?	Yes
S; 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).	Nil
T: Is there a Human Resources manager/department? If Yes, please detail.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: Ms. Cheng Yan / Office director was in charge of H&R management.

## Worker Analysis

Worker Analysis								
	Local			Migrant			Home workers	Total
	Permanent	Temporary	Agency	Permanent	Temporary	Agency		
Worker numbers – male	0	0	0	47	0	0	0	47
Worker numbers – female	2	0	0	39	0	0	0	41
Total	2	0	0	86	0	0	0	88
Number of Workers interviewed	0	0	0	10	0	0	0	10

### Contractors:

(Individuals supplying workers to site with the workers paid by contractors, not by site)

A: Any contractors on site?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
B: If <b>Yes</b> , how many workers supplied by contractors	N/A
C: Are all contractor workers paid according to law?	<input type="checkbox"/> Yes <input type="checkbox"/> No No contractor on site.
If <b>Yes</b> , Please give evidence for contractor workers being paid according to law:	N/A

### Migrant Workers:

(Please see SMETA Best Practice Guidance and Measurement Criteria for definitions of migrant workers)

D: Originating Locations/Countries:	Migrant workers were mainly from Anhui, Guizhou, Hunan, Sichuan, Guangxi, Jiangxi and other provinces.
E: Type of work undertaken by migrant workers :	All types of works in the factory included migrant workers.
F: Were migrant workers recruited through an agency?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

If yes, please give details.	Please describe: All migrant workers were recruited directly by the factory rather than through an agent.
If <b>Yes</b> , is there a contract with the agency? Provide details of agencies and contractual arrangements including any fees lodged during the recruitment process.	N/A
G: Does the site have a system for checking labour standards of agencies? If yes, please give details.	<input type="checkbox"/> Yes <input type="checkbox"/> No Please describe: N/A The factory did not use any agency.
H: Percentage of migrant workers in company provided accommodation:	0 %

## Audit Results by Clause

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

- 0.1 Suppliers are expected to implement and maintain systems for delivering compliance to this Code.
- 0.2 Suppliers shall appoint a senior member of management who shall be responsible for compliance with the Code.
- 0.3 Suppliers are expected to communicate this Code to all employees.
- 0.4 Suppliers should communicate this code to their own suppliers and, where reasonably practicable, extend the principles of this Ethical Code through their supply chain.

#### Current Systems and Evidence Examined

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

#### Current systems:

1. The factory had established policies and written procedures which ensure the site meets in particular freedom of association, discrimination, child labour prohibition and general human rights standards.
2. The appointment letter of management representative for management of ETI compliance was also provided for review, one senior manager was responsible for compliance with the Code.
3. Based on talking with factory management, they were familiar with local laws concerning labour standards such as wages, working hours, health and safety and so on.

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

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

#### Non-compliance:

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

- NC against ETI/Additional Elements       NC against Local Law  
 It was noted that the factory did not communicate this ETI code to all employees.  
 According to interview with 10 workers, 6 of them were aware of the ETI base code.

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

##### ETI Additional Element

0.3 Suppliers are expected to communicate this Code to all employees.

##### Recommended corrective action:

It is recommended that the factory should communicate the ETI code for all employees.

Recommended Completion Timescale: 90 days

##### Objective evidence observed:

*(where relevant please add photo numbers)*

Based on management interview and workers interview.

<p><b>2. Description of non-compliance:</b>  <input checked="" type="checkbox"/> NC against ETI/Additional Elements      <input type="checkbox"/> NC against Local Law                  It was noted that the factory did not conduct the regular internal social audit and management review based on ETI code.</p> <p><b>Local law and/or ETI requirement:</b>  <b>ETI Additional Element</b>                  0.1 Suppliers are expected to implement and maintain systems for delivering compliance to this Code.</p> <p><b>Recommended corrective action:</b>                  It is recommended that the factory should implement and maintain systems for delivering compliance to ETI Code, and conduct the internal audit and management review on its social accountability regularly.</p> <p>Recommended Completion Timescale: 90 days</p>	<p><b>Objective evidence observed:</b>                  (where relevant please add photo numbers)</p> <p>Based on documents review and management interview.</p>
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Observation:	
<p><b>Description of observation:</b>                  1: The factory didn't conduct assessment for its suppliers on social accountability and didn't communicate ETI code with suppliers.</p> <p><b>Local law or ETI requirement:</b>  <b>ETI Additional Element</b>                  0.4 Suppliers should communicate this code to their own suppliers and where reasonably practical, extend the principles of this Ethical Code into their supply chain.</p> <p><b>Comments:</b>                  The management stated that the factory would conduct assessment for suppliers on social accountability and communicates ETI code with their suppliers.</p>	<p><b>Objective evidence observed:</b></p> <p>Based on documents review and management interview.</p>

Good Examples observed:	
<p>Description of Good Example (GE):</p> <p>None observed</p>	<p><b>Objective evidence observed:</b></p> <p>N/A</p>

**1: Employment is Freely Chosen**

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

**ETI**

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

**Current Systems and Evidence Examined**

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

**Current systems:**

- 1. The factory had a policy which prohibited forced labour and this was available for review.
- 2. There was a procedure stated that employees must present their ID cards for proof of age, but that only copies must be kept in the personnel files and the original given back to the workers.
- 3. The employee handbook – given to all workers on joining, stated that employees within their probation period were free to leave with 3 days written notice and once a worker was permanent (this was out of probation), they could resign from the factory with one month’s prior written notice, given to their supervisor or the personnel office. The handbook also stated that they would be given their full wages on their last day of work.
- 4. The terms and conditions of employment in the handbook stated that the employees were free to leave the workplace outside of their working hours.
- 5. The managements must not prevent workers from leaving the premises outside of working hours.
- 6. The employees weren’t required to lodge any deposits during recruit.
- 7. No wage deductions, any deposits or withholdings was identified based on the review of the payrolls.

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

- 1. Social accountability policy and manual
- 2. Personnel files and labour contracts
- 3. Payroll records
- 4. Resignation records
- 5. Facility tour
- 6. Management interview and worker interview

**Non-compliance:**

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

NC against ETI       NC against Local Law:

None observed

**Local law and/or ETI requirement**

**Recommended corrective action:**

**Objective evidence observed:**

*(where relevant please add photo numbers)*

N/A

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

Good Examples observed:	
<b>Description of Good Example (GE):</b>  None observed	<b>Objective evidence observed:</b>  N/A

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

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

**ETI**

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

**Current Systems and Evidence Examined**

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

**Current systems:**

1. The Chinese constitution guarantees Freedom of Association; however, the Trade Union Act prevents the establishment of trade unions independent of the sole official trade union – the All China Federation of Trade Unions (ACFTU). As a consequence, all trade unions of factories in China are under the management of ACFTU. And most of the trade union representatives are appointed directly by it. Additionally, the trade union activity is limited on the right to organize and bargain collectively in China.
2. The written policy on freedom of association showed that workers, without distinction, have the right to join or form trade unions of their own choosing and to bargain collectively. The employer adopts an open attitude towards the activities of trade unions and their organizational activities.
3. There was no trade union, but a worker committee in the factory.
4. The latest workers committee was formed on 13 May, 2016.
5. The committee members were chosen by workers themselves.
6. Worker representatives were not discriminated against and have access to carry out their representative functions in the workplace.
7. The meeting between with management and committee representatives was conducted fourth per years.
8. The factory had a mechanism that employees could raise their grievances directly to supervisors, worker representatives, or put letters in suggestion box to state their opinions and suggestions, and then the management would post corresponding feedback on the bulletin board.

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

1. The policy on freedom of association and right to collective bargaining.
2. Social accountability manual included worker committee selection program and the responsibility of the worker representative.
3. Workers committee election records of worker representatives.
4. Meeting records between factory management and worker representatives.
5. Interview with workers
6. Interview with worker representatives
7. Interview with management



<b>Non-compliance:</b>	
<p><b>1. Description of non-compliance:</b>  <input checked="" type="checkbox"/> NC against ETI      <input type="checkbox"/> NC against Local Law                      It was noted that the factory did not provide related training for workers' representatives.</p> <p><b>Local law and/or ETI requirement:</b>  <b>ETI Code</b>                      2.1 Workers, without distinction, have the right to join or form trade unions of their own choosing and to bargain collectively.</p> <p><b>Recommended corrective action:</b>                      It is recommended that the factory should provide related training for workers' representatives.</p> <p>Recommended Completion Timescale: 90 days</p>	<p><b>Objective evidence observed:</b>                      (where relevant please add photo numbers)</p> <p>Based on documents review, worker representatives interview and management interview.</p>

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

A: Name of union and union representative, if applicable:	None present	Is there evidence of free elections? <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A
B: If no union what is parallel means of consultation with workers e.g. worker committees?	Worker committee was effective; two worker representatives were elected by the workers themselves.	Is there evidence of free elections? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
C: Were worker representatives/union representatives interviewed	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If <b>Yes</b> , please state how many: Two worker representatives (Mr. Liu Minggao / worker, Ms. Xu Xianyu / worker) were interviewed.	
D: State any evidence that union/workers committee is effective? Specify date of last meeting; topics covered; how minutes were communicated etc.	There were meeting minutes and the worker representatives' interview confirmed that they had met with management. Last meeting topics covered H&S issues. Meeting minutes was provided for review.	

E: Are any workers covered by Collective Bargaining Agreement (CBA)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
F: If <b>Yes</b> what percentage by trade Union/worker representation	<u>  N/A  </u> % workers covered by Union CBA	<u>  N/A  </u> % workers covered by Union CBA
G: If <b>Yes</b> , does the Collective Bargaining Agreement (CBA) include rates of pay	<input type="checkbox"/> Yes <input type="checkbox"/> No <u>  N/A  </u>	

Good Examples observed:	
Description of Good Example (GE):  <u>  None observed  </u>	Objective evidence observed:  <u>  N/A  </u>

**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.*

**3.1. General Health and Safety management**

- Health & safety policy was established and the factory managers were familiar with it.
- One senior management was appointed as Health & Safety Manager for the site.
- There was a health and safety committee at the site. The factory conducted H&S meeting quarterly.
- The health and safety training was conducted regularly.
- Potable water was provided free of charge to workers. Lavatory facilities were accessible, clean and adequate in number, private and segregated for men and women, washbasins and water taps were available and adequate.
- No accommodation was provided by the factory.
- No canteen was provided by the factory. Employees usually their meals at home or around restaurant.

**3.2. Fire Safety.**

- At least 2 exits at each work area and they were clearly marked. All exits were unblocked, unbarred and unlocked. All evacuation aisles were clear and unblocked and its width was enough.
- Fire fighting facilities were adequate and good functional and inspected once every month, and check records were available.
- The factory conducted fire drills and emergency evacuation exercise twice per year.
- The factory had obtained the record on building structure safety records and fire safety certificates for its all buildings.

**3.3. Electrical safety**

- Most electrical equipment was maintained in good condition such as sockets, plugs, switches and main fuse boards.
- One competent electrician was available at the site and the qualified certificates were provided for review.

**3.4. Equipment safety**

- No accident or injury had occurred up to the audit date.
- Qualified operator certificate for all used cargo lift was available and maintained at the site.

3.5. Chemical safety

- There were some kinds of chemicals used in the factory, including thinner, curing agent, diesel oil, PU glue, write glue, lubricating oil, etc. The factory had obtained the MSDS copies of all used chemicals.

3.6. Medical services

- The first aid kits with sufficient first aid suppliers were equipped in each production area.
- The factory conducted internal first aid training for all employees.
- There were two qualified first aiders available in the factory.

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

1. Health and safety policy and manual
2. Health and safety committee minutes
3. Training records and certificates
4. Special equipment qualified operator certificate
5. Fire equipment maintenance records
6. First aider certificates
7. Fire drill and evacuation records
8. Building structure safety certificates
9. Fire safety certificates
10. Government licenses
11. Electrician certificate
12. Potable water testing report
13. H&S manager and committee members interviews
14. Workers interview
15. Site tour

**Non-compliance:**

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

- NC against ETI       NC against Local Law

It was noted that 20% sewing machines in the factory were not equipped with belt guards.

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

**General rules of design on health and safety of production facility (GB5083-1999), Article 6.1.2**

Necessary safeguard must be installed for all moving parts that can be accessed by the operator during machine operation.

**ETI Base Code 3.1**

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

**Recommended corrective action:**

It is recommended that the factory should install the belt guards for the cutting machine.

Recommended Completion Timescale: 30 days

**Objective evidence observed:**

*(where relevant please add photo numbers)*

Site tour and management interview

(Refer to Non-compliance photo 3-01)

<p><b>2. Description of non-compliance:</b>  <input checked="" type="checkbox"/> NC against ETI      <input checked="" type="checkbox"/> NC against Local Law                  It was noted that one cargo lift was used at the site; however no annual inspection report issued by professionally qualified authority was available in the factory.</p> <p><b>Local law and/or ETI requirement:</b>  <b>Regulations on Safety Supervision of Special Equipment (2009 Amendment), Article 28</b>                  An entity using special equipment shall, in accordance with the requirements for periodic inspection as provided for in the safety technical dossier, make a request for periodic inspection to the inspection and testing institution one month prior to the period of validity of the safety inspection expires.                  Upon receipt of the request for periodic inspection, the special equipment inspection and testing institution shall conduct timely inspection in accordance with the requirements of the safety technical codes. Special equipment which has not been periodically inspected or has failed to pass the inspection shall cease to be used.</p> <p><b>ETI Base Code 3.1</b>                  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><b>Recommended corrective action:</b>                  It is recommended that the factory should apply for test and check for all used special equipment by the relevant local authorities.</p> <p>Recommended Completion Timescale: 30 days</p>	<p><b>Objective evidence observed:</b>                  (where relevant please add photo numbers)</p> <p>Site tour, Document review, worker and management interview</p> <p>(Refer to Non-compliance photo Nil)</p>
<p><b>3. Description of non-compliance:</b>  <input checked="" type="checkbox"/> NC against ETI      <input checked="" type="checkbox"/> NC against Local Law                  It was noted that there was no gap between material stacks and walls/posts in the warehouses.</p> <p><b>Local law and/or ETI requirement</b>  <b>Rules for Warehouse Fire Prevention Safety Management, Article 18</b>                  The stored substances should be classified and stacked. Each stack area should less than one hundred square meters. The pitch between the stacks and stacks should more than one meter. The pitch between stacks and the walls should more than 0.5 meters. The pitch between stacks and pillars should more than 0.3 meters. The width of the main thoroughfares should more than 2 meters.</p> <p><b>ETI Base Code 3.1</b>                  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><b>Recommended corrective action:</b>                  It is recommended that the factory should ensure that the width of gap between stacks and walls/posts are in accordance with the legal requirements.</p> <p>Recommended Completion Timescale: 30 days</p>	<p><b>Objective evidence observed:</b>                  (where relevant please add photo numbers)</p> <p>Site tour and management interview</p> <p>(Refer to Non-compliance photo 3-02)</p>

<p><b>4. Description of non-compliance:</b>  <input checked="" type="checkbox"/> NC against ETI      <input checked="" type="checkbox"/> NC against Local Law  It was noted that some containers filled with liquid chemicals used in forming workshop were not protected by the anti-leakage facilities, no identifiable labels attached to the chemical containers.</p> <p><b>Local law and/or ETI requirement:</b>  <b>Regulations on Safety in Workplaces Where Chemicals Are Used, Article 12</b>  The chemicals used by the employing units shall have the labels, and the dangerous chemicals should be attached with safety labels. Also, the safety and technical instructions of the chemicals shall be available for operators engaged in the use of the chemical.  <b>Code of Design on Building Fire Protection and Prevention (GB5016-2014), Article 3.6.12</b>  Facilities capable of preventing liquids from flooding and spreading shall be provided in storage storing class A, B and C liquids.  <b>ETI Base code 3.1</b>  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><b>Recommended corrective action:</b>  It is recommended that the factory should install the relevant safety facilities in workshops and warehouses for its used and storage chemicals. Identifiable labels should be attached to those chemical containers.</p> <p>Recommended Completion Timescale: 60 days</p>	<p><b>Objective evidence observed:</b>  <i>(where relevant please add photo numbers)</i></p> <p>Site tour, worker and management interview</p> <p>(Refer to Non-compliance photo 3-03)</p>
<p><b>5. Description of non-compliance:</b>  <input checked="" type="checkbox"/> NC against ETI      <input checked="" type="checkbox"/> NC against Local Law  It was noted that some gluing workers in the forming workshop wore disposable masks rather than activated carbon masks. No protective gloves were provided for them.</p> <p><b>Local law and/or ETI requirement:</b>  <b>Production Safety Law of the People’s Republic of China, Article 42</b>  The production and business operation entities shall provide labor protection articles that meet the national standards or industrial standards to the employees thereof, supervise and educate them to wear or use these articles according to the prescribed rules.  <b>ETI Base Code 3.1</b>  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><b>Objective evidence observed:</b>  <i>(where relevant please add photo numbers)</i></p> <p>Site tour, worker and management interview</p> <p>(Refer to Non-compliance photo 3-04)</p>

<p><b>Recommended corrective action:</b> It is recommended that the factory should provide suitable PPE for workers who are exposed to occupational disease hazard factors and should supervise and train them to properly wear and use the personal protective equipment.</p> <p>Recommended Completion Timescale: 30 days</p>	
<p><b>6. Description of non-compliance:</b>  <input checked="" type="checkbox"/> NC against ETI      <input checked="" type="checkbox"/> NC against Local Law          It was noted that potential occupational health hazards mainly were noise, dust and VOCs from cutting, sewing and forming process. However, the factory did not identify those potential occupational hazards. No annual monitoring was conducted by a professionally qualified agency.</p> <p><b>Local law and/or ETI requirement:</b>  <b>Law of the People's Republic of China on Prevention &amp; Control of Occupational Diseases, Article 27</b>          The employer shall assign special persons to carry out day-to-day monitoring of the factors of occupational disease hazards and make sure that the monitoring system is kept in normal working conditions.          The employer shall, in accordance with the regulations of the public health administration department under the State Council, have the factors of occupational disease hazards monitored and assessed regularly at the workplace. The results of monitoring and assessment shall be kept in the unit's files of occupational health regularly reported to the local public health administration department and announced to the workers.</p> <p><b>ETI Base Code 3.1</b>          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><b>Recommended corrective action:</b>          It is recommended that the factory should identify all the positions with potential occupational hazards, and commission a qualified agency to conduct monitoring of occupational hazard factors at these places at list once per year and maintain the reports.</p> <p>Recommended Completion Timescale: 60 days</p>	<p><b>Objective evidence observed:</b>  <i>(where relevant please add photo numbers)</i></p> <p>Document review and management interview</p> <p>(Refer to Non-compliance photo Nil)</p>

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

NC against ETI       NC against Local Law

It was noted that the factory did not provide occupational health examination to employees who worked in the cutting, sewing and forming jobs with exposure to occupational disease hazards (e.g., noise, dust and VOCs).

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

**Law of the People's Republic of China on Prevention & Control of Occupational Diseases, Article 36**

With regard to the workers who engage in operation exposed to occupational disease hazards, the employer shall, in accordance with the regulations of the public health administration department under the State Council, make arrangements for pre-service, in-service and job leaving occupational health checkups and truthfully inform the workers of the results of the checkups. The expenses for occupational health checkups shall be borne by the employer.

No employer may assign to workers who have not received pre-service occupational health check-ups any jobs exposed to occupational disease hazards, nor assign to workers forbidden jobs. Workers whose signs of job-related injuries are shown by occupational health checkups shall be transferred from their original posts and proper arrangements shall be made for them. With regard to workers who have not received occupational health checkups before leaving their jobs, the employer may not cancel or terminate the labor contracts concluded with them.

Occupational health checkups shall be undertaken by the medical and health institutions approved by the public health administration departments of the people's government at or above the provincial level.

**ETI Base Code 3.1**

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

**Recommended corrective action:**

It is recommended that the factory should provide occupational health examination to employees who work in the jobs with exposure to occupational disease hazards, and delivery the finding during occupational health examination to related employees, and undergone the occupational health examination fee.

Recommended Completion Timescale: 60 days

**Objective evidence**

**observed:**

*(where relevant please add photo numbers)*

Document review  
worker and management  
interview

(Refer to Non-compliance  
photo Nil)



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

Good Examples observed:	
<b>Description of Good Example (GE):</b>  None observed	<b>Objective Evidence Observed:</b>  NA

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

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

**ETI**

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

**Current Systems and Evidence Examined**

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

**Current systems:**

- 1. The factory had established the recruitment procedure on prohibiting child labor.
- 2. All employees should be only hired by the HR department of the factory but not by any other department.
- 3. Based on the management review, employees' ID and photo should be checked at the point of recruitment. The employee without valid ID certificate should not be hired.
- 4. Based on documents review, there was no child labor in the factory. The youngest worker identified was 18 years old currently who was born on 24 Sep., 1998 and entered the factory on 17 Nov., 2016.
- 5. There were total 88 employees at the factory between the ages of 18-60 years old.

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

- 1. The recruitment policy on child labour was reviewed. It states that the factory will never employ or use any child labour under the age of 16 years old.
- 2. Recruitment procedure.
- 3. Latest employee list.
- 4. Personnel files of all workers.
- 5. Facility tour.
- 6. Management interview and worker interview.

**Non-compliance:**

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

NC against ETI       NC against Local Law

None observed

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

**Recommended corrective action:**

**Objective evidence observed:**

*(where relevant please add photo numbers)*

N/A

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

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

**5: Living Wages are Paid**

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

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

**ETI**

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

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

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

**Current Systems and Evidence Examined**

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

**Current systems:**

1. The local min. wage was RMB 1470 per month equivalent to RMB 8.45 per hour before 01 Nov., 2015 and RMB 1660 per month equivalent to RMB 9.54 per hour since 01 Nov., 2015.
2. All workers' wages were calculated by hourly rate.
3. All workers' minimum wage met with legal requirement. The minimum wages were not less than 2200 per month (e.g. RMB12.64 per hour) for normal hours.
4. All workers were paid within 8<sup>th</sup> of each month by cash and each worker was given a pay slip and signed for their wages.
5. Benefits of paid, annual leave, was given to all workers and child-bearing leave to appropriate workers.
6. All workers were 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 were paid.
7. According to the Social insurance payment receipts and interview with management, there were total 88 employees at present, the factory should provide 84 employees with the legal five kinds of social insurances (injury / retirement / medical / Children bearing / unemployment). In fact, the factory provided 55 employees with five kinds of social insurances. In addition, the factory provided 29 employees with social work-related injury insurance. (Remark: 4 employees who retired and unable to participate in social insurances were provided the group accident insurance to other all employees through Commercial Insurance Company (PICC).)

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

1. Wages and benefits policy and procedure
2. Local and national laws.
3. Local legal min wage documents.
4. Payroll records from Dec., 2015 to Nov., 2016 and corresponding attendance records;
5. Overtime premiums records.
6. Labour contracts for all workers.
7. Resignation records.
8. Production records;
9. Social security insurance (injury/retirement/unemployment) payment receipts.

10. Commercial group accident insurance payment records  
 11. Worker interview and management interview

<b>Non-compliance:</b>	
<p><b>1. Description of non-compliance:</b>  <input checked="" type="checkbox"/> NC against ETI      <input checked="" type="checkbox"/> NC against Local Law</p> <p>The factory did not provide social insurance to all employees as local social insurance administrative department requirement. According to the Social insurance payment receipts and interview with management, there were total 88 employees at present, the factory should provide 84 employees with the legal five kinds of social insurances (injury / retirement / medical / Children bearing / unemployment). In fact, the factory provided 55 employees with five kinds of social insurances. In addition, the factory provided 29 employees with social work-related injury insurance.          (Remark: 4 employees who retired and unable to participate in social insurances were provided the group accident insurance to other all employees through Commercial Insurance Company (PICC).)</p> <p><b>Local law and/or ETI requirement:</b>  <b>Labor Law of the People’s Republic of China (1994)</b>          Article 72, The sources of social insurance funds shall be determined according to the categories of insurance, and an overall pooling of insurance funds from the society shall be introduced step by step. The employing unit and labourers must participate in social insurance and pay social insurance premiums in accordance with the law.          Article 73, Labourers shall, in accordance with the law, enjoy social insurance benefits under the following circumstances:          1. Retirement;          2. Illness or injury;          3. Disability caused by work-related injury or occupational disease;          4. Unemployment; and          5. Child-bearing.  <b>ETI Base Code 5.1</b>          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><b>Recommended corrective action:</b>          It is recommended that the factory should provide social insurance to employees as per local social insurance administrative department requirement, and the records should be kept.</p> <p>Recommended Completion Timescale: 60 days</p>	<p><b>Objective evidence observed:</b>  <i>(where relevant please add photo numbers)</i></p> <p>Social security insurance (injury/retirement/unemployment) payment receipts, Commercial group accident insurance payment receipts, Payrolls and Interview with management and workers</p>

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

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

<b>Wages analysis:</b> <a href="#">(Click here to return to Key Information)</a>							
A: Sample Size Checked <i>(State number of worker records checked and from which weeks/months – should be current, peak and random/low. Please see SMETA Best Practice Guidance and Measurement Criteria)</i>	10 samples from Dec., 2015 to Nov., 2016						
B: Are there different legal minimum wage grades? If <b>Yes</b> , please specify all.	<table border="1"> <tr> <td><input type="checkbox"/> Yes</td> <td><input type="checkbox"/> Yes</td> </tr> <tr> <td><input checked="" type="checkbox"/> No</td> <td><input checked="" type="checkbox"/> No</td> </tr> </table>	<input type="checkbox"/> Yes	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	<input checked="" type="checkbox"/> No		
<input type="checkbox"/> Yes	<input type="checkbox"/> Yes						
<input checked="" type="checkbox"/> No	<input checked="" type="checkbox"/> No						
C: If there are different legal minimum grades, are all workers graded correctly?	<table border="1"> <tr> <td><input type="checkbox"/> Yes</td> <td><input type="checkbox"/> Yes</td> </tr> <tr> <td><input type="checkbox"/> No</td> <td><input type="checkbox"/> No</td> </tr> <tr> <td><input checked="" type="checkbox"/> N/A</td> <td><input checked="" type="checkbox"/> N/A</td> </tr> </table>	<input type="checkbox"/> Yes	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> No	<input checked="" type="checkbox"/> N/A	<input checked="" type="checkbox"/> N/A
<input type="checkbox"/> Yes	<input type="checkbox"/> Yes						
<input type="checkbox"/> No	<input type="checkbox"/> No						
<input checked="" type="checkbox"/> N/A	<input checked="" type="checkbox"/> N/A						
D: What deductions are required by law e.g. social insurance? Please state all types:	Social insurance, personal tax deductions were required by law.						
E: Have all of these deductions been made? Please list all deductions that have/have not been made.	<table border="1"> <tr> <td><input type="checkbox"/> Yes</td> <td rowspan="2">                     If <b>Yes</b>, Please list all deductions that have been made: N/A                 </td> </tr> <tr> <td><input checked="" type="checkbox"/> No</td> </tr> </table>	<input type="checkbox"/> Yes	If <b>Yes</b> , Please list all deductions that have been made: N/A	<input checked="" type="checkbox"/> No			
	<input type="checkbox"/> Yes	If <b>Yes</b> , Please list all deductions that have been made: N/A					
<input checked="" type="checkbox"/> No							
If <b>No</b> , please give details on any deductions which have <b>not</b> been made: Social insurance, personal tax deductions							
F: Industry norm for this region: <i>(please include time period e.g. hour/week/month)</i>	There was no industry norm for this region at present.						

<b>Wages table</b> <a href="#">(Click here to return to Key information)</a>			
Worker Type	Process Operator (Lowest paid)	Process Operator (Average paid)	Process Operator (Highest paid)
<i>Select from individual worker records one worker from, lowest, average and highest wages and populate the boxes. Ensure comparison is made for same pay period and only uses full-time workers. See SMETA Best Practice Guidance and Measurement Criteria for completing this:</i>			
A: Pay period: (State month selected)	Nov., 2016	Nov., 2016	Nov., 2016
B: <b>Anonymous</b> Employee Reference/Dept.	Worker A / Forming	Worker B / Sewing	Worker C / Cutting
C: Employee Gender	Female	Male	Female
D: Contracted/Standard working hours: (excluding OT – please include time period e.g. hour/week/month)	176 hours in this month (8 hours per day & 40 hours per week)	176 hours in this month (8 hours per day & 40 hours per week)	176 hours in this month (8 hours per day & 40 hours per week)
E: Contracted /Standard work pay rate: (excluding OT – please include time period e.g. hour/week/month)	RMB2200 this month (e.q. RMB12.64/hour)	RMB2300 this month (e.q. RMB13.22/hour)	RMB2450 this month (e.q. RMB14.08/hour)
F: Standard day overtime – hours: (please include time period e.g. hour/week/month)	4	4	4
G: Standard day overtime – wage: (please include time period e.g. hour/week/month)	RMB75.86 this month	RMB79.31 this month	RMB84.48 this month
H: Rest day overtime – hours: (please include time period e.g. hour/week/month)	32 hours this month	32 hours this month	32 hours this month
I: Rest day overtime – wage: (please include time period e.g. hour/week/month)	RMB809.2 this month	RMB845.98 this month	RMB901.15 this month
J: Statutory Holiday overtime – hours: (please include time period e.g. hour/week/month)	0 hours this month	0 hours this month	0 hours this month

K: Statutory holiday OT – wages: <i>(please include time period e.g. hour/week/month)</i>	0	0	0
L: Total overtime hours: <i>(please include time period e.g. hour/week/month)</i>	36 hours this month	36 hours this month	36 hours this month
M: Incentives/Bonus/ Allowances etc.: <i>(please include time period e.g. hour/week/month)</i>	0	0	0
N: Gross wages: <i>(please include time period e.g. hour/week/month)</i>	RMB3085.06 this month	RMB3225.29 this month	RMB3435.63 this month
O: Social insurance and other deductions; please list which and amount.	0	0	0
P: Actual wage paid after deduction: <i>(please include time period e.g. hour/week/month)</i>	RMB3086 this month	RMB3226 this month	RMB 3436 this month
<b>Comments:</b> <i>(Please state here any specific reasons/circumstances that explain the lowest and highest gross wages)</i>			
Different wages for different types of work were provided by the factory. The low wage due to low monthly wage, the high wage due to high monthly wage based on the different posts skills.			
Q: Is there a defined living wage: <i>This is <u>not normally</u> minimum legal wage. If answered Yes please state amount and source of info: Please see SMETA Best Practice Guidance and Measurement Criteria.</i>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please specify amount/time period: N/A		
R: Are workers paid in a timely manner in line with local law?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
S: Is there evidence that equal rates are being paid for equal work:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: Through the worker interview and document review, equal rates were being paid for equal work, no negative evidence was identified.		
T: How are workers paid:	<input checked="" type="checkbox"/> Cash <input type="checkbox"/> Cheque <input type="checkbox"/> Bank Transfer <input type="checkbox"/> Other If other explain: N/A		



**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. All workers used electrical time recording system to record their working hours.
2. Attendance records from 01 Dec., 2015 to the audit date (20 Dec., 2016) for checks.
3. The working hour policy, labour contracts and etc. indicated that the regular working hours in the factory was 8 hours per day and 5 days per week.
4. Based on factory rule and workers interview, one shift in the factory from 07:30 to 17:00 with one and half an hour lunch break time from 11:30 to 13:00, the OT hours were from 18:00 to 20:00 if necessary.
5. All the employees in worker interview stated that they worked overtime on voluntary basis.
6. The maximum weekly working hours were 52 hours.
7. The maximum overtime hours were 2 hours per day, 12 hours per week and 46 hours per month.
8. All workers had one day off in seven days.
9. No collective agreement freely negotiated with a workers’ organisation representing a significant portion of the workforce.

10. Through the workers interview and document review, all production records, leave records and information obtained from the interview were consistent with the provided attendance records.

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

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

**Non-compliance:**

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

NC against ETI       NC against Local Law

The overtime hours of workers exceeded the local legal requirements. According to the 10 sets of sampling attendance records of Nov., 2016, Apr., 2016, Feb., 2016 and Jan., 2016. It was noted that the monthly overtime hours ranged from 8-46 hours in all sampling months. The maximum monthly overtime hours were 46 hours in Apr., 2016.

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

**China Labor Law, Article 41**

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

**ETI Base Code 6.1**

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

**Recommended corrective action:**

It is recommended that the factory should ensure the overtimes of workers in accordance with the legal requirements. The maximum overtime hours should not exceed 36 hours a month.

Recommended Completion Timescale: 60 days

**Objective evidence observed:**

*(where relevant please add photo numbers)*

Attendance records review and Interview with management and workers

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

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

<b>Working hours analysis</b> Please include time period e.g. hour/week/month <a href="#">(Go back to Key information)</a>	
<b>Systems &amp; Processes</b>	
A. What timekeeping systems are used: time card etc.	<i>Describe:</i> All workers used electronic attendance system to record their working hours.
B: Sample Size Checked (State number of worker records checked and from which weeks/months and type – should be current, peak and random/low: See SMETA Best Practice Guidance and Measurement Criteria)	10 samples from 01 Dec., 2015 to 20 Dec., 2016
C: Do ALL workers have contracts/employment agreements?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
	If NO, state which type of workers do NOT have contracts/employment agreements:  N/A

D: Are standard/contracted working hours defined in <b>all</b> contracts/employment agreements?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	If NO, please state which type of workers do NOT have standard hours defined in contracts/employment agreements.			
		N/A			
E: Are there any other types of contracts/employment agreements used?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If YES, Please complete as appropriate:			
		<input type="checkbox"/> 0 hrs	<input type="checkbox"/> Part time	<input type="checkbox"/> Variable hrs	<input type="checkbox"/> Other
		If "Other", Please define:			
		N/A			
<b>Standard/Contracted Hours worked</b>					
F: Do standard/contracted standard hours ever exceed the law <b>or</b> 48 hours per week?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If YES give details and comparison (local law/48 hrs week)			
		N/A			
G: What are the actual standard/contracted hours worked in sample (State per week/month)	Highest hours:	40 hours per week			
	Lowest hours:	40 hours per week			
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			
		N/A			
<b>Overtime Hours</b>					
I: Actual overtime hours worked in sample (State per day/week/month)	Highest OT hours:	36 hours per month in Nov., 2016 (current month) 46 hours per month in Apr., 2016 8 hours per month in Feb., 2016 36 hours per month in Jan., 2016			
	Lowest OT hours:	32 hours per month in Nov., 2016 (current month) 40 hours per month in Apr., 2016 8 hours per month in Feb., 2016 32 hours per month in Jan., 2016			
J: Range of overtime hours over all workers/or as large a sample as possible. (State per week/month and details)	_32_ to _36_ in __Nov., 2016__ (month) _40_ to _46_ in __Apr., 2016__ (month) _0_ to _8_ in __Feb., 2016__ (month) _32_ to _36_ in __Jan., 2016__ (month)				
K: Approximate percentage of workers on highest overtime hours	_90_ %				

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><i>Based on reviewing labor contracts and employee manual and interviewing workers, overtime was voluntary</i></p>						
<b>Overtime Premiums</b>								
M: Is overtime paid at a premium?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<p>Please give details of normal day overtime premium as a % of <b>standard</b> wages:</p> <table border="1" data-bbox="790 672 1484 795"> <tr> <td><input type="checkbox"/> 0%</td> <td><input type="checkbox"/> 1 – 115%</td> <td><input type="checkbox"/> 116 – 124%</td> <td><input type="checkbox"/> 125 – 149%</td> <td><input type="checkbox"/> 150 – 199%</td> <td><input type="checkbox"/> 200%+</td> </tr> </table> <p>Any other comments: <i>All workers were paid at the rate of 150%, 200% and 300% of normal wage if overtime on weekdays, weekends and statutory holidays.</i></p>	<input type="checkbox"/> 0%	<input type="checkbox"/> 1 – 115%	<input type="checkbox"/> 116 – 124%	<input type="checkbox"/> 125 – 149%	<input type="checkbox"/> 150 – 199%	<input type="checkbox"/> 200%+
<input type="checkbox"/> 0%	<input type="checkbox"/> 1 – 115%	<input type="checkbox"/> 116 – 124%	<input type="checkbox"/> 125 – 149%	<input type="checkbox"/> 150 – 199%	<input type="checkbox"/> 200%+			
<p>N: ETI Code requires a prevailing standard to give greatest worker protection. If a site pays less than 125% OT premium and this is allowed under local law, are there other considerations? Please complete the boxes where relevant. Multi select is possible.</p>	<input 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 <i>N/A</i>	<p>Please explain any checked boxes in N above e.g. detail of consolidated pay CBA or Other.</p> <p><i>N/A</i></p>						
<b>Rest Days</b>								
O: Are workers provided with 1 day off in every 7–day–period, or 2 in 14–day–period (where the law allows)?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<p>Maximum number of days worked without a day off (in sample):</p> <p><i>At least one day rest after 6 days working</i></p>						
<b>Total Hours</b>								
P: Range of total hours: (Quote highest and lowest please include time period e.g. hour/week/month)	Highest total hours	<p>176+36(OT) hours per month in Nov., 2016 / month =212          160+46(OT) hours per month in Apr., 2016 / month = 206          32+ 8 (OT) hours per month in Feb., 2016 / month = 40          160+36(OT) hours per month in Jan., 2016 / month =196</p>						
	Lowest total hours	<p>176+32(OT) hours per month in Nov., 2016 / month =208          160+40(OT) hours per month in Apr., 2016 / month = 200          32+ 0 (OT) hours per month in Feb., 2016 / month = 32          160+32(OT) hours per month in Jan., 2016 / month =192</p>						

<p>R: If more than 60 total hours per week and this is legally allowed, are there other considerations? Please complete the boxes where relevant. Multi select is possible.</p>	<input type="checkbox"/> <b>Overtime is voluntary</b> <input type="checkbox"/> Onsite Collective bargaining allows 60+ hours/week <input type="checkbox"/> Safeguards are in place to protect worker's health and safety <input type="checkbox"/> Site can demonstrate exceptional circumstances <input type="checkbox"/> Other reasons N/A
	Please explain any checked boxes in R above
	The max weekly working hours were 52 hours. No local law requirement on weekly working hours. The overtime was voluntary based on interview with workers and management.
<p>Comments: (please state here any specific reasons/circumstances that explain the highest working hours)</p>	
<p>Please add details of examples where the site has demonstrated "exceptional circumstances".                  Nil</p> <p>Please give details of any appropriate safeguards in place at the time of the 60+ hours working.                  Nil</p> <p>Any other comments:                  Nil</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:**

1. The Anti-discrimination policy and social accountability manual has been established by the factory.
2. Office director was responsible for the management of this item of the code.
3. The factory provided the same pay to male/female employees, if they engaged for the same work.
4. All interviewees stated they were treated fair despite of their native place, sex, age and so on. And they did not experience and never heard of reporting issues of discrimination.
5. There was no discrimination in hiring, compensation, access to training, promotion, termination or retirement.
6. No worker was required to do the examination of the hepatitis B virus and HIV.
7. There was no evidence of sexual harassment.

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

1. Anti-discrimination policy and social accountability manual
2. The hiring and termination procedure, leave application records and employee handbook
3. Attendance records.
4. Payrolls.
5. Training records
6. Termination records
7. Management interview and worker interview

**Non-compliance:**

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

NC against ETI       NC against Local Law

None observed

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

**Recommended corrective action:**

**Objective evidence observed:**

*(where relevant please add photo numbers)*

N/A

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

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



**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.

**Current Systems and Evidence Examined**

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

**Current systems:**

1. All employees were recruited by the factory directly. No labor agency was used to hire workers.
2. There was no temporary worker, apprenticeship scheme or homemaker was identified during this audit.
3. The factory signed labor contracts with all employees on the first day of employment and kept one copy of labor contract in the factory and issued one copy to each worker.

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

1. Recruitment policy
2. The hiring and termination practices
3. Personal files and labour contracts
4. Payroll records were provided for review
5. Management interview and worker interview

**Non-compliance:**

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

NC against ETI       NC against Local Law

None observed

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

**Recommended corrective action:**

**Objective evidence observed:**

*(where relevant please add photo numbers)*

N/A

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

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

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

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

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

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

*Note to auditor on homeworking:*

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

**Current Systems and Evidence Examined**

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

**Current systems:**

1. There was no subcontractor used by the factory.
2. There was no homeworker found during this audit.
3. If the client's products need subcontractor, the factory would inform the client. Therefore, no apparent concern was detected regarding this section.

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

1. Production record was provided for review and there was no sign of sub-contracting or homeworking.
2. Facility tour
3. Management interview and worker interview

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

Process Subcontracted	Process 1	Process 2
Name of factory	N/A	N/A
Address		

Process Subcontracted	Process 3	Process 4
Name of factory		
Address		

Process Subcontracted	Process 5	Process 6
Name of factory		
Address		

Non-compliance:	
<p><b>1. Description of non-compliance:</b></p> <p><input type="checkbox"/> NC against ETI/Additional Elements      <input type="checkbox"/> NC against Local Law</p> <p>None observed</p> <p>Local law and/or ETI /Additional Elements requirement:</p> <p>Recommended corrective action:</p>	<p><b>Objective evidence observed:</b> <i>(where relevant please add photo numbers)</i></p> <p>N/A</p>

Observation:	
<p><b>Description of observation:</b></p> <p>None observed</p> <p>Local law or ETI/Additional elements requirement:</p> <p>Comments:</p>	<p><b>Objective evidence observed:</b></p> <p>N/A</p>

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

Summary of sub-contracting – if applicable	
A: 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 <b>Yes</b> , summarise details: N/A
B: Number of sub-contractors/agents used	0
C: Is there a site policy on sub-contracting?	<input type="checkbox"/> Yes <input type="checkbox"/> No If <b>Yes</b> , summarise details: N/A
D: What checks are in place to ensure no child labour is being used and work is safe?	N/A No sub-contractor was used
E: What processes are sub-contracted?	No sub-contractor was used

Summary of homeworking – if applicable			
F: If homeworking is being used, is there evidence this has been agreed with the main client?	<input type="checkbox"/> Yes <input type="checkbox"/> No If <b>Yes</b> , summarise details: N/A		
G: Number of homeworkers	Female: 0	Female: 0	Total: 0
H: Are homeworkers employed direct or through agents?	<input type="checkbox"/> Directly <input type="checkbox"/> Through Agents N/A		
I: If through agents, number of agents	N/A		
J: Is there a site policy on homeworking?	<input type="checkbox"/> Yes <input type="checkbox"/> No N/A		
K: How does site ensure worker hours and pay meet local laws for homeworkers?	N/A		
L: What processes are carried out by homeworkers?	N/A		
M: Are written agreements in place for homeworkers that include regular employment?	<input type="checkbox"/> Yes <input type="checkbox"/> No N/A		
N: Are full records 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.

**Current Systems and Evidence Examined**

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

**Current systems:**

1. There was a policy on no harsh or inhumane treatment.
2. According to the documentation, the factory management had established a disciplinary procedure for workers' misbehaviour which included oral warning, written warning and finally termination. The factory had developed a training program for all employees on the procedure. Worker interview confirmed that workers were aware of the disciplinary procedure.
3. There was an internal process for grievance, there was a suggestion box sited in the workshop, workers could report any grievance (harassment, bullying, discrimination etc.) and any received complaint would be handled by office director, without any reprisal for the worker in question.
4. Neither agency staff nor foreign worker was found during this audit.

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

1. The relevant policy on prevention of harassment and abuse
2. Internal grievance procedure documentation.
3. Disciplinary action records
4. Grievance records
5. Training records
6. Management interview and worker interview

**Non-compliance:**

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

NC against ETI/Additional Elements       NC against Local Law

None observed

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

**Recommended corrective action:**

**Objective evidence observed:**

*(where relevant please add photo numbers)*

N/A

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

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

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

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

**Additional Elements**

- 10A1 Only workers with a legal right to work shall be employed or used by the supplier.
- 10A2 All workers, including employment agency staff, must be validated by the supplier for their legal right to work by reviewing original documentation.
- 10A3 Employment agencies must only supply workers registered with them.
- 10A4 The supplier shall implement processes to enable adequate control over agencies with regards the above points and related legislation.

**Current Systems and Evidence Examined**

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

**Current systems:**

1. As per document review, management and workers interview, no employment agency was used by the factory.
2. The factory recruited the new workers directly by the advertisements, internetwork, employees' recommendation and recruitment fair.
3. All workers in the factory were Chinese, there were around 98% employees that were migrant workers which came from other provinces, mainly from Anhui, Guizhou, Hunan, Sichuan, Guangxi, Jiangxi and other provinces.
4. All workers had the proper legal rights to work in this region.
5. No agency staff or foreign worker was found during this audit.

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

1. Hiring procedure.
2. Worker handbook
3. Personal files and contracts
4. Management interview and worker interview

**Non-compliance:**

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

- NC against ETI/Additional Elements       NC against Local Law

None observed

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

**Recommended corrective action:**

**Objective evidence observed:**

*(where relevant please add photo numbers)*

N/A



Observation:	
<b>Description of observation:</b>  None observed  <b>Local law or ETI/Additional Elements requirement:</b>  <b>Comments:</b>	<b>Objective evidence observed:</b>  N/A

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

**10. Other issue areas 10 B 2: Environment 2-pillar**

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

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

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

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

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

**Current Systems and Evidence Examined**

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

**Current systems:**

1. The factory had written environmental policy and procedure.
2. One senior manager was responsible for continuous improvements in their environmental performance.
3. The factory had provided environment training for relative management and workers per year and kept relative training records.

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

1. Environment policy & procedure.
2. Management interview and worker interview
3. Site tour

**Non-compliance:**

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

- NC against ETI/Additional Elements       NC against Local Law

It was noted that the factory did not provide the environmental assessment documents neither its approval for review.

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

**Additional Elements requirement:**

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

**Law of the People's Republic of China on the Environmental Impact Assessment (2003), Article 16**

The state practices classified management over the appraisals of the environmental impacts of construction projects according to the seriousness of the impacts.

The construction entities shall work out the report of environmental impacts, the report form of environmental impacts or the registration form of environmental impacts...

**Law of the People's Republic of China on the Environmental Impact Assessment (2002), Article 22**

**Objective evidence observed:**

(where relevant please add photo numbers)

Document review and management interview

<p>The environmental impact appraisal documents of a construction project shall be submitted by the construction entity according to the relevant provisions of the State Council to the competent administrative department in charge of environmental protection for examination and approval. If there is a department in charge of the corresponding trade of the construction project, the report of environmental impacts or the report form of environmental impacts shall, after passing the preliminary examination of the department in charge of the corresponding trade, be submitted to the competent administrative department in charge of environmental protection for examination and approval.</p> <p><b>Recommended corrective action:</b> It is recommended that the factory should obtain and maintain the environmental assessment documents and its approval.</p> <p>Recommended Completion Timescale: 90 days</p>	
<p><b>2. Description of non-compliance:</b>  <input checked="" type="checkbox"/> NC against ETI/Additional Elements      <input checked="" type="checkbox"/> NC against Local Law          It was noted that the factory did not obtain the environmental protection acceptance check report for their completed construction project.</p> <p><b>Local law and/or ETI/Additional Elements requirement:</b>  <b>Additional Elements requirement:</b>          10B2. 1 Suppliers must comply with the requirements of local and international laws and regulations including having necessary permits.</p> <p><b>Measures for Administration of Environmental Protection Acceptance Check upon Completion of Construction Project, Article 17</b>          The construction projects without the approval of the construction project environmental Protection acceptance application report, construction project environmental protection acceptance application report or construction project environmental protection acceptance registration card should not officially put into production or use.</p> <p><b>Recommended corrective action:</b>          It is recommended that the factory should apply the environmental protection acceptance check for their construction project and maintain the records.</p> <p>Recommended Completion Timescale: 90 days</p>	<p><b>Objective evidence observed:</b>  <i>(where relevant please add photo numbers)</i></p> <p>Document review and management interview</p>
<p><b>3. Description of non-compliance:</b>  <input checked="" type="checkbox"/> NC against ETI/Additional Elements      <input checked="" type="checkbox"/> NC against Local Law          It was noted that the factory did not monitor its atmospheric pollutants and boundary noise regularly.</p> <p><b>Local law and/or ETI/Additional Elements requirement:</b>  <b>Additional Elements requirement:</b>          10B2. 1 Suppliers must comply with the requirements of local and international laws and regulations including having necessary permits.</p> <p><b>Law of the People's Republic of China on Prevention and Control of Pollution from Environmental Noise (1996), Article 23</b>          The industrial noise emitted to the living environment of the neighbourhood within an urban area shall be kept within the limits set by the State on emission of environmental noise within the boundary of an industrial enterprise.</p>	<p><b>Objective evidence observed:</b>  <i>(where relevant please add photo numbers)</i></p> <p>Document review and management interview</p>

<p><b>Recommended corrective action:</b> It is recommended that the factory should monitor its atmospheric pollutants and boundary noise on a regular basis.</p> <p>Recommended Completion Timescale: 90 days</p>	
<p><b>4. Description of non-compliance:</b>  <input checked="" type="checkbox"/> NC against ETI/Additional Elements      <input checked="" type="checkbox"/> NC against Local Law                  It was noted that no hazardous waste transfer contract neither manifest was provided to show that hazardous wastes, such as waste chemical, waste rag with chemicals and waste empty chemical containers had been transferred to licensed vendor for disposal.</p> <p><b>Local law and/or ETI/Additional Elements requirement:</b>  <b>Additional Elements requirement:</b>                  10B2. 1 Suppliers must comply with the requirements of local and international laws and regulations including having necessary permits.  <b>Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes (2013 Amendment), Article 59</b>                  Whoever transfers hazardous wastes shall fill in duplicate forms for transferring hazardous wastes according to relevant state regulations...</p> <p><b>Recommended corrective action:</b> It is recommended that the factory should transfer all hazardous wastes to licensed vendor for proper disposal and keep waste transfer manifest.</p> <p>Recommended Completion Timescale: 90 days</p>	<p><b>Objective evidence observed:</b> <i>(where relevant please add photo numbers)</i></p> <p>Document review and management interview</p>

Observation:	
<p><b>Description of observation:</b> None observed</p> <p><b>Local law or ETI/additional elements requirement:</b></p> <p><b>Comments:</b></p>	<p><b>Objective evidence observed:</b></p> <p>N/A</p>

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

## Worker Interview Summary

Worker Interview Summary	
A: Were workers aware of the audit?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
B: Were workers aware of the code?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
C: Number of group interviews: <i>(Please specify number and size of groups. Please see SMETA Best Practice Guidance and Measurement Criteria)</i>	One group of 4 workers.
D: Number of individual interviews <i>(Please see SMETA Best Practice Guidance and Measurement Criteria)</i>	Male: 3 Female: 3
E: Total number of interviewed workers <i>(Please see SMETA Best Practice Guidance and Measurement Criteria)</i>	Male: 5 Female: 5
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?	Actually no complaints were raised by workers. Nearly all interviewees seemed to be satisfied with the working condition.
I: What did the workers like the most about working at this site?	The working environment and condition were comfortable.
J: Any additional comment(s) regarding interviews:	No
K: Attitude of workers to hours worked:	The interviewees verified that they had the choice to decide whether worked OT or not according to the voluntary principle.

Agency Workers (if applicable) <i>(workers sourced from a local agent who are not directly paid by the site)</i>	
A: Number of agencies used (average):	Nil And names if available:

<p>B: Were agency workers' age/pay/hours included within scope of this audit</p>	<p><input type="checkbox"/> Yes  <input type="checkbox"/> No  N/A</p>
<p>C: Were sufficient documents for agency workers available for review?</p>	<p><input type="checkbox"/> Yes  <input type="checkbox"/> No  N/A</p>

## Other findings

Other Findings Outside the Scope of the Code
Nil





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>
Nil

## Photo Form

### Best Practice Photos

<i>Nil</i>	<i>Nil</i>	<i>Nil</i>

### Non-compliance Photos

		
<p>3-01 sewing machine was not equipped with belt guard.</p>	<p>3-02 no gap between materials stacks and walls in the finished products warehouse.</p>	<p>3-03 chemical containers were not protected by anti-leakage facilities, no identifiable labels attached to the chemical containers.</p>
	<i>Nil</i>	<i>Nil</i>
<p>3-04 gluing worker wore disposable masks rather than activated carbon masks. No protective gloves were provided for her.</p>		



General Site Tour Photos

<p>Factory name</p>	<p>Factory address plant</p>	<p>4-storey production building</p>
<p>Cutting work section</p>	<p>Sewing workshop</p>	<p>Forming work section</p>
<p>Packing work section</p>	<p>Warehouse</p>	<p>Fire extinguishers</p>

		
<p>Fire hydrant</p>	<p>Fire alarm</p>	<p>Emergency exit with exit sign and emergency light</p>

		
<p>Evacuation sign and emergency light at each stair</p>	<p>Evacuation plan</p>	<p>Electrical installation</p>

		
<p>First aid box with enough supplies</p>	<p>Eye washer</p>	<p>Drinking water</p>

		
<p>Toilets</p>	<p>Suggestion Box</p>	<p>Electrical time recording machine</p>

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

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

Click here for A & AB members:  
[http://www.surveymonkey.com/s.aspx?sm=riPsbE0PQ52ehCo3lnq5lw\\_3d\\_3d](http://www.surveymonkey.com/s.aspx?sm=riPsbE0PQ52ehCo3lnq5lw_3d_3d)

Click here for B members:  
[http://www.surveymonkey.com/s.aspx?sm=d3vYsCe48fre69DRgIY\\_2brg\\_3d\\_3d](http://www.surveymonkey.com/s.aspx?sm=d3vYsCe48fre69DRgIY_2brg_3d_3d)

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