




Sedex Members Ethical Trade Audit Report

Version 6.0



Audit Details

Sedex Company Reference: <i>(only available on Sedex System)</i>	ZC: Not provided	Sedex Site Reference: <i>(only available on Sedex System)</i>	ZS: Not provided
Business name (Company name):	Guangzhou Yifeng Colour Printing & Package Co.,Ltd		
Site name:	Guangzhou Yifeng Colour Printing & Package Co.,Ltd		
Site address: <i>(Please include full address)</i>	No.2 Industrial District, Hua Shan Tow, Hua Du District, Guangzhou City, China	Country:	China
Site contact and job title:	Zhang Shuping / QC Supervisor		
Site phone:	86-20-66671738	Site e-mail:	sales@gzyifeng.com
SMETA Audit Type:	<input checked="" type="checkbox"/> Labour Standards	<input checked="" type="checkbox"/> Health & Safety	<input type="checkbox"/> Environment <input type="checkbox"/> Business Ethics
Date of Audit:	23 October, 2017		
Audit Company Name & Logo: 		Report Owner (payee): Guangzhou Yifeng Colour Printing & Package Co.,Ltd	

Audit Conducted By

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

Audit Content:

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

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

2-Pillar SMETA Audit

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

4-Pillar SMETA

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

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

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

SMETA Declaration

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

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

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

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

Lead auditor: Nicole Ye

Team auditor: None

Interviewers: Nicole Ye

Report writer: Nicole Ye

Report reviewer: Michelle Zhao

Date of declaration: 23 October, 2017

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

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

Non-Compliance Table

Issue (please click on the issue title to go direct to the appropriate audit results by clause) Note to auditor, please ensure that when issuing the audit report, hyperlinks are retained.		Area of Non-Conformity (Only check box when there is a non-conformity, and only in the box/es where the non-conformity can be found)				Record the number of issues by line*:			NC Findings Only (note to auditor, summarise in as few words as possible NC's only)
		ETI Base Code	Local Law	Additional Elements	Customer Code	NC	Obs	GE	
0A	Universal Rights covering UNGP			<input type="checkbox"/>	<input type="checkbox"/>		0	0	
0B	Management systems and code implementation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	0	0	0	
1.	Freely chosen Employment	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	0	0	0	
2	Freedom of Association	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	0	0	0	
3	Safety and Hygienic Conditions	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>	2	0	0	1) Machines without protective devices. 2) The electrician certificate was not renewal.
4	Child Labour	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	0	0	0	
5	Living Wages and Benefits	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>	1	0	0	Insufficient social insurance participated.
6	Working Hours	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>	1	0	0	Overtime hours exceeded the legal requirement.
7	Discrimination	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	0	0	0	

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

General observations and summary of the site:

Site summary

- The products manufactured at this site are greeting card and graphic carton
 - Overall responsibility for meeting the standards was taken by Zhang Shuping / QC Supervisor.
- A total of 96 employees were currently working in the facility, which included 77 production employees and 19 non-production employees. There were 25 local employees in the facility. 71 migrant employees mostly came from other provinces in China such as Hunan, Hubei and Henan.
- The youngest employee on site was 18 years old
- There is no union at this facility.
- There is evidence of both male and female in management and among supervisor. The distribution was Male 50%, Female 50%.
- There is no obvious peak season in the facility according to management interview.
- Site has no subcontractor.
- 6 employees were selected for individually interviewed and total 4 employees in 1 group were selected for group interview.
- Randomly sampled 10 employees' payrolls and attendance records from September 2017 (current month), June 2017 (random month) and April 2017 (random month) for further checking on status of wages and working hours.
- Based on the provided attendance records, standard working hours in this facility were 8 hours per day, 40 hours per week with at least 1 day off in a week.
- Based on the provided attendance records and payrolls, the facility paid 150% and 200% overtime rate to the employee who overtime in the normal working day and rest day which was meet the local law requirement. The overtime working was paid correctly.
- Based on the provided attendance records, the status of monthly overtime hours in sample was as below:

72 hours in September 2017 (current month);
70-72 hours in June 2017 (random month);
66-68 hours in April 2017 (random month).

Issues Found

NC's

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3.1 Machines without protective devices. During facility tour, auditor found that no belt guards were installed for rolling part of 2 die-cutting machines in the production building. Remark: Facility comment: We were just finished machine maintain.

3.2 The electrician certificate was not renewal. Through documentation review, it was noted that the electrician certificate need to be renewal on 12 September, 2017, but no renewal record was showed on the electrician certificate. Remark: The facility had provided a receipt to prove that it was under processing.

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Insufficient social insurance participated. Through reviewing social insurance receive of September 2017, auditor found that 34 out of 96 employees had participated in basic endowment insurance, employment injury insurance, basic medical insurance, unemployment insurance and maternity insurance. The facility had provided commercial injury insurance for 100 employees and it valid from 11 September, 2017 to 10 September, 2018. Remark: Facility Comment: Some employees did not want to participate in it and some employees had participated in new rural social pension insurance in their hometown.

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Overtime hours exceeded the legal requirement. Through reviewing sample attendance records, it was noted that 10 out of 10 random selected employees' monthly overtime hours were 72 hours in September 2017 (current month), 10 out of 10 random selected employees' monthly overtime hours were 70-72 hours in June 2017 (random month) and 10 out of 10 random selected employees' monthly overtime hours were 66-68 hours in April 2017 (random month).

Observation:

None observed

GE

None observed

**Please note the table above records the total number of Non-compliances (NC), Observations (Obs) and Good Examples (GE). This gives the reviewer an indication of problem areas but does not detail severities of each issue – Reviewers need to check audit results by clause.*

Site Details

Site Details										
A: Company Name:	Guangzhou Yifeng Colour Printing & Package Co.,Ltd									
B: Site name:	Guangzhou Yifeng Colour Printing & Package Co.,Ltd									
C: Applicable business and other legally required licence numbers and documents for example, business license no, liability insurance, any other required government inspections	Business License Number: 91440101775669623u Valid date from 11 July, 2005 to 11 July, 2020									
D: Products/Activities at site, for example, garment manufacture, electricals, toys, grower	Greeting card and graphic carton									
E: Site description: (Include size, location, and age of site. Also, include structure and number of buildings)	<p>Fuzhou Prospect Home Articles Co., Ltd was located at No.2 Industrial District, Hua Shan Tow, Hua Du District, Guangzhou City, China. The total land area occupied by the facility was about 3,900 square meters. The facility had been in operation at the existing location since 2005.</p> <p>A total of 96 employees were currently working in the facility, which included 77 production employees and 19 non-production employees. There were 25 local employees in the facility. 71 migrant employees mostly come from other provinces in China, such as Hunan, Hubei and Henan. All employees are hired by the facility directly.</p> <p>The employees worked for 5 days a week in one shift, which 8:00-12:00, 13:30-17:30. Finger print system was used for time keeping. Employees' wages were calculated on hourly-rated basis and paid before the end day of each month.</p> <p>In view of the facility, it consists of one flat building used as production, warehouse and office. No kitchen, canteen or dormitory in this facility.</p> <p>For details, see below.</p> <table border="1"> <thead> <tr> <th>Building</th> <th>Description</th> <th>Remark, if any</th> </tr> </thead> <tbody> <tr> <td>Floor 1</td> <td>Production, warehouse and office</td> <td>Year of establishment: 2007</td> </tr> <tr> <td>Is this a shared building?</td> <td>No</td> <td>Nil</td> </tr> </tbody> </table> <p>Visible structural integrity issues (large cracks) observed and</p>	Building	Description	Remark, if any	Floor 1	Production, warehouse and office	Year of establishment: 2007	Is this a shared building?	No	Nil
Building	Description	Remark, if any								
Floor 1	Production, warehouse and office	Year of establishment: 2007								
Is this a shared building?	No	Nil								

	<p>without structural engineer evaluation</p> <p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p> <p>Details: During facility tour, no crack of buildings was observed.</p>
F: Site function:	<p><input type="checkbox"/> Agent</p> <p><input checked="" type="checkbox"/> Factory Processing/Manufacturer</p> <p><input type="checkbox"/> Finished Product Supplier</p> <p><input type="checkbox"/> Grower</p> <p><input type="checkbox"/> Homeworker</p> <p><input type="checkbox"/> Labour Provider</p> <p><input type="checkbox"/> Pack House</p> <p><input type="checkbox"/> Primary Producer</p> <p><input type="checkbox"/> Service Provider</p> <p><input type="checkbox"/> Sub-Contractor</p>
G: Month(s) of peak season: (if applicable)	No obvious peak month according to management interview.
H: Process overview: (Include products being produced, main operations, number of production lines, main equipment used)	<p>The main products manufactured by the facility were greeting card and graphic carton. The main production processes were listed as follows: Cutting, printing, gilding, die cutting, moulding, envelop manufacturing, handwork, inspection and packing.</p> <p>The main machine list of the facility was as following: There were total 22 sets of machines in this facility, including printing machines 2 sets, cutting machines 4 sets, silk-printing machines 4 sets, die cutting machines 9 sets and envelope machines 2 sets etc.</p>
I: What form of worker representation / union is there on site?	<p><input type="checkbox"/> Union (name)</p> <p><input checked="" type="checkbox"/> Worker Committee</p> <p><input type="checkbox"/> Other (specify)</p> <p><input type="checkbox"/> None</p>
J: Is there any night production work at the site?	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p>
K: Are there any on site provided worker accommodation buildings e.g. dormitories	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p> <p>If yes approx. of workers in on site accommodation No dormitory in this facility</p>
L: Are there any off site provided worker accommodation buildings	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p> <p>If Yes approx. % of workers</p>
M: Were the site provided accommodation buildings included in this audit	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p> <p>If No, please give details No dormitory in this facility</p>

Audit Parameters			
A: Time in and time out	Day 1 Time in: 09:30 Day 1 Time out: 17:30	Day 2 Time in: NA Day 2 Time out: NA	Day 3 Time in: N/A Day 3 Time out: N/A
B: Number of Auditor Days Used:	1 man-day (one auditor in one day).		
C: Audit type:	<input checked="" type="checkbox"/> Full Initial <input type="checkbox"/> Periodic <input type="checkbox"/> Full Follow-up <input type="checkbox"/> Partial Follow-Up <input type="checkbox"/> Partial Other – Define		
D: Was the audit announced?	<input type="checkbox"/> Announced <input checked="" type="checkbox"/> Semi – announced: Window detail: 4 weeks <input type="checkbox"/> Unannounced		
E: Was the Sedex SAQ available for review?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If No, why not		
F: Any conflicting information SAQ/Pre-Audit Info to Audit findings?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, please capture detail in appropriate audit by clause		
G: Who signed and agreed CAPR (Name and job title)	Zhang Shuping / QC Supervisor		
H: Is further information available (if Y please contact audit company for details)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
I: Previous audit date:	Not applicable, this is Initial audit.		
J: Previous audit type:	Not applicable, this is Initial audit.		
K: Was any previous audit reviewed during this audit	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A		

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

C: Present at the closing meeting?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
D: If Worker Representatives were not present please explain reasons why <i>(only complete if no worker reps present)</i>	N/A		
E: If Union Representatives were not present please explain reasons why: <i>(only complete if no union reps present)</i>	N/A No union in the facility.		

Worker Analysis

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

Worker Analysis								
	Local			Migrant*				Total
	Permanent	Temporary	Agency	Permanent	Temporary	Agency	Home workers	
Worker numbers – Male	15	0	0	42	0	0	0	57
Worker numbers – female	10	0	0	29	0	0	0	39
Total	25	0	0	71	0	0	0	96
Number of Workers interviewed – male	2	0	0	4	0	0	0	6
Number of Workers interviewed – female	1	0	0	3	0	0	0	4
Total – interviewed sample size	3	0	0	7	0	0	0	10

A: Nationality of Management	Chinese
B: Majority nationality of workers	Main countries: Country 1: _China_ approx % total workforce __100%__ Country 2: __N/A__ approx % total workforce __N/A__ Country 3: __N/A__ approx % total workforce __N/A__
C: Worker remuneration (<i>management information</i>)	__0__% workers on piece rate __100__% hourly paid workers __0__% salaried workers Payment cycle: __0__% daily paid __0__% weekly paid __100__% monthly paid __0__% other – please give details

Worker Interview Summary		
A: Were workers aware of the audit?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
B: Were workers aware of the code?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
C: Number of group interviews: <i>(Please specify number and size of groups. Please see SMETA Best Practice Guidance and Measurement Criteria. If the auditor was not able to follow the BPG, please state within the declaration)</i>	1 group of 4 members including 4 female employees and 0 male employee.	
D: Number of individual interviews <i>(Please see SMETA Best Practice Guidance and Measurement Criteria)</i>	Male: 6	Female: 0
E: All groups of workers are included in the scope of this audit such as; Direct employees, Casual and agency workers, Workers employed by service providers such as security and catering staff as well as workers supplied by other contractors. <i>Note to auditor: please record details of migrant /agency/contractor workers in section 8 – Regular Employment, under Responsible Recruitment</i>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If N, please give details N/A	
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?	None	
I: What did the workers like the most about working at this site?	Paid on time	
J: Any additional comment(s) regarding interviews:	None	
K: Attitude of workers to hours worked:	Positive	
L. Is there any worker survey information available?		
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <i>If Yes, please give details: N/A</i>		
M: Attitude of workers: <i>(Include their attitude to management, workplace, and the interview process. Both positive and negative information should be included) Note: Do not document any information that could put workers at risk</i>		

6 employees were selected for individually interviewed and total 4 employees in 1 group were selected for group interview.

The employees were assured of confidentiality and they spoke freely of their views of the facility. All employees said they were satisfied with their employment at the facility.

All employees said they were satisfied with their employment at the facility and that they were satisfied with the current wages which in their view were in line with wages in the locality. 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.

They were able to make suggestions to their supervisors and team leaders and sometimes they had seen these suggestions used. They felt able to complain directly to their supervisors but also felt free to give their general concerns, such as working environment to their worker representative who would take it to the worker management committee.

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

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

Interviews with the workers committee members stated that they were happy with the working conditions, and they could give suggestions on all parts of the site's practices.

O: Attitude of managers:

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

The management was cooperative throughout the process of the audit. Requested documents were provided for review timely. All necessary areas were allowed access for tour, and a private room was arranged for employees' interview. At the close meeting, the facility accepted the audit finding without any comment.

Audit Results by Clause

0A: Universal Rights covering UNGP

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

0.A. Guidance for Observations

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

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

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

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

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

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

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

Current Systems and Evidence Examined

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

Current systems:

- This facility has established relevant policy and endorsed at the highest level to cover the human rights impacts and issues, and such policy had been communicated to all appropriate parties, including its own suppliers.
- The facility has a designated responsible person Zhang Shuping / QC Supervisor to responsible for implementing standards concerning Human rights.

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

Details:

- Policy regarding human rights issues provided for review;
- Appointment letters to enhance the implement of human right issues;
- Training records provided for employees regarding communications and acknowledgement;
- Internal audit documents;
- Written social compliance commitments from Suppliers and social compliance assessment reports for its suppliers;
- Management interview and employee interview.

Any other comments:

Nil

A: Policy statement that expresses commitment to respect human rights?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: the policy expressed that human rights would be respected by the facility.
B: Does the business have a designated person responsible for implementing standards concerning Human Rights?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: any issue concerning human rights could be raised to the designed responsible person. Name: Zhang Shuping Job title: QC Supervisor
C: Does the businesses have a transparent system in place for confidentially reporting, and dealing with human rights impacts without fear of reprisals towards the reporter?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The reporter's personal information would not be revealed, and the reporting practice would never effect the working arrangement or promotion/position.
D: Does the business demonstrate effective data privacy procedures for workers' information, which is implemented?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: Relevant training regarding privacy procedures would be provided to employees when they joined the facility.

Findings		
Finding: Observation <input type="checkbox"/> Company NC <input type="checkbox"/> Description of observation: None observed. Local law or ETI/Additional elements / customer specific requirement: Not applicable Comments: Not applicable	Objective evidence observed: Not applicable	

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

Measuring Workplace Impact

Workplace Impact		
A: Annual worker turnover: Number of workers leaving in last 12 months as a % of average total number of workers on site over the year (annual worker turnover)	Last year: __15__ %	This year __15__ %
B: Current % quarterly (90 days) turnover: Number of workers leaving from the first of the 90 day period through to the last day of the 90 day period / [(number of employees on the 1 st day of 90 day period + number of employees on the last day of the 90 day period) / 2]	10%	
C: Annual % absenteeism: Number of days lost through job absence in the year / [(number of employees on 1 st day of the year + number employees on the last day of the year / 2] * number available workdays in the year	Last year: __0__ %	This year __0__ %
D: Quarterly (90 days) % absenteeism: Number of days lost through job absence in the period / [(Number of employees on 1 st of the period + Number of employees on the last day of the period / 2] * Number of available workdays in the month	0%	0%
E: Are accidents recorded?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: Management keeps a record of any accidents. During injury log review, there was no injury in the past 12 months. Through reviewing the injury procedure, the injury root cause would be analysed and injured employee would be provided with rest, cure and compensate once injury occurred.	
F: Annual Number of work related accidents and injuries per 100 workers: [Number of work related accidents and injuries * 100] / Number of total workers]	Last year: 0 Number: 0	This year: 0 Number: 0
G: Quarterly (90 days) number of work related accidents and injuries per 100 workers: [Number of work related accidents and injuries * 100] / Number of total workers]	0	0
H: Lost day work cases per 100 workers: [(Number of lost days due to work accidents and work related injuries * 100) / Number of total workers]	Last year: 0	This year: 0
I: % of workers that work on average more than 48 standard hours / week in the last 6 / 12 months:	6 months __0__% workers	12 months __0__% workers

J: % of workers that work on average more than 60 total hours / week in the last 6 / 12 months:	6 months ___0___% workers	12 months ___0___% workers
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0B: Management system and Code Implementation

[\(click here to return to NC Table\)](#)

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

Current Systems and Evidence Examined

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

Current systems:

- Responsibility for meeting the legal and client code requirements is shared to the person in charge Zhang Shuping / QC Supervisor who is responsible to the facility manager for ensuring the standards are met.
- Overall responsibility for meeting the standards is taken by Zhang Shuping / QC Supervisor.
- Implementation of any necessary changes is then given to the individual department heads after agreement with the facility manager, this system is effective.

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

- Internal audit documents (the quality manager audits the personnel and wages systems of the facility)
- Client's code of conduct at the facility (posted in Chinese in the personnel office).
- A manual created by the facility which contained all required documents and all appropriate procedures for meeting the client's code of conduct and the legal requirements.

Any other comments:

Nil

Management Systems:

A: In the last 12 months, has the site been subject to any fines/prosecutions for non-compliance to any regulations?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please describe: N/A, no any fine/prosecution in past year.
B: 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: The facility had established the policies and procedures for forbidding forced labour, child labour and discrimination, harassment and abuse.
C: If Yes, is there evidence (an indication) of effective implementation? Please give details.	The facility had provided relevant written training records for employees.

D: Have managers and workers received training in the standards for forced labour, child labour, discrimination, harassment & abuse?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: The facility provided regular trainings in the standards for forbidding forced labour, child labour, discrimination, harassment and abuse for both management and workers.
E: If Yes, is there evidence (an indication) that training has been effective e.g. training records etc.? Please give details	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: Regular training records were provided for review.
F: Does the site have any internationally recognised system certifications e.g. ISO 9000, 14000, OHSAS 18000, SA8000 (or other social audits). <i>Please detail (Number and date).</i>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please describe: N/A
G: Is there a Human Resources manager/department? If Yes, please detail.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: The facility had Human Resources department which in charge of the recruitment of employees, assignment of employees' post, etc. There was one Human Resources Supervisor in the facility.
H: Is there a senior person /manager responsible for implementation of the Code	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: Zhang Shuping / QC Supervisor was assigned to responsible for implementation of the Code.
I: Is there a policy to ensure all worker information is confidential	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: All employees' personal information would be kept and only accessed by authorized staff, such as HR officer.
J: Is there an effective procedure to ensure confidential information is kept confidential	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: All employees' personal information would be kept and only accessed by authorized staff, such as HR officer.
K: Are risk assessments conducted to evaluate policy and procedure effectiveness?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: Risk assessment would be conducted regularly to evaluate policy and procedure effectiveness.
L: Does the facility have a process to address issues found when conducting risk assessments, including implementation of controls to reduce identified risks?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: Any risk identified during assessment would be corrected immediately.
M: Does the facility have a policy/code which require	<input checked="" type="checkbox"/> Yes

labour standards of its own suppliers?	<input type="checkbox"/> No Details: The facility had its supplier filter program to ensure all suppliers in compliance with legal requirements regarding labour standards.
Land rights	
N: Does the site have all required land rights licenses and permissions (see SMETA Measurement Criteria)?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: the facility had provided property ownership certificate for occupied building for review.
O: Does the site have systems in place to conduct legal due diligence to recognize and apply national laws and practices relating to land title	<input type="checkbox"/> Yes <input type="checkbox"/> No Details: NA, no such national law requirements.
P: Does the site have a written policy and procedures specific to land rights. If yes, does it include any due diligence the company will undertake to obtain free, prior and informed consent, (FPIC) even if national/local law does not require it	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes, how does the company obtain FPIC: NA
Q: Is there evidence that facility site compensated the owner/lessor for the land prior to the facility being built or expanded. Please give details.	<input type="checkbox"/> Yes <input type="checkbox"/> No Details: NA, not applicable for this facility.
R: Does the Facility demonstrate that alternatives to a specific land acquisition were considered to avoid or minimize adverse impacts Please give details.	<input type="checkbox"/> Yes <input type="checkbox"/> No Details: NA, not applicable for this facility.
S: Is There any evidence of illegal appropriation of land for facility building or expansion of footprint.	<input type="checkbox"/> Yes <input type="checkbox"/> No Details: NA, not applicable for this facility.

Non-compliance:

1. Description of non-compliance:

☐ NC against ETI/Additional Elements

☐ NC against customer code:

None observed.

☐ NC against Local Law

Local law and/or ETI requirement:

Not applicable

Recommended corrective action:

Not applicable

Objective evidence observed:

(where relevant please add photo numbers)

Not applicable

Observation:

Description of observation:

None observed

Local law or ETI requirement:

Not applicable

Comments:

Not applicable

Objective evidence observed:

Not applicable

Good Examples observed:

Description of Good Example (GE):

None observed

Objective evidence observed:

Not applicable

1: Freely Chosen Employment

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

ETI

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

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

Current Systems and Evidence Examined

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

Current systems:

The facility has a policy which prohibits forced labour and this was available for review. There was a formalized application procedure which states that employees must present their ID's for proof of age but that only copies must be kept in the personnel files and the original given back to the employees. The employee handbook – given to all employees on joining, states that employees within their probation period are free to leave with 3 days written notice and once an employee is permanent (this is out of probation) they can resign from the facility with one month's prior written notice, given to their supervisor or the personnel office. The handbook also states that they will be given their full wages on their last day of work. There was formalized procedure for how employees would receive their last wages if they leave. The terms and conditions of employment in the handbook state that the employees are free to leave the workplace outside of their working hours – even when they are living in the dormitory. Contract for security guards state that they must not prevent employees from leaving the premises outside of working hours and where they are conducting searches that this is at the request of management, is done on a sample basis and is performed discretely and without significant delay to employees leaving at the end of shift. The above was confirmed in management and employee interview.

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

- Personnel files (all were checked)
- Resignation records
- Factory rules
- Employee handbook
- Management and employee interview
- Contracts for security guards

Any other comments:

Nil

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

☐ Yes

☒ No

If Yes please give details and category of workers affected
N/A

B: Is there any evidence of a loan scheme in operation

☐ Yes

☒ No

If yes please give details and category of worker affected
N/A

C: Is there Any evidence of retention of wages /deposits	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes please give details and category of worker affected N/A
D: Are there any restrictions on workers' freedom to terminate employment?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please describe finding: N/A
E: If any part of the business is UK based / registered & turnover is 36m+ there is a requirement to publish a 'modern day slavery statement'. F: Is there a modern day slavery statement published	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please describe finding: N/A <input checked="" type="checkbox"/> Not applicable
G: Is there evidence of any restrictions on workers' freedoms to leave the site at the end of the work day	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please describe finding: N/A
H: Does the site understand the risks of forced / trafficked / bonded labour in it's supply chain	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes please give details and category of workers affected: N/A <input checked="" type="checkbox"/> Not applicable
I: Is the site taking any steps taking to reduce the risk of forced / trafficked labour?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please describe finding: N/A

Non-compliance:

1. Description of non-compliance:

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

Local law and/or ETI requirement

Not applicable

Recommended corrective action:

Not applicable

Objective evidence observed:

(where relevant please add photo numbers)
 Not applicable

Observation:

Description of observation:

None observed

Local law or ETI requirement:

Not applicable

Comments:

Not applicable

Objective evidence observed:

Not applicable

Good Examples observed:

Description of Good Example (GE):

None observed

Objective evidence observed:

Not applicable

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

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

ETI

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

Current Systems and Evidence Examined

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

Current systems:

- There is no union at the site.
- There is evidence of a workers committee.
- The committee members were chosen by fellow employees.
- The workers committee hold a meeting every six months.
- The latest workers committee was held on 12 September, 2017.
- Employee interview confirmed that the members of the workers committee had been elected by fellow employees.

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

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

Any other comments:

Nil

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

worker's committee?	<input checked="" type="checkbox"/> No	
D: Is there any other form of effective worker/management communication channel? (<i>Other than union/worker committee</i>) e.g. H&S, sexual harassment	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Describe: Suggestion box Is there evidence of free elections? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
E: Does the supplier provide adequate facilities to allow the Union or committee to conduct related business?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: The Worker Committee could conducted free deployment without interference or restriction.	
F: Name of union and union representative, if applicable:	N/A, no union in the facility.	Is there evidence of free elections? <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A
G: If no union what is parallel means of consultation with workers e.g. worker committees?	Workers committee; A workers committee in place with 1 employee members elected by the employees to represent production workshop of the facility. The latest workers committee was held on 12 September, 2017.	Is there evidence of free elections? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
H: Are all workers aware of who their representatives are?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Through interview, the employees knew the representative of each workshop.
I: Were worker representatives freely elected?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Date of last election: 12 September, 2017.
J: Do workers know what topics can be raised with their representatives?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	The production employees could raise any topic related their working conditions with their representatives.
K: Were worker representatives/union representatives interviewed	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If Yes , please state how many: One	
L: State any evidence that union/worker's committee is effective? <i>Specify date of last meeting; topics covered; how minutes were communicated etc.</i>	During document review, such as meeting records, there was some requirement from workers and there were the resolving methods and schedule. In addition, during relevant worker interview, they claimed that the facility would consider workers' requirement and do proper action.	
M: Are any workers covered by Collective Bargaining Agreement	<input type="checkbox"/> Yes <input type="checkbox"/> No	

(CBA)	N/A. There was no CBA.	
N: If Yes what percentage by trade Union/worker representation	__N/A__% workers covered by Union CBA	__N/A__% workers covered by worker rep CBA
O: If Yes , does the Collective Bargaining Agreement (CBA) include rates of pay	<input type="checkbox"/> Yes <input type="checkbox"/> No N/A	

Non-compliance:

1. Description of non-compliance:

☐ NC against ETI ☐ NC against Local Law ☐ NC against customer

code:

None observed

Local law and/or ETI requirement:

Not applicable

Recommended corrective action:

Not applicable

Objective evidence observed:

(where relevant please add photo numbers)

Not applicable

Observation:

Description of observation:

None observed

Local law or ETI requirement:

Not applicable

Comments:

Not applicable

Objective evidence observed:

Not applicable

Good Examples observed:

Description of Good Example (GE):

None observed

Objective evidence observed:

Not applicable

3: Working Conditions are Safe and Hygienic

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

ETI

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

Current Systems and Evidence Examined

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

Current systems:

1. General Health and Safety management

- Zhang Shuping / QC Supervisor is the person who in charge of Health & Safety for the site.
- Potable water was freely available in all areas and the valid testing report was provided for review
- Sufficient clean toilets segregated by gender were available at all times to employees
- Ventilation, temperature and lighting were adequate for the production processes.
- Minutes of meetings show that there are monthly meetings between the H&S committee (workers) and the H&S manager, and each point is acted on.

2. Fire Safety

- Exits from each work area and these were clearly marked
- Firefighting equipment was adequate and checks were up-to-date
- Evacuation diagrams were posted in all areas and understood by all employees interviewed
- Fire drills were organized and recorded every 6 months of production units

3. Electrical safety

- All electrical equipment was maintained in good condition such as sockets, plugs, switches and main fuse boards.
- There were competent electricians at the site and their training certificates were available for review.

4. Medical services

- There were adequate first aid kits in each production area and they were well stocked.
- There were 2 first aiders and when a selection was interviewed, they confirmed they had been trained at a local hospital. These first aiders were identified by the photo posters in the production workshop.

Non-compliance:

1. Machines without protective devices. During facility tour, auditor found that no belt guards were installed for rolling part of 2 die-cutting machines in the production building. Remark: Facility comment: We were just finished machine maintain.

2. The electrician certificate was not renewal. Through documentation review, it was noted that the

electrician certificate need to be renewed on 12 September, 2017, but no renewal record was showed on the electrician certificate. Remark: The facility had provided a receipt to prove that it was under processing.

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

- Health and safety policy
- Health and safety manual
- Health and safety committee minutes
- Training records and certificates
- Fire equipment maintenance records
- Fire drill records
- Government licenses and checks on air quality and noise level
- Trained first aider record
- Accident reports

Any other comments:
Nil

<p>A: Does the facility have general Health & Safety and occupational Health & Safety policies and procedures that are fit for purpose and are these communicated to workers?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Details: The facility had established general Health & Safety and occupational Health & Safety policies and procedures and employees would be given relevant training on their entry date.</p>
<p>B: Are the policies included in worker's manual?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Details: Employees' manual including facility's general Health & Safety and occupational Health & Safety policies and procedures and detailed requirements.</p>
<p>C: Are there any structural additions without required permits/inspections (e.g. floors added)?</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Details: NA, not applicable for this facility.</p>
<p>D: Are visitors to the site informed on H&S and provided with personal protective equipment</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Details: All visitors would be introduced with H&S and provided with personal protective equipment if necessary.</p>
<p>E: Is a medical room or medical facility provided for workers? If yes, do the room(s) meet legal</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Details: NA, no medical room or medical facility provided and</p>

requirements and is the size/number of rooms suitable for the number of workers.	no such legal requirements.
F: Is there a doctor or nurse on site or there is easy access to first aider/ trained medical aid	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: No doctor or nurse was available on site, but first aid kits were provided on each floor and trained first aider were available in the facility.
G: Where facility provides worker transport - it is fit for purpose, safe and maintained and operated by competent persons e.g. buses and other vehicles	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: Cars provided by facility is fit for purpose, safe and maintained and operated by competent persons.
H: Secure personal storage space is provided for workers in their living space and is fit for purpose	<input type="checkbox"/> Yes <input type="checkbox"/> No Details: N/A No dormitory in this facility.
I: H&S Risk assessments are conducted (including evaluating the arrangements for workers doing overtime e.g. driving after a long shift) and there are controls to reduce identified risk	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: The facility had conducted the social compliance internal audit annual. However there was non-compliance in H&S, see clause 3.
J: Is the site meeting its legal obligations on environmental requirements including required permits for use and disposal of natural resources	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: The legally required certificates including the EIA and environmental protection acceptance checks report for completed construction project were available and valid during this audit.
K: Is the site meeting its customer requirements on environmental standards, including the use of banned chemicals	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: No such chemical used by this facility.

Non-compliance:

<p>1. Description of non-compliance: <input checked="" type="checkbox"/> NC against ETI <input checked="" type="checkbox"/> NC against Local Law <input type="checkbox"/> NC against customer code:</p> <p>Machines without protective devices. During facility tour, auditor found that no belt guards were installed for rolling part of 2 die-cutting machines in the production building. Remark: Facility comment: We were just finished machine maintain.</p> <p>Local law and/or ETI requirement Local Law: In accordance with Law of the PRC on Work Safety article 33, The design, manufacture, installation, application, inspection, maintenance, repair of and safety facilities shall comply with the national or industrial standards. Manufacturing units shall maintain and inspect the safety facilities regularly to ensure they are in good working conditions. Maintenance and inspection records should be properly maintained and assigned to relevant staff.</p> <p>ETI 3.2: Workers shall receive regular and recorded Health & Safety training, and such training shall be repeated for new or reassigned workers.</p> <p>Recommended corrective action: It is recommended that the facility should ensure that safety devices should be equipped to machines to comply with the law.</p> <p>Action By: Zhang Shuping / QC Supervisor Recommended completion timescale: 30 days Verification method: Desktop</p>	<p>Objective evidence observed: <i>(where relevant please add photo numbers)</i></p> <p>On site observation and management interview</p>
<p>2. Description of non-compliance: <input checked="" type="checkbox"/> NC against ETI <input checked="" type="checkbox"/> NC against Local Law <input type="checkbox"/> NC against customer code:</p> <p>The electrician certificate was not renewal. Through documentation review, it was noted that the electrician certificate need to be renewed on 12 September, 2017, but no renewal record was showed on the electrician certificate. Remark: The facility had provided a receipt to prove that it was under processing.</p> <p>Local law and/or ETI requirement Local Law: In accordance with the PRC Labor Law article 55, laborers engaged in special tasks must receive specialized training and acquire a license for such tasks.</p> <p>The occupational health examination shall be conducted by the medical and health care institutions authorized by the medical administrative department of provincial people's government or above.</p> <p>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.</p> <p>Recommended corrective action: It is recommended that the facility should ensure that the operator for special operation should obtain proper license.</p>	<p>Objective evidence observed: <i>(where relevant please add photo numbers)</i></p> <p>Documentation review and management interview</p>

Action By: Zhang Shuping / QC Supervisor
Recommended completion timescale: 30 days
Verification method: Desktop

Observation:

Description of observation:

None observed

Local law or ETI requirement:

Not applicable

Comments:

Not applicable

Objective evidence observed:

Not applicable

Good Examples observed:

Description of Good Example (GE):

None observed

Objective Evidence Observed:

Not applicable

4: Child Labour Shall Not Be Used

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

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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:

There is an formal procedure for checking ages of employees at application stage, and this includes checking

ID's and there are formal checks of validity of ID's.

Once employees have joined their original ID's are copied and given back to them whilst copies only are kept in their personnel file.

Checks of all employees' files showed that the youngest employee present was age 18 years old.

There were a total of 96 employees at the site between the ages of 18-57 years.

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

- Personnel files of all employees
- Latest list of employees

Any other comments:

Nil

A: Legal age of employment	16 years old
B: Age of youngest worker found:	18 years old
C: Children present on workforce but not working at time of audit	<input type="checkbox"/> Yes <input type="checkbox"/> No N/A. No child labor was found during this audit.
D: % of under 18's at this site (of total workers)	0 %
E: Workers under 18 subject to hazardous work assignments? (Go to clause 3 – Health and Safety)	<input type="checkbox"/> Yes <input type="checkbox"/> No If Y give details

N/A. No worker under 18 was found during this audit.

Non-compliance:

1. Description of non-compliance:

☐ NC against ETI ☐ NC against Local Law ☐ NC against customer

code:

None observed

Local law and/or ETI requirement:

Not applicable

Recommended corrective action:

Not applicable

Objective evidence observed:

(where relevant please add photo numbers)

Not applicable

Observation:

Description of observation:

None observed

Local law or ETI requirement:

Not applicable

Comments:

Not applicable

Objective evidence observed:

Not applicable

Good Examples observed:

Description of Good Example (GE):

None observed

Objective Evidence Observed:

Not applicable

5: Living Wages are Paid

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

ETI

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

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

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

Current Systems and Evidence Examined

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

Current systems:

- The local minimum wage standard was set at RMB 1895 per month equivalent to RMB 10.89 (1895/21.75/8) per hour since 1 May, 2015.
- The minimum wage paid was RMB 1900 per month equivalent to RMB 10.92 (1900/21.75/8) per hour in the sampled months; 2) the overtime hours would be paid at the rates of 150% of the normal wages for regular overtime hours; 200% of the normal wages for rest days' overtime hours and 300% of the normal wages for statutory holidays' overtime hours. 150% and 200% of the normal wages were provided for the overtime hours on weekdays and rest days respectively in the sampled months (there was no overtime in statutory holidays in the sampled months).
- The wages office was well organized with a good controlled set of processes which are understood by all employees.
- All employees are 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.
- **Insufficient social insurance participated.** Through reviewing social insurance receive of September 2017, auditor found that 34 out of 96 employees had participated in basic endowment insurance, employment injury insurance, basic medical insurance, unemployment insurance and maternity insurance. The facility had provided commercial injury insurance for 100 employees and it valid from 11 September, 2017 to 10 September, 2018. Remark: The facility had provided commercial injury insurance for 100 employees and it valid from 11 September, 2017 to 10 September, 2018.
- All employees were paid before end date of each month by cash and each employee was given a pay slip and signed for their wages.

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

- Document review
- Employee interview
- Local and national laws
- Wages and benefits policy
- Local legal minimum wage documents
- Payroll records from September 2016 to August 2017 and attendance records from 1st September 2016 to 23 October, 2017 (audit day) were reviewed.

- Leave records
- Social insurance and payment receipts from the local labour department
- Labour contracts for all employees (to examine agreed wage rates)
- Resignation records
- Payslips of all employees interviewed
 - **Hours records to check hourly rates and any overtime premiums**

Any other comments:

Nil

Non-compliance:

1. Description of non-compliance:

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

Insufficient social insurance participated. Through reviewing social insurance receive of September 2017, auditor found that 34 out of 96 employees had participated in basic endowment insurance, employment injury insurance, basic medical insurance, unemployment insurance and maternity insurance. The facility had provided commercial injury insurance for 100 employees and it valid from 11 September, 2017 to 10 September, 2018. Remark: The facility had provided commercial injury insurance for 100 employees and it valid from 11 September, 2017 to 10 September, 2018.

Local law and/or ETI requirement:

Local law: In accordance with the Social Insurance Law of the People's Republic of China, Article 10 Employees shall participate in the basic endowment insurance, and the basic endowment insurance premiums shall be jointly paid by employers and employees. Article 23 Employees shall participate in the basic medical insurance for employees, and the basic medical insurance premiums shall be jointly paid by employers and employees in accordance with the relevant provisions of the state. Article 33 Employees shall participate in the employment injury insurance, and the employment injury insurance premiums shall be paid by their employers rather than the employees. Article 44 Employees shall participate in unemployment insurance, and the unemployment insurance premiums shall be jointly paid by employers and employees in accordance with the relevant provisions of the state. Article 53 Employees shall participate in maternity insurance, and the maternity insurance premiums shall be paid by employers rather than employees in accordance with the relevant provisions of the state.

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.

Recommended corrective action:

It is recommended that the facility should ensure all employees participate in social insurance according to the Law.

Action By: Zhang Shuping / QC Supervisor

Recommended completion timescale: 60 days

Verification method: Follow up

Objective evidence observed:

Document review, employee interview and management interview

Observation:	
Description of observation: None observed Local law or ETI requirement: Not applicable Comments: Not applicable	Objective evidence observed: Not applicable

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

Summary Information

Criteria	Local Law (Please state legal requirement)	Actual at the Site (Record site results against the law)	Is this part of a Collective Bargaining Agreement?
A: Standard/Contracted work hours: (Maximum legal and actual required working hours excluding overtime, please state if possible per day, week, and month)	Legal maximum: 8 hours per day and 40 hours per week	8 hours per day and 40 hours per week	<input type="checkbox"/> Yes <input type="checkbox"/> No NA. No Collective Bargaining Agreement in the facility.
B: Overtime hours: (Maximum legal and actual overtime hours, please state if possible per day, week, and month)	Legal maximum: 3 hours per day and 36 hours per month	The maximum overtime hours were: 2 hours per working day and 72 hours per month in September 2017 (current month); 2 hours per working day and 72 hours per month in June 2017 (random month); 2 hours per working day and 68 hours per month in April 2017 (random month).	<input type="checkbox"/> Yes <input type="checkbox"/> No NA. No Collective Bargaining Agreement in the facility.
D: wage for standard/contracted hours: (Minimum legal and actual minimum wage at site, please state if possible per hr, day, week, and month)	Legal minimum: The local minimum wage standard was set at RMB 1895 per month equivalent to RMB 10.89 (1895/21.75/8) per hour since 1 May, 2015.	The minimum wage paid was RMB 1900 per month equivalent to RMB 10.92 (1900/21.75/8) based on provided payroll records.	<input type="checkbox"/> Yes <input type="checkbox"/> No NA. No Collective Bargaining Agreement in the facility.

E: overtime wage: (Minimum legal and actual minimum overtime wage at site, please state if possible per hr, day, week, and month)	Legal minimum: 1) No less than 150% of the normal wages for overtime working on normal weekdays; 2) no less than 200% of the normal wages for overtime working on rest day if no deferred rest can be taken; 3) no less than 300% of the normal wages for overtime working on statutory holidays	The facility paid 150% of the normal wage for the extension of working hours on normal days, paid 200% of the normal wage for the extended hours on rest days, and there was no overtime work on statutory holidays based on provided payroll records.	<input type="checkbox"/> Yes <input type="checkbox"/> No NA. No Collective Bargaining Agreement in the facility.
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Wages analysis:

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

A: Were accurate records shown at the first request?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
B: If No , why not?	N/A	
C: Sample Size Checked (State number of worker records checked and from which weeks/months – should be current, peak, and random/low. Please see SMETA Best Practice Guidance and Measurement Criteria)	10 samples from September 2017 (current month) 10 samples from June 2017 (random month) 10 samples from April 2017 (random month)	
D: Are there different legal minimum wage grades? If Yes , please specify all.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If Yes , please give details: N/A
E: If there are different legal minimum grades, are all workers graded and paid correctly?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A	If No , please give details: N/A
F: For the lowest paid production workers, are wages paid for standard/contracted hours (excluding overtime) below or above the legal minimum?	Lowest Wages found: <i>Note: full time employees and please state hour / week / month etc.</i> RMB 10.92 / hour and RMB 1900/month	Please indicate the breakdown of workforce per earnings: Wage of normal working hours, wage overtime working hours, perfect attendance bonus and meals deduction.
	<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
G: Bonus (amount specify)	Bonus Scheme found:	

	<i>Note: full time employees and please state hour / week / month etc.</i>
H: What deductions are required by law e.g. social insurance? Please state all types:	Social insurance: retirement insurance, medical insurance, maternity insurance, work-related injury insurance and unemployment insurance.
I: Have these deductions been made? Please list all deductions that have/have not been made.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If No, please describe: Social insurance was paid by the facility; in addition, meals deduction had been made.
J: Were appropriate records available to verify hours of work and wages?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
K: Were any inconsistencies found? (if yes describe nature)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Poor record keeping <input type="checkbox"/> Isolated incident <input type="checkbox"/> Repeated occurrence:
L: Do records reflect all time worked? (For instance, are workers asked to attend meetings before or after work but not paid for their time)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: Site has high production during the past 12 months and have high OT hours for many of their employees, from comparison, workload and production are in balance.
M: Is there a defined living wage: <i>This is <u>not normally</u> minimum legal wage. If answered Yes, please state amount and source of info: Please see SMETA Best Practice Guidance and Measurement Criteria.</i>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please specify amount/time: N/A
If yes, what was the calculation method used.	<input type="checkbox"/> ISEAL/Anker Benchmarks <input type="checkbox"/> Asia Floor Wage <input type="checkbox"/> Figures provided by Unions <input type="checkbox"/> Living Wage Foundation UK <input type="checkbox"/> Fair Wear Wage Ladder <input type="checkbox"/> Fairtrade Foundation Other – please give details: N/A
N: Are there periodic reviews of wages? If Yes give details (include whether there is consideration to basic needs of workers plus discretionary income).	<input type="checkbox"/> Yes <input type="checkbox"/> No N/A Details: N/A
O: Are workers paid in a timely manner in line with local law?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
P: Is there evidence that equal rates are being paid for equal work:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

	Details: Through facility rules review, payroll records review and employees' interview, it was confirmed that equal rates were being paid for equal work.
Q: How are workers paid:	<input checked="" type="checkbox"/> Cash <input type="checkbox"/> Cheque <input type="checkbox"/> Bank Transfer <input type="checkbox"/> Other If other explain: 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:

- Through employees' interviews, overtime is voluntary.
- According to labour contracts and facility rule, the normal working hours of employees in this facility was found to be 8 hours per day and 5 days per week, which were paid normal hourly wage.
- Through document review, auditor noted that 10 out of 10 random selected employees' monthly overtime hours were 72 hours in September 2017 (current month), 10 out of 10 random selected employees' monthly overtime hours were 70-72 hours in June 2017 (random month) and 10 out of 10 random selected employees' monthly overtime hours were 66-68 hours in April 2017 (random month).
- All randomly selected employees worked for 6 maximum consecutive days in September 2017 (Most current month), June 2017 (random month) and April 2017 (random month) respectively.

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

- Employee interview

- Management interview
- Local and national laws
- Facility policy on working hours
- Time cards
- Sample pay slips with recorded hours all employees interviewed
- Employees contracts
- Attendance records from 1st September 2016 to 19th September 2017 (audit day) were reviewed.
- Quality and production records to cross check hours

Any other comments:
Nil

Non-compliance:

1. Description of non-compliance:

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

Overtime hours exceeded the legal requirement. Through reviewing sample attendance records, it was noted that 10 out of 10 random selected employees' monthly overtime hours were 72 hours in September 2017 (current month), 10 out of 10 random selected employees' monthly overtime hours were 70-72 hours in June 2017 (random month) and 10 out of 10 random selected employees' monthly overtime hours were 66-68 hours in April 2017 (random month).

Local law and/or ETI requirement:

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

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.

Recommended corrective action:

It is recommended that the facility should reduce the overtime hours to ensure it is within 36 hours per month.

Action By: Zhang Shuping / QC Supervisor
Recommended completion timescale: 60 days
Verification method: Follow up

Objective evidence observed:

Attendance records review, employee interview and management interview

Observation:

Description of observation:

None observed

Local law or ETI requirement:

Not applicable

Objective evidence observed:

Not applicable

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

Working hours' analysis								
Please include time e.g. hour/week/month (Go back to Key information)								
Systems & Processes								
A. What timekeeping systems are used: time card etc.	Describe: finger printing attendance system							
B: Is sample size same as in wages section	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If N, please give details N/A							
C: Are standard/contracted working hours defined in all contracts/employment agreements?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	If NO, please give details including % and which type of workers do NOT have standard hours defined in contracts/employment agreements. Details N/A						
D: Are there any other types of contracts/employment agreements used?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If YES, please complete as appropriate: <table border="1" style="width: 100%;"> <tr> <td><input type="checkbox"/> 0 hrs</td> <td><input type="checkbox"/> Part time</td> <td><input type="checkbox"/> Variable hrs</td> <td><input type="checkbox"/> Other</td> </tr> </table> If "Other", Please define: N/A			<input type="checkbox"/> 0 hrs	<input type="checkbox"/> Part time	<input type="checkbox"/> Variable hrs	<input type="checkbox"/> Other
<input type="checkbox"/> 0 hrs	<input type="checkbox"/> Part time	<input type="checkbox"/> Variable hrs	<input type="checkbox"/> Other					
E. Do any standard/contracted working hours defined in contracts/employment agreements exceed 48 hours per week	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If Y please %detail hours, % and types of workers & affected and frequency Details: N/A						

F: Are workers provided with at least 1 day off in every 7-day-period, or 2 in 14-day-period (where the law allows)?	Please select all applicable: <input checked="" type="checkbox"/> 1 in 7 days <input type="checkbox"/> 2 in 14 days <input type="checkbox"/> No If 'No', please explain:	Is this allowed by local law? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
	Maximum number of days worked without a day off (in sample): 6	
	All sampled employees worked maximum consecutively 6 days during the sampled months.	
Standard/Contracted Hours worked		
G: Standard working hours over 48 per week found	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If yes, % of workers & frequency
		N/A
H: Any local waivers/local law or permissions which allow averaging/annualised hours for this site?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If YES, please give details
		N/A
Overtime Hours worked		
I: Actual overtime hours worked in sample (State per day/week/month)	Highest OT hours:	72 hours in September 2017 (current month) /month 72 hours in June 2017 (random month) / month 68 hours in April 2017 (random month) / month
J: Combined hours (standard/contracted plus= total) 60 found?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
K: Approximate percentage of total workers on highest overtime hours	___60___%	
L: Is overtime voluntary?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Conflicting Information	Please detail evidence e.g. Wording of contract/employment agreement/handbook/worker interviews/refusal arrangements: The voluntary overtime policy was provided for review. Regular trainings were provided for employees. Through employees interview and documentation review, it was confirmed that overtime was voluntary.
Overtime Premiums		

M: Are the correct legal overtime premiums paid?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A – there is no legal requirement to OT premium	<i>Please give details of normal day overtime premium as a % of standard wages:</i> 150% of the normal wages for the overtime hours on weekdays
N: Is overtime paid at a premium?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<i>If yes, please describe % of workers & frequency:</i> N/A
O: ETI Code requires a prevailing standard to give greatest worker protection. If a site pays less than 125% OT premium and this is allowed under local law, are there other considerations? Please complete the boxes where relevant. Multi select is possible.	<input type="checkbox"/> No <input type="checkbox"/> Consolidated pay (May be standard wages above minimum legal wage, with no/low overtime premium) <input type="checkbox"/> Collective Bargaining agreements <input type="checkbox"/> Other N/A	
	Please explain any checked boxes above e.g. detail of consolidated pay CBA or Other	
	N/A	
P: If more than 60 total hours per week and this is legally allowed, are there other considerations? Please complete the boxes where relevant. Multi select is possible.	<input type="checkbox"/> Overtime is voluntary <input type="checkbox"/> Onsite Collective bargaining allows 60+ hours/week <input type="checkbox"/> Safeguards are in place to protect worker's health and safety <input type="checkbox"/> Site can demonstrate exceptional circumstances <input type="checkbox"/> Other reasons (please specify)	
	N/A. The maximum total weekly working hours for all sample employees within 60 hours.	
	Please explain any checked boxes above	
	N/A	
Q: Is there evidence that overtime hours are being used for extended periods to make up for labour shortages or increased order volumes?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes, please describe N/A	
R: If sufficient workers cannot be hired, are new working time arrangements explored to ensure that overtime is the	<input type="checkbox"/> Yes <input type="checkbox"/> No N/A, no such circumstance per management interview.	

exception rather than the rule.	
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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:

As informed by interviewed employees, most employees spoke highly of the facility owner.

No employee was required to do the examination of the hepatitis B virus and HIV.

Anti-discrimination procedure on hiring, compensation, promotion and access to training is available for review during the audit.

Gender divisions did not exist in the facility; both female and male employees were distributed in all types of work.

There was an internal grievance process, all sampled employees were aware of the grievance channels in case they encountered any discrimination cases.

There was no evidence of sexual harassment.

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

The hiring and termination procedure, leave application records and employee handbook.

Termination records

Training records

Any other comments:

Nil

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

Professional Development	
A: What type of training and development are available for workers?	<p>Please give details</p> <p>On-going training is available to enable workers to progress.</p> <p>An equal and clear fair selection criteria is in place for all promotions and benefits.</p>
B: Are HR decisions on e.g. promotion, training, compensation based on objective, transparent criteria?	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>If no, please give details: N/A</p>

Non-compliance:	
<p>1. Description of non-compliance:</p> <p><input type="checkbox"/> NC against ETI <input type="checkbox"/> NC against Local Law <input type="checkbox"/> NC against customer code:</p> <p>None observed</p> <p>Local law and/or ETI requirement:</p> <p>Not applicable</p> <p>Recommended corrective action:</p> <p>Not applicable</p>	<p>Objective evidence observed:</p> <p>(where relevant please add photo numbers)</p> <p>Not applicable</p>

Observation:	
<p>Description of observation:</p> <p>None observed</p> <p>Local law or ETI requirement:</p> <p>Not applicable</p> <p>Comments:</p> <p>Not applicable</p>	<p>Objective evidence observed:</p> <p>Not applicable</p>

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

8: Regular Employment Is Provided

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

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ETI

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

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

Additional Elements: Responsible Recruitment

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

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

8.5 Employment agencies must only supply workers registered with them.

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

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

Current Systems and Evidence Examined

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

Current systems:

All employees were recruited by the facility directly. No labour agency was used to hire employees. No temporary employee, apprenticeship schemes or home employee was identified by the auditors. No subcontractor was used.

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

The hiring and termination practices

Personal files

Payroll records were provided for review.

Any other comments:

Nil

Non-compliance:

1. Description of non-compliance: <input type="checkbox"/> NC against ETI <input type="checkbox"/> NC against Local Law <input type="checkbox"/> NC against customer code: None observed Local law and/or ETI requirement: Not applicable Recommended corrective action: Not applicable	Objective evidence observed: <i>(where relevant please add photo numbers)</i> Not applicable
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Observation:	
Description of observation: None observed Local law or ETI requirement: Not applicable Comments: Not applicable	Objective evidence observed: Not applicable

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

Responsible Recruitment

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

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

Migrant Workers:

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

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

NON-EMPLOYEE WORKERS

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

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

<p>E: Does the site have a system for checking labour standards of agencies? If yes, please give details.</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No N/A</p> <p>Please describe: N/A</p>
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Contractors:

Note: contractors in this context are generally individuals who supply several workers to a site. Usually the contractors are paid by the site and the wages of the workers are paid by the contractor. Common terms include, gang bosses, labor provider,

<p>A: Any contractors on site?</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please describe finding: If Y, how many contractors are present</p>
<p>B: If Yes, how many workers supplied by contractors</p>	<p>N/A</p>
<p>C: Do all contractor workers understand their terms of employment?</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No N/A Please describe finding: N/A</p>
<p>D: If Yes, please give evidence for contractor workers being paid per law:</p>	<p>N/A</p>

8A: Sub-Contracting and Homeworking

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

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

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

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

Note to auditor on homeworking:

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

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

Current Systems and Evidence Examined

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

Current systems:

There were no outside processes or subcontracting in the unit.

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

- Site tour (Calculation on total production and estimated capacity)
- Materials in/out records
- Management interview
- Worker interview

Any other comments:

Nil

Non-compliance:

1. Description of non-compliance:

☐ NC against ETI/Additional Elements

☐ NC against Local Law

☐ NC against customer code:

None observed

Local law and/or ETI /Additional Elements requirement:

Not applicable

Recommended corrective action:

Not applicable

Objective evidence observed:

(where relevant please add photo numbers)

Not applicable

Observation:

Description of observation:

None observed

Objective evidence observed:

Local law or ETI/Additional elements requirement: Not applicable Comments: Not applicable	Not applicable
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Good Examples observed:	
Description of Good Example (GE): None observed	Objective Evidence Observed: Not applicable

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

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

D: If through agents, number of agents	N/A
E: Is there a site policy on homeworking?	<input type="checkbox"/> Yes <input type="checkbox"/> No N/A
F: How does site ensure worker hours and pay meet local laws for homeworkers?	N/A
G: What processes are carried out by homeworkers?	N/A
H: Do any contracts exist for homeworkers	<input type="checkbox"/> Yes <input type="checkbox"/> No N/A Please give details: N/A
I: Are full records of homeworkers available at the site?	<input type="checkbox"/> Yes <input type="checkbox"/> No N/A

9: No Harsh or Inhumane Treatment is Allowed

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

ETI

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

Additional elements:

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

A: Are there published, anonymous and/or open channels available for reporting any violations of Labour standards and H&S or any other grievances to a 3 rd party?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: The facility provided access to a confidential grievance mechanism for all workers.
B: If Yes , are workers aware of these channels and have access? Please give details.	All employees were trained on the facility confidential grievance mechanism.
C: If yes, what type of mechanism is used e.g. hotline, whistle blowing mechanism, comment box etc. Please give details.	Suggestion box and employees also could oral to their supervisor directly.
D: Is there a grievance mechanism in place for:	<input checked="" type="checkbox"/> Workers <input type="checkbox"/> Communities <input type="checkbox"/> Suppliers <input type="checkbox"/> Other Details: the grievance mechanism include a provision for non-retaliation and it allow workers to report issues anonymously.
E: Are there any open disputes?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes, please give details N/A
F: Does grievance mechanism meet with UNGP requirement of e.g. (Legitimate, Accessible, Predictable, Equitable, Transparent, Rights-compatible, a source of continuous learning and based on stakeholder engagement)?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If no, please give details N/A
G: Does the site \ encourage its business partners (e.g., suppliers) provide individuals and communities with access to effective grievance mechanisms (e.g., help lines or whistle blowing mechanism	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If No Please give details N/A

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

Current Systems and Evidence Examined

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

Current systems:

According to the documentation, the facility management had established a disciplinary procedure for employees' misbehavior which included oral warning, written warning and finally termination and the site, had developed a training program for all employees on the procedure. Employee interview confirmed that employees were aware of the disciplinary procedure.

As per management interview, document review and employees' interview, there was a policy on Harsh Treatment.

There is an internal process for grievance, which is a suggest box, where employees can report any grievances (harassment, bullying, discrimination etc.), any received complaint will be handled by management, without any reprisal for the employee in question. All sampled employees were aware this system.

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

The relevant policy on prevention of harassment and abuse
Internal grievance procedure documentation.
Training records

Any other comments:
Nil

Non-compliance:

1. Description of non-compliance: <input type="checkbox"/> NC against ETI <input type="checkbox"/> NC against Local Law <input type="checkbox"/> NC against customer code: None observed Local law and/or ETI requirement: Not applicable Recommended corrective action: Not applicable	Objective evidence observed: <i>(where relevant please add photo numbers)</i> Not applicable
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Observation:	
Description of observation: None observed Local law or ETI requirement: Not applicable Comments: Not applicable	Objective evidence observed: Not applicable

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

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

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

Additional Elements

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

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

Current Systems and Evidence Examined

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

Current systems:

Per document review, facility management representation and employee interview, all employees in the facility were Chinese, 25 out of 96 employees that were migrant employees which came from other provinces out of Guangdong province (mainly from Hunan, Hubei and Henan). All employees had the proper legal rights to work in this region. The youngest age was 18 years old. All of them were recruited directly by the facility and no agency was involved in facility's recruitment processes. No agency staff or foreign employee was used by the facility.

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

Hiring procedure
Personnel files
Employee handbook

Any other comments:
Nil

Non-compliance:

1. Description of non-compliance:

☐ NC against ETI/Additional Elements

☐ NC against Local Law

☐ NC against customer code:

None observed

Local law and/or ETI /Additional Elements requirement:

Not applicable

Recommended corrective action:

Not applicable

Objective evidence observed:

(where relevant please add photo numbers)
Not applicable

Observation:

Description of observation: None observed Local law or ETI/Additional Elements requirement: Not applicable Comments: Not applicable	Objective evidence observed: Not applicable
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Good examples observed:	
Description of Good Example (GE): None observed	Objective Evidence Observed: Not applicable

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

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

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

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

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

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

Current Systems and Evidence Examined

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

Current systems:

- The facility had written environmental policy.
- The facility conducted regular environment protection trainings for all employees.
- The facility had provided the environmental impact assessment report, environmental impact assessment approval, environmental protection acceptance checks report for completed construction project before processes changed and testing report for pollutants for review.
- Zhang Shuping / QC Supervisor was appointed responsibility for environmental issues.

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

Details:

- The environmental policy
- Training records on environmental protection
- Environmental impact assessment report, environmental impact assessment approval, environmental protection acceptance checks report for completed construction project and testing report for pollutants
- Water bill
- Facility tour
- Management interview and employee interviews

Any other comments:

Nil

Non-compliance:

1. Description of non-compliance: <input type="checkbox"/> NC against ETI/Additional Elements <input type="checkbox"/> NC against Local Law <input type="checkbox"/> NC against customer code: None observed Local law and/or ETI /Additional Elements requirement: Not applicable Recommended corrective action: Not applicable	Objective evidence observed: <i>(where relevant please add photo numbers)</i> Not applicable
--	---

Observation:	
Description of observation: None observed Local law or ETI/additional elements requirement: Not applicable Comments: Not applicable	Objective evidence observed: Not applicable

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

Other Findings Outside the Scope of the Code

None observed

Community Benefits

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

None observed

Appendix 1

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

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

<p>clean, safe, and meet the basic needs of the workers.</p> <p>3.5 The company observing the code shall assign responsibility for Health & Safety to a senior management representative.</p>	
ETI 4. Child labour shall not be used	ETI 4. Child labour shall not be used
<p>4.1 There shall be no new recruitment of child labour.</p> <p>4.2 Companies shall develop or participate in and contribute to policies and programmes which provide for the transition of any child found to be performing child labour to enable her or him to attend and remain in quality education until no longer a child.</p> <p>4.3 Children and young persons under 18 shall not be employed at night or in hazardous conditions.</p> <p>4.4 These policies and procedures shall conform to the provisions of the relevant ILO Standards.</p>	
ETI 5. Living wages are paid	ETI 5. Living wages are paid
<p>5.1 Wages and benefits paid for a standard working week meet, at a minimum, national legal standards or industry benchmark standards, whichever is higher. In any event wages should always be enough to meet basic needs and to provide some discretionary income.</p> <p>5.2 All workers shall be provided with written and understandable information about their employment conditions in respect to wages before they enter employment and about the particulars of their wages for the pay period concerned each time that they are paid.</p> <p>5.3 Deductions from wages as a disciplinary measure shall not be permitted nor shall any deductions from wages not provided for by national law be permitted without the expressed permission of the worker concerned. All disciplinary measures should be recorded.</p>	
ETI 6. Working Hours are not excessive	ETI 6. Working Hours are not excessive
<p>6.1 Working hours must comply with national laws, collective agreements, and the provisions of 6.2 to 6.6 below, whichever affords the greater protection for workers. Sub-clauses 6.2 to 6.6 are based on international labour standards.</p> <p>6.2 Working hours, excluding overtime, shall be defined by contract, and shall not exceed 48 hours per week.</p> <p>6.3 All overtime shall be voluntary. Overtime shall</p>	

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

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

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

10C. Compliance Requirements

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

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

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

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

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

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

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

10C. Guidance for Observations

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


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

Photo Form

Best Practice Photos:

None observed	None observed	None observed
N/A	N/A	N/A

Non Compliance Photos:

	None observed	None observed
No belt guard for the die cutting machine	N/A	N/A

General Pictures:

		
Facility name	Facility gate	Production building

		
Die cutting	Printing	Handwork
		
Envelope manufacturing	Cutting	Foldout
		
Silk printing	Gluing	Gilding
		
Evacuation aisle	Evacuation direction sign	Evacuation plan

		
Fire alarm	Fire alarm button	Fire extinguisher
		
Fire hydrant	Exit sign and emergency light	Attendance recorder
		
chemical warehouse	Drinking water	Eye wash station
		
Finished good storage area	First aid box	Suggestion box

		
Toilet	MSDS poster	No smoking sign

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