



Sedex Members Ethical Trade Audit Report

Version 6.1



| Audit Details | | | | |
|---|--|---|--|---|
| Sedex Company Reference: <i>(only available on Sedex System)</i> | ZC405714425 | Sedex Site Reference: <i>(only available on Sedex System)</i> | ZS405750630 | |
| Business name (Company name): | ZHEJIANG TREASURE CRAFTS CO LTD | | | |
| Site name: | ZHEJIANG TREASURE CRAFTS CO LTD | | | |
| Site address: | 浙江省温州市龙港市东塘路743-792号 N/A 温州市 N/A CN | Country: | CN | |
| Site contact and job title: | Mr. Zhang Qing / Management representative | | | |
| SMETA Audit Pillars: | <input checked="" type="checkbox"/> Labour Standards | <input checked="" type="checkbox"/> Health and Safety (plus Environment 2-Pillar) | <input checked="" type="checkbox"/> Environment 4-pillar | <input checked="" type="checkbox"/> Business Ethics |
| Date of Audit: | 2023-06-05 | | | |

| Audit Company Name: |
|--------------------------------|
| TUV Rheinland (TUEV Rheinland) |

| Audit Conducted By | | | | | |
|-------------------------|-------------------------------------|--|--------------------------|-------------|--------------------------|
| Affiliate Audit Company | <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 6.1 (March 2019) 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.

| Auditor Team | | | |
|----------------------|------------|---------------|----------|
| Lead Auditor: | Nancy Pei | APSCA Number: | 21703804 |
| Additional Auditors: | | | |
| Date of declaration: | 2023-06-06 | | |

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.

| Site Representation | |
|----------------------|---|
| Full Name: | Mr. Zhang Qing |
| Title: | Management representative |
| Date of declaration: | 2023-06-06 |
| Comments: | <i>Any exceptions to this must be recorded here (e.g. different sample size): Sampled wage records from the past 5 months were provided for review (5 months only since the operation for digital thermometer just started last Sep 2020). The audit took 2.0 man-days (9AM-6PM per day). Audit time was extended until 8PM due to the extent of documentation; this was agreed upon with the factory representatives</i> |
| Nil | |

Summary of Findings

| Issue <i>(please click on the issue title to go direct to the appropriate audit results by clause)</i> | Area of Non-Conformity | | Number of issues | | | Findings |
|---|------------------------|-----------|------------------|-----|----|--|
| | ETI | Local Law | NC | Obs | GE | |
| <u>0A - Universal rights covering UNGP</u> | | | 0 | 0 | 0 | |
| <u>0B - Management systems and code implementation</u> | | | 0 | 0 | 0 | |
| <u>1 - Freely chosen employment</u> | | | 0 | 0 | 0 | |
| <u>2 - Freedom of association and right to collective bargaining are respected</u> | | | 0 | 0 | 0 | |
| <u>3 - Working conditions are safe and hygienic</u> | 3.1 3.1 | §1 §2 | 2 | 0 | 0 | NC - ZAF600078084 NC - ZAF600078085 |
| <u>4 - Child labour shall not be used</u> | | | 0 | 0 | 0 | |
| <u>5 - Living wages are paid</u> | 5.1 | §3 | 1 | 0 | 0 | NC - ZAF600078082 |
| <u>6 - Working hours are not excessive</u> | 6.1 | §4 | 1 | 0 | 0 | NC - ZAF600078083 |
| <u>7 - No discrimination is practiced</u> | | | 0 | 0 | 0 | |
| <u>8 - Regular employment is provided</u> | | | 0 | 0 | 0 | |
| <u>8A - Subcontracting and homeworking</u> | | | 0 | 0 | 0 | |
| <u>9 - No harsh or inhumane treatment is allowed</u> | | | 0 | 0 | 0 | |
| <u>10A - Entitlement to work and immigration</u> | | | 0 | 0 | 0 | |
| <u>10B2 - Environment 2-pillar</u> | | | 0 | 0 | 0 | |
| <u>10B4 - Environment 4-pillar</u> | | | 0 | 0 | 0 | |
| <u>10C - Business ethics 4-pillar</u> | | | 0 | 0 | 0 | |

Local Law Issues

| Issue | Description |
|-------|---|
| §1 | Safety Production Codes for Presswork (GB 8176-2012) The plant shall select, provide and enforce the use of safety devices for the operator within the press danger zone. Safety devices include safety protection devices (such as a variety of protective cover, protective fence, etc.) and safety control devices (such as hands control devices, light control protection devices, etc.) two categories. When the opening size of the press operating danger zone is less than or equal to 6mm, it is not subject to this limit. |
| §2 | Work Safety Law of the People's Republic of China, Article 45 : The production and business operation units must provide the employees with labor protective articles that meet the national or industrial standards, and supervise and educate the employees to wear and use them in accordance with the rules for use. |

| | |
|----|--|
| §3 | Labor Law of the People's Republic of China (2018 Amendment) Article 72, The sources of social insurance funds shall be determined according to the categories of insurance, and an overall pooling of insurance funds from the society shall be introduced step by step. The employing unit and laborers must participate in social insurance and pay social insurance premiums in accordance with the law. Article 73, Laborers shall, in accordance with the law, enjoy social insurance benefits under the following circumstances: 1. Retirement; 2. Illness or injury; 3. Disability caused by work-related injury or occupational disease; 4. Unemployment; 5. Child-bearing. |
| §4 | 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. |

Site Details

| Site Details | | |
|--|---|--|
| Company Name | ZHEJIANG TREASURE CRAFTS CO LTD | |
| Site Name | ZHEJIANG TREASURE CRAFTS CO LTD | |
| GPS location (if available) | GPS Address: | No.743-792,Dongtang RD,Longgang,Wenzhou City 325802,Zhejiang,China |
| | Coordinates: | N : 27°31'2.75" E : 120°25'34.72" |
| Applicable business and other legally required licence numbers and documents, for example, business license number, liability insurance, any other required government inspections | Business License: 913303276639305169 Valid from Jun 29, 2007 to Long term | |
| Products/Activities at site, for example, garment manufacture, electricals, toys, grower, cutting, sewing, packing etc | Crafts (Badge, medal, keychain, bottle opener, ornament, plastic crafts, Fridage magnet, etc) | |
| Site description: (Include size, location, and age of site. Also, include structure and number of buildings) | <p>Due to new platform reasons, the site information display is incomplete and cannot be modified, so it is further explained as below: Company name: ZHEJIANG TREASURE CRAFTS CO LTD浙江奇越工艺品有限公司 ; Site name: ZHEJIANG TREASURE CRAFTS CO LTD浙江奇越工艺品有限公司Site address : No.743-792,Dongtang RD,Longgang,Wenzhou City 325802,Zhejiang,China 浙江省温州市龙港市东塘路743-792号. Audit type: Announced full initial audit 4-Pillar on 5-6/06/2023 Lead auditor: Nancy Pei ZHEJIANG TREASURE CRAFTS CO LTD was located at No.743-792,Dongtang RD,Longgang,Wenzhou City 325802,Zhejiang,China. There was a total of 3 buildings in the factory. The factory only used 2 building as workshop, warehouse, and office. the factory rented the rest area to other company, and lease contract was provided for review. No shared workers was between the auditee and other company. These building s belongs to the factory, property ownership certificate was provided for review. No dormitory and canteen were provided. There were 39 employees in the factory currently including 35 workers and 4 managements. All workers worked for 5 days a week and 8 hours per day from. 07:30 to 17:00 with lunchtime from 11:30 to 13:00. If needed, OT was from 18:00 to 20:00 and 8 hours on Saturday. All workers had at least one day rest per 7 days. All workers were paid by hourly-rate basis. And the factory used fingerprinted attendance system to record attendance. Wages were paid at the end of following month by cash. The latest paid month was Apr.2023</p> | |

| | | | |
|---|--|--|-----------------------|
| Structure and number of buildings | Building Name: | | Factory building no.1 |
| | Floor | Description | Remark |
| | 1~2 | office | Built in 2021 |
| | 3-7 | other factory | Built in 2021 |
| | Building Name: | | Factory building no.2 |
| | Floor | Description | Remark |
| | 1 | Raw material warehouse/ Punching/ Die casting/Injection | Built in 2021 |
| | 2 | Paint/glue/packageging /finished product warehouse | Built in 2021 |
| | 3-5 | other factory | Built in 2021 |
| Visible structural integrity issues (large cracks) observed? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: Based on onsite observation, no visible structural integrity issue such as crack was found. | | |
| Does the site have a structural engineer evaluation? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The factory provided Building Structure Safety Certificates or Records of the buildings in the factory | | |
| Site function | <input type="checkbox"/> Agent <input checked="" type="checkbox"/> Factory Processing/Manufacturer <input type="checkbox"/> Finished Product Supplier <input type="checkbox"/> Grower <input type="checkbox"/> Homeworker <input type="checkbox"/> Labour Provider <input type="checkbox"/> Pack house <input type="checkbox"/> Primary Producer <input type="checkbox"/> Service Provider <input type="checkbox"/> Sub-contractor | | |
| Months of peak season | | | |
| Process overview | The main products in the factory were crafts (Badge, medal, keychain, bottle opener, ornament, plastic crafts, Fridage magnet, etc). The main production process included: Raw material - Punching-Die casting- Injection molding -Assembly- PackingFinished goods. The main equipment used in the factory were cutting machines, punching machines, injection molding machines and die casting machines, etc. | | |
| What form of worker representation is there on site? | <input type="checkbox"/> Union <input type="checkbox"/> Worker Commitee <input checked="" type="checkbox"/> Other <input type="checkbox"/> None | | |
| Please give details: | 2 worker representatives on site | | |
| Is there any night production work at the site? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | | |
| Are there any on site provided worker accommodation buildings | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: | | |

| | |
|---|--|
| Are there any off site provided worker accommodation buildings | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: |
| Were all site provided accommodation buildings included in this audit | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: No dormitory was provided |

| Audit Parameters | | | | | |
|---|--|-------|-------|-------|--|
| Time in and time out | Day 1 | | Day 2 | | |
| | In | 09:00 | In | 08:30 | |
| | Out | 17:00 | Out | 12:30 | |
| Audit type: | FULL_INITIAL | | | | |
| Was the audit announced? | ANNOUNCED | | | | |
| Was the Sedex SAQ available for review? | Yes | | | | |
| Any conflicting information SAQ/Pre-Audit Info to Audit findings? | No | | | | |
| Who signed and agreed CAPR | Mr. Zhang Qing / Management represnetative | | | | |
| Is further information available | No | | | | |

| Audit attendance | Management | Worker Representatives | |
|--|-------------------|----------------------------------|-----------------------|
| | Senior management | Worker Committee representatives | Union representatives |
| A: Present at the opening meeting? | Yes | Yes | No |
| B: Present at the audit? | Yes | Yes | No |
| C: Present at the closing meeting? | Yes | Yes | No |
| <i>Reason for absence at the opening meeting</i> | No union on site | | |
| <i>Reason for absence during the audit</i> | No union on site | | |
| <i>Reason for absence at the closing meeting</i> | No union on site | | |

Worker Analysis

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

| Worker Analysis | | | | | | | | |
|--|-----------|-----------|--------|-----------|-----------|--------|--------------|-------|
| | Local | | | Migrant* | | | Home workers | Total |
| | Permanent | Temporary | Agency | Permanent | Temporary | Agency | | |
| Worker numbers – male | 4 | 0 | 0 | 20 | 0 | 0 | 0 | 24 |
| Worker numbers – female | 5 | 0 | 0 | 6 | 0 | 0 | 0 | 11 |
| Total | 9 | 0 | 0 | 26 | 0 | 0 | 0 | 35 |
| Number of Workers interviewed – male | 1 | 0 | 0 | 6 | 0 | 0 | 0 | 7 |
| Number of Workers interviewed – female | 1 | 0 | 0 | 2 | 0 | 0 | 0 | 3 |
| Total – interviewed sample size | 2 | 0 | 0 | 8 | 0 | 0 | 0 | 10 |

| Nationalities Structure | | |
|--|--|------|
| Nationality of Management | Chinese | |
| Please list the nationalities of all workers, with the three most common nationalities listed first. | Nationality 1: CHINESE approx %: 100% | |
| Was this list completed during peak season? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: No obvious peak season in past one year | |
| Worker remuneration | Workers on piece rate: | 0% |
| | Paid hourly: | 100% |
| | Salaried: | 0% |
| Payment cycle | Paid daily: | 0% |
| | Paid weekly: | 0% |
| | Paid monthly: | 100% |
| | Other: | 0% |
| | Details for other: | NA |

| Worker Interview Summary | |
|---|--|
| Were workers aware of the audit? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| Were workers aware of the code? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| Number of group interviews: | 1 group of 4 workers |
| Number of individual interviews: | Male: 4 Female: 2 |
| All groups of workers are included in the scope of this audit such as; Direct employees, Casual and agency workers, Workers employed by service providers such as security and catering staff as well as workers supplied by other contractors. | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: |
| 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 |
| In general, what was the attitude of the workers towards their workplace? | <input checked="" type="checkbox"/> Favorable <input type="checkbox"/> Non-favourable <input type="checkbox"/> Indifferent |
| What was the most common worker complaint? | No Workers complained anything |
| What did the workers like the most about working at this site? | Most workers said that they were satisfied with the wages. |
| Any additional comment(s) regarding interviews: | Nil |
| Attitude of workers to hours worked: | Workers wanted to work more overtime to earn more money and workers stated overtime was voluntary. |
| Is there any worker survey information available? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: |

Attitude of workers:

6 employees were selected for the individual interview and 4 employees in 1 group were selected for the group interview, the workers were assured of confidentiality and they spoke freely of their views of the factory. All workers said they were satisfied with their employment at the factory 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.

Attitude of worker's committee/union reps:

2 worker representatives were elected by workers freely. The worker representatives were favourable with the management and factory environment. All the association activities were supported by the factory. No any negative information was observed.

Attitude of managers:

The factory management showed a positive attitude to this audit during the whole process. All necessary areas were allowed access for tour and a private room was arranged for employees' interview. The management agreed all non-compliances found in audit and willing to take corrective actions for the findings.

0A - Universal Rights covering UNGP [Summary of Findings]

0A: Compliance Requirements

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

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

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

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

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

0.A.6 Businesses shall have a transparent system in place for confidentially reporting, and dealing with human rights impacts without fear of reprisals towards the reporter. Note for auditors and readers. This is not a full Human Rights Assessment, but instead a check on the business's implementation of processes to meet their Universal rights covering UNGP responsibilities.

Current Systems and Evidence Examined

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

Current Systems:

1. The factory implemented and maintained systems for delivering compliance to human rights. And factory trained human rights basic needs to their employees.
2. Mr. Zhangqing/ Management representative was appointed as responsible personal for the implementation of standards concerning Human rights.
3. The factory had established social responsibility policies, procedures and work instructions to compliance with standards concerning Human rights.
4. The factory communicated standards concerning Human rights to their suppliers and provided the questionnaire of standards concerning Human rights through their supply chain.
5. Internal CSR audit was conduct on Nov. 15, 2022 and management review was conducted on Nov. 21, 2022 in the factory.
6. The factory had a transparent system in place for confidentially reporting and dealing with human rights impacts without fear of reprisals towards the reporter.

Evidence examined:

Details:
Employee manual
CSR manual and procedures
Supplier management procedure
Internal CSR audit records and management review records
Training records
Worker interview

Any other comments:

Nilil

Policy statement that expresses commitment to respect human rights?

☒ Yes ☐ No

Please give details:

The factory implemented and maintained systems for delivering compliance to human rights.

Are the policies included in workers' manuals?

☒ Yes ☐ No

Please give details:

the policies included in workers' manuals

| | |
|---|--|
| 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: Mr. Zhangqing/ Management representative was responsible for it |
| Does the business have a transparent system in place for confidentially reporting, and dealing with human rights impacts without fear of reprisals towards the reporter? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: Confidentially reporting such as through workers' representatives directly or wrote anonymous letter to the suggestion box or called the telephone of the factory boss directly. And the prevention of retaliation procedure was established in the factory |
| Does the grievance mechanism meet UNGP expectations? (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 |
| Does the business demonstrate effective data privacy procedures for workers' information, which is implemented? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The factory had established workers' privacy information protection procedure in the factory. |
| Measuring Workplace Impact | |
| Annual worker turnover(Number of workers leaving in last 12 months as a % of average total number of workers on site over the year (annual worker turnover)) | Last year 10.0% This year 10.0% |
| 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 1st day of 90 day period + number of employees on the last day of the 90 day period) / 2]) | 7.5% |
| Annual % absenteeism(Number of days lost through job absence in the year / [(number of employees on 1st day of the year + number employees on the last day of the year) / 2] * number available workdays in the year) | Last year 5.0% This year 2.0% |
| Quarterly (90 days) % absenteeism(Number of days lost through job absence in the period / [(Number of employees on 1st of the period + Number of employees on the last day of the period / 2] * Number of available workdays in the month) | 2.0% |
| Are accidents recorded? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: No serious accident was happened during last 12 months. |

| | | |
|--|-----------|------|
| 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 | 0.0% |
| | This year | 0.0% |
| 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% | |
| 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 | 0.0% |
| | This year | 0.0% |
| % of workers that work on average more than 48 standard hours / week in the last 6 / 12 months | 6 month | 0.0% |
| | 12 month | 0.0% |
| % of workers that work on average more than 60 total hours / week in the last 6 / 12 months | 6 month | 0.0% |
| | 12 month | 0.0% |

0B - Management Systems and code Implementation

[Summary of Findings]

0B: Compliance Requirements

0.B.1 Suppliers are expected to implement and maintain systems for delivering compliance to this Code.

0.B.2 Suppliers shall appoint a senior member of management who shall be responsible for compliance with the Code.

0.B.3 Suppliers are expected to communicate this Code to all employees.

0.B.4 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.5 Suppliers should communicate this code to their own suppliers and, where reasonably practicable, extend the principles of this Ethical Code through their supply chain.

Current Systems and Evidence Examined

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

Current Systems:

1. The factory had established social responsibility policies, procedures and work instructions to comply with this code. Internal CSR audit and management review was conducted in the factory.
2. The factory implemented and maintained systems for delivering compliance to this Code.
3. Legally business license was provided for review, the scope of business activity and address were consistent with the business license.
4. Mr. Zhang Qing/Management representative was appointed as responsible personal for the implementation of the code.
5. The factory had communicated this code to their suppliers and had provided the questionnaire of this Ethical Code through their supply chain.
6. The factory had communicated the ETI base code to their employees.
7. Valid business license was provided for review.

Evidence examined:

Details:

Employee manual
CSR manual and procedures
Supplier management procedure
Internal CSR audit records and management review records
Training records
Worker interview
Business License

Any other comments:

Nil

Management Systems

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

☒ Yes ☐ No

Please give details:

There was no any fines in past one year.

Do policies and/or procedures exist that reduce the risk of forced labour, child labour, discrimination, harassment & abuse?

☒ Yes ☐ No

Please give details:

The factory established procedures such as Non-child labor, Non-prison labor and etc. to prohibit employing child labour and prison labour. Also, the factory established some policies to prohibit discrimination, harassment & abuse.

| | |
|---|--|
| If Yes, is there evidence (an indication) of effective implementation? Please give details. | Such policies and procedures were trained to management and employees, and during this audit no child was detected, and no cases of forced labor, discrimination, harassment & abuse was checked. This was also verified by workers and management interview. |
| 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 give details: Managers and workers had received training in the standards for forced labour, child labour, discrimination, harassment & abuse. |
| 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 give details: The factory had provided the training to management and workers. The related training records were provided for review. As per interview with employee, they knew the policy and procedure according to ETI code. |
| Does the site have any internationally recognised system certifications e.g. ISO 9000, 14000, OHSAS 18000, SA8000 (or other social audits)? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: ISO 9000 certificate No.20221Q21400R0S was valid to 14/12/2024, ISO45000 certificate No.20221S20547R0S was valid to 14/12/2024 |
| Is there a Human Resources manager/department? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Mr. Zhang Qing/Management representative was responsible for HR department |
| Is there a senior person /manager responsible for implementation of the code? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: Mr. Zhang Qing/Management representative was responsible for implementing the code |
| Is there a policy to ensure all worker information is confidential? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: Workers' privacy information was protected in the factory. |
| Is there an effective procedure to ensure confidential information is kept confidential? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The factory established prevention disclosure procedure to ensure the confidential information was kept confidential. |
| Are risk assessments conducted to evaluate policy and procedure effectiveness? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The factory had conducted the risk assessment to evaluate the effectiveness of the policy and procedure. |
| 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 Please give details: The factory had addressed issues found by risk assessments and set up the preventative action for similar non-compliance. |

| | |
|---|--|
| Does the facility have a policy/code which require labour standards of its own suppliers? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: Supplier management procedure included labour standards were established in the factory. |
| Land Rights | |
| Does the site have all required land rights licenses and permissions (see SMETA Measurement Criteria)? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: Required land rights licenses and permissions were provided by the factory. |
| Does the site have systems in place to conduct legal due diligence to recognize and apply national laws and practices relating to land title? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: There was system in place to conduct legal due diligence to recognize and apply national laws and practices relating to land title. |
| Does the site have a written policy and procedures specific to land rights? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: The land in China mainland was belonged to the nation. Anybody, no matter the characters, could only rent the land from governmental department for a period. If the factory would like to use the land, it should apply for it from governmental department. The governmental department would make decision on whether to provide the approval. |
| Is there evidence that facility/site compensated the owner/lessor for the land prior to the facility being built or expanded? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: compensated the owner/lessor for the land prior to the facility being built or expanded. |
| Does the facility demonstrate that alternatives to a specific land acquisition were considered to avoid or minimize adverse impacts? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: No relevant document was provided for review |
| Is there any evidence of illegal appropriation of land for facility building or expansion of footprint? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: No evidence of illegal appropriation of land for facility building or expansion of footprint. |

1 - Freely chosen Employment

[Summary of Findings]

1: Compliance Requirements

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

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

Current Systems and Evidence Examined

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

Current Systems:

1. No forced, bonded or involuntary prison labour was identified during the audit.
2. The workers were not required to lodge deposits or their Identity papers to the factory at the beginning of employment.
3. All workers were free to move in the workplace, took restroom and water breaks without restrictions.
4. The factory did not restrict workers' freedom and workers could leave the factory freely after shift ends.
- 5 Worker could freely resign after communication with management or fill resign application form in advance of 30 days. 10 out of 10 sampled randomly interviewed workers confirmed they were free to resign after reasonable notice. Such as 30 days' notice in advance for the formal workers.
6. The factory established procedures to reduce the risk of forced labour, child labour, discrimination, harassment & abuse.

Evidence examined:

Details:

Recruitment policy / procedure
Employees manual
Employee labour contract
Employee personnel file with ID copy
Employee interview

Any other comments:

Nil

Is there any evidence of retention of original documents, e.g. passports/ID' (If yes, please give details and category of workers affected)

☐ Yes ☒ No

Please give details:

Is there any evidence of a loan scheme in operation (If yes, please give details and category of workers affected)

☐ Yes ☒ No

Please give details:

Is there any evidence of retention of wages / deposits (If yes, please give details and category of workers affected)

☐ Yes ☒ No

Please give details:

Are there any restrictions on workers' freedom to terminate employment?

☐ Yes ☒ No

Please give details:

The factory did not restriction workers' freedom to terminate employment. Worker could freely resign after communication with management or fill resign application form in advance of 30 days.

| | |
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| <p>If any part of the business is UK based or registered there & has a turnover over £36m, is there a published a 'modern day slavery statement'?</p> | <p><input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not Applicable</p> <p>Please give details:</p> <p>NA</p> |
| <p>Is there evidence of any restrictions on workers' freedoms to leave the site at the end of the work day?</p> | <p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>Please give details:</p> <p>The factory did not restrict workers' freedom and workers could leave the factory freely after shift ends.</p> |
| <p>Does the site understand the risks of forced / trafficked / bonded labour in its supply chain</p> | <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable</p> <p>Please give details:</p> <p>The factory had learned the risks of forced labour and conducted assessment in their supplier chain.</p> |
| <p>Is the site taking any steps taking to reduce the risk of forced / trafficked labour?</p> | <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Please give details:</p> <p>The factory established procedures such as Non-forced labour to prohibit employing forced labour.</p> |

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

[Summary of Findings]

2: Compliance Requirements

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

Current Systems and Evidence Examined

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

Current Systems:

1. Right of association or collective bargaining was not restricted.
2. 2 worker representatives were elected by workers on Sep. 15, 2022. The factory carried out the communication meeting regularly. The meeting between management and worker representative was held in the factory, and the meeting records were provided for review.
3. According to payroll review, and workers interview, neither workers nor their representatives were discriminated against or suffer other repercussions because of freely exercise their right to organize.
4. On the audit day, one worker representative was present during the audit and one worker representative was interviewed by the auditor.

Evidence examined:

Details:
Freedom of association procedure
Worker representative selection procedure and selection record
Meeting minutes between management and worker representative
Worker representative's interview
Worker interview

Any other comments:

Nil

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| What form of worker representation/union is there on site? (Please add the name of the union or committee in the textbox) | <input type="checkbox"/> Union <input checked="" type="checkbox"/> Other <input type="checkbox"/> Worker Committee <input type="checkbox"/> None |
| Other details: | 2 worker representatives on site |
| Is it a legal requirement to have a union? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| Is it a legal requirement to have a worker's committee? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| Is there any other form of effective worker/management communication channel? (Other than union/worker committee e.g. H&S, sexual harassment) | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: 2 worker representatives were elected by workers to represent workers to carry out the communication meeting with management regularly. |
| Is there evidence of free elections? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |

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| 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 Please give details: Meeting room for communication with management regularly was available. |
| Name of union and union representative, if applicable: | NA |
| Is there evidence of free elections? | <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not Applicable |
| If there is no union, is there a parallel means of consultation with workers e.g. worker committees? | Worker representatives and suggestion box |
| Is there evidence of free elections? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable |
| Are all workers aware of who their representatives are? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: Based on interview with sampled employees, they knew their worker representatives |
| Were worker representatives freely elected? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| Date of last election: | 2022-09-15 |
| Do workers know what topics can be raised with their representatives? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| Were worker representatives/union representatives interviewed? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| If Yes, please state how many: | 1.0 |
| Please describe any evidence that union/worker's committee is effective? Specify date of last meeting; topics covered; how minutes were communicated etc. | Meetings were held regularly between the worker representative and factory management. According to document review and workers interview, the latest meeting was conducted on Mar.10, 2023 with topic of Health and safety. |
| Are any workers covered by Collective Bargaining Agreement (CBA)? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |

3 - Working Conditions are Safe and Hygienic [Summary of Findings]

3: Compliance Requirements

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:

Through on-site observation:

1. Evacuation routes were clean, evacuation plans were posted at all production areas and the evacuation routes of the shared areas were not blocked.
2. The ventilation, temperature and lighting in the production workshops were appropriate.
3. Adequate exits and adequate fire facilities such as fire extinguishers and fire hydrant were installed in the factory and inspected monthly.
4. Sufficient First aid kits with medicine were equipped at each production floor.
5. Fire alarm system and electrical equipment were installed and inspected monthly.
6. Clean and sufficient toilets were provided in the factory.
7. No dormitory, canteen & kitchen was provided for workers.

Through document review, workers interview and management interview:


1. There was a Health and Safety Committee established in the facility, with the meeting conducted every season. The last meeting was conducted on Mar. 8, 2023.
2. Construction project completion acceptance checks had been provided by the factory for review.
3. Construction fire control checks had been provided by the factory for review.
4. The factory had established health and safety policy. The factory maintained complete accidents handling and tracking system.
5. Training of health and safety was provided to all workers
6. The factory had one electrician with electrician certificate was in charge of electrical maintenance and safety inspection.
7. Trained first aiders trained by Red Cross were available in the factory for first aid service.
8. The factory provided safety training certificates of production unit administrators for review.
9. Factory conducted fire training and joined fire drills twice a year for all employees in the factory, and the last fire drills were conducted on Apr. 28, 2023.
10. The drinking water inspection report was provided for review and all of the indexes showed acceptable.
11. Risk assessment for new and expectant mothers was included in Safety Risk Assessment Management Rules.

Evidence examined:


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| <p>Details:</p> <p>Health, safety, environmental policy and procedures</p> <p>Appointment letter</p> <p>Training records</p> <p>Risk assessment records</p> <p>Management certificate of production safety</p> <p>Electrician certificate</p> <p>First aid certificate</p> <p>Fire equipment inspection records</p> <p>Emergency preparedness plan</p> <p>Emergency evacuation records</p> <p>Work-related injury/incident / illness record and analysis</p> |
| <p>Any other comments:</p> |
| <p>Nil</p> |

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| Does the facility have general and occupational Health & Safety policies and procedures that are fit for purpose and are these communicated to workers? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <p>Please give details:</p> <p>The factory established Health & Safety policies and procedures and conducted health and safety training for employees every year.</p> |
| Are the policies included in workers' manuals? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <p>Please give details:</p> <p>Health & Safety policies were included in worker's manual.</p> |
| Are there any structural additions without required permits/inspections (e.g. floors added)? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <p>Please give details:</p> <p>Per factory tour, there was not any structural addition without required permits/inspections.</p> |
| Are visitors to the site informed on H&S and provided with personal protective equipment? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <p>Please give details:</p> <p>During factory tour, auditor was informed on H&S and was provided with personal protective equipment.</p> |
| Is a medical room or medical facility provided for workers?(This section is to list evidence to support system description (Documents examined & relevant comments. Include renewal/expiry date where appropriate)) | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <p>Please give details:</p> <p>There was no medical room in the factory, but the first aid kits were installed in the production areas.</p> |
| 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 <p>Please give details:</p> <p>2 first aiders trained were available in the factory for first aid service.</p> |
| Where the facility provides worker transport – is it fit for purpose, safe, maintained and operated by competent persons e.g. buses and other vehicles? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <p>Please give details:</p> <p>No transport was provided by the factory.</p> |

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| Is secure personal storage space provided for workers in their living space and is fit for purpose? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: No dormitory was provided |
| Are H&S Risk assessments are conducted (including evaluating the arrangements for workers doing overtime e.g. driving after a long shift) and are there controls to reduce identified risk? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: Health and safety risk assessment procedure was established and risk identification, assessment and control action list had worked out. The factory provided the risk assessment list for reviewing and effective actions were recorded. |
| Is the site meeting its legal obligations on environmental requirements including required permits for use and disposal of natural resources? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The production activities of the factory were accord with local requirements. And there was no fine happened due to non-compliance to environment regulation in the past 12 months. |
| 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 give details: The factory learned the requirements on environmental standards by their customers to accord with their requirements. |

| Non-Compliance | | Evidence | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|----------|----------------|--|--------|------|-----------|--------------|--------|--|-------------|--|-------------|-----------|----------------------|---|------------|--|--------------------|--|-----------------|---|----------|--|-----------------------------------|--|------------------|--|-----------|---|---------|--|---|
| [Back to findings summary] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <table border="1"> <thead> <tr> <th colspan="2">Non-Compliance</th> </tr> </thead> <tbody> <tr> <td>Status</td> <td>OPEN</td> </tr> <tr> <td>Reference</td> <td>ZAF600078084</td> </tr> <tr> <td>Clause</td> <td>3 - Working Conditions are Safe and Hygienic</td> </tr> <tr> <td>Issue Title</td> <td>264 - Machines lack appropriate safety guards (e.g. eye or needle guards on sewing machines, belt / hand guards on other machines)</td> </tr> <tr> <td>Subcategory</td> <td>Machinery</td> </tr> <tr> <td>New or carried over?</td> <td> <input checked="" type="checkbox"/> New <input type="checkbox"/> Carried Over </td> </tr> <tr> <td>Root cause</td> <td> <input type="checkbox"/> Training <input type="checkbox"/> System <input type="checkbox"/> Costs <input type="checkbox"/> Lack of workers <input type="checkbox"/> Other </td> </tr> <tr> <td>Root cause - Other</td> <td></td> </tr> <tr> <td>Local law issue</td> <td>Safety Production Codes for Presswork (GB 8176-2012) The plant shall select, provide and enforce the use of safety devices for the operator within the press danger zone. 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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.</td> </tr> <tr> <td>Explanation to the non compliance</td> <td>Based on factory tour, it was noted that there were die-casting machine in F1 production workshop, but no protective devices are installed to prevent workers from burning.工厂有三台压铸机，但是未安装保护装置以避免工人烫伤</td> </tr> <tr> <td>Follow up method</td> <td> <input type="checkbox"/> Follow up audit <input checked="" type="checkbox"/> Desktop audit </td> </tr> <tr> <td>Timescale</td> <td> <input type="checkbox"/> Immediate <input checked="" type="checkbox"/> 30 days <input type="checkbox"/> 60 days <input type="checkbox"/> 90 days <input type="checkbox"/> 120 days <input type="checkbox"/> 180 days <input type="checkbox"/> 365 days <input type="checkbox"/> Other </td> </tr> <tr> <td>Actions</td> <td>It is recommended that the factory should install protective equipment to prevent workers from burning.工厂应安装保护装置防止工人烫伤</td> </tr> </tbody> </table> | | | Non-Compliance | | Status | OPEN | Reference | ZAF600078084 | Clause | 3 - Working Conditions are Safe and Hygienic | Issue Title | 264 - Machines lack appropriate safety guards (e.g. eye or needle guards on sewing machines, belt / hand guards on other machines) | Subcategory | Machinery | New or carried over? | <input checked="" type="checkbox"/> New <input type="checkbox"/> Carried Over | Root cause | <input type="checkbox"/> Training <input type="checkbox"/> System <input type="checkbox"/> Costs <input type="checkbox"/> Lack of workers <input type="checkbox"/> Other | Root cause - Other | | Local law issue | Safety Production Codes for Presswork (GB 8176-2012) The plant shall select, provide and enforce the use of safety devices for the operator within the press danger zone. 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| Non-Compliance | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| New or carried over? | <input checked="" type="checkbox"/> New <input type="checkbox"/> Carried Over | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Root cause | <input type="checkbox"/> Training <input type="checkbox"/> System <input type="checkbox"/> Costs <input type="checkbox"/> Lack of workers <input type="checkbox"/> Other | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Non-Compliance | | Evidence | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| [Back to findings summary] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <table><tr><th colspan="2">Non-Compliance</th></tr><tr><td>Status</td><td>OPEN</td></tr><tr><td>Reference</td><td>ZAF600078085</td></tr><tr><td>Clause</td><td>3 - Working Conditions are Safe and Hygienic</td></tr><tr><td>Issue Title</td><td>278 - Personal Protective Equipment (PPE) provided but incidents of workers not using PPE where appropriate</td></tr><tr><td>Subcategory</td><td>Personal Protective Equipment/Clothing</td></tr><tr><td>New or carried over?</td><td><input checked="" type="checkbox"/> New <input type="checkbox"/> Carried Over</td></tr><tr><td>Root cause</td><td><input checked="" type="checkbox"/> Training <input type="checkbox"/> System <input type="checkbox"/> Costs <input type="checkbox"/> Lack of workers <input type="checkbox"/> Other</td></tr><tr><td>Root cause - Other</td><td></td></tr><tr><td>Local law issue</td><td>Work Safety Law of the People's Republic of China, Article 45 : The production and business operation units must provide the employees with labor protective articles that meet the national or industrial standards, and supervise and educate the employees to wear and use them in accordance with the rules for use.</td></tr><tr><td>ETI code</td><td>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.</td></tr><tr><td>Explanation to the non compliance</td><td>Based on factory tour, it was noted that 2 workers who contact to chemical in painting workshop didn't wear mask, although the factory already provided. 两名点漆工未佩戴工厂提供的口罩</td></tr><tr><td>Follow up method</td><td><input type="checkbox"/> Follow up audit <input checked="" type="checkbox"/> Desktop audit</td></tr><tr><td>Timescale</td><td><input type="checkbox"/> Immediate <input checked="" type="checkbox"/> 30 days <input type="checkbox"/> 60 days <input type="checkbox"/> 90 days <input type="checkbox"/> 120 days <input type="checkbox"/> 180 days <input type="checkbox"/> 365 days <input type="checkbox"/> Other</td></tr><tr><td>Actions</td><td>It is recommended that the factory should provide PPE wearing training for workers and strenthen awareness. 工厂应提供培训加强员工的意识</td></tr></table> | | | Non-Compliance | | Status | OPEN | Reference | ZAF600078085 | Clause | 3 - Working Conditions are Safe and Hygienic | Issue Title | 278 - Personal Protective Equipment (PPE) provided but incidents of workers not using PPE where appropriate | Subcategory | Personal Protective Equipment/Clothing | New or carried over? | <input checked="" type="checkbox"/> New <input type="checkbox"/> Carried Over | Root cause | <input checked="" type="checkbox"/> Training <input type="checkbox"/> System <input type="checkbox"/> Costs <input type="checkbox"/> Lack of workers <input type="checkbox"/> Other | Root cause - Other | | Local law issue | Work Safety Law of the People's Republic of China, Article 45 : The production and business operation units must provide the employees with labor protective articles that meet the national or industrial standards, and supervise and educate the employees to wear and use them in accordance with the rules for use. | ETI code | 3.1 - A safe and hygienic working environment shall be provided, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Adequate steps shall be taken to prevent accidents and injury to health arising out of, associated with, or occurring in the course of work, by minimising, so far as is reasonably practicable, the causes of hazards inherent in the working environment. | Explanation to the non compliance | Based on factory tour, it was noted that 2 workers who contact to chemical in painting workshop didn't wear mask, although the factory already provided. 两名点漆工未佩戴工厂提供的口罩 | Follow up method | <input type="checkbox"/> Follow up audit <input checked="" type="checkbox"/> Desktop audit | Timescale | <input type="checkbox"/> Immediate <input checked="" type="checkbox"/> 30 days <input type="checkbox"/> 60 days <input type="checkbox"/> 90 days <input type="checkbox"/> 120 days <input type="checkbox"/> 180 days <input type="checkbox"/> 365 days <input type="checkbox"/> Other | Actions | It is recommended that the factory should provide PPE wearing training for workers and strenthen awareness. 工厂应提供培训加强员工的意识 | <div><p><u>Not wear PPE.jpg</u></p></div> |
| Non-Compliance | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Status | OPEN | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Reference | ZAF600078085 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Subcategory | Personal Protective Equipment/Clothing | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| New or carried over? | <input checked="" type="checkbox"/> New <input type="checkbox"/> Carried Over | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Root cause | <input checked="" type="checkbox"/> Training <input type="checkbox"/> System <input type="checkbox"/> Costs <input type="checkbox"/> Lack of workers <input type="checkbox"/> Other | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Root cause - Other | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Local law issue | Work Safety Law of the People's Republic of China, Article 45 : The production and business operation units must provide the employees with labor protective articles that meet the national or industrial standards, and supervise and educate the employees to wear and use them in accordance with the rules for use. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Actions | It is recommended that the factory should provide PPE wearing training for workers and strenthen awareness. 工厂应提供培训加强员工的意识 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

4 - Child Labour Shall Not Be Used [Summary of Findings]

4: Compliance Requirements

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

Current Systems and Evidence Examined

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

Current Systems:

1. The facility establishes a policy that would never employ and use any child labour under the age of 16 years old. The factory kept copies of ID cards with employment history.
2. The factory has established effective procedure to verify the workers' ages during the recruitment. All applicants had to fill application form during recruiting, and all information identified in the application form should be verified.
3. The factory's one manager to interview and check ID cards to verify ages during the recruitment of workers.
4. Review the workers' roster, workers' personnel files, labour contracts, employee interview and site observation, no child labour was employed in the factory. The youngest worker was 19 years old.
5. The factory has established forbidden child policy and child labour remedy policy.

Remark: In China, minimum age of worker is 16 years old. Workers between 16 -18 are regarded as young labor.

Evidence examined:

Details:
Recruitment system
Employees roster
Employee personnel files with employee ID copy
Labour contracts
Employee interview

Any other comments:

Nil

| | |
|--|--|
| Legal age of employment: | 16 |
| Age of youngest worker found: | 19 |
| Are there children present on the work floor but not working at the time of audit? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| Percentage of under 18's at this site (of total workers) | 0.0% |
| Are workers under 18 subject to hazardous work assignments? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: No workers under 18 |

5 - Living Wages are Paid

[Summary of Findings]

5: Compliance Requirements

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

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

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

Current Systems and Evidence Examined

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

Current Systems:

1. The local minimum wage standard for full-time work was set at RMB1840 per Month equivalent to RMB 10.57 per hour (1840/21.75/8) since 1st Aug. 2021.

2. Payrolls from May. 2022 to Apr. 2023 were reviewed during the audit. As shown in the payroll and verified through worker interviews, wage was calculated at hourly rate. Based on provided payroll records, the minimum wage paid was RMB 16 per hour.

3. All employees were provided with written and understandable information about their employment conditions in respect to wages before they entered employment and about the particulars of their wages for the pay period concerned each time that they were paid.

4. In Employee Handbook, annual leave, statutory holiday, sick leave, marriage leave, maternity leave and funeral leave were defined. And through payroll and leave records review, these paid leaves were provided to workers.

5. Based the records provided by the factory, all employees were paid correctly for their overtime wages, 150% and 200% of normal wage rate was paid for overtime work on normal days and rest days respectively. (Remark: no overtime hours were noted on holidays through payrolls and attendance records review, however, as per factory policy and interview, the overtime hours on holidays will be paid by 300% of normal wage).

6. All workers were paid by cash at the end of following month. The latest pay period was Apr. 2023.

7. Through document review and employee interview, the numbers of workers on attendance and payroll records were consistent with the number of workers in the employee register. The calculated period was from 1st to the end of every month.

8. Based on document review and interview with workers, it is noted that social insurance was insufficient.

Evidence examined:

Details:

Payroll records from May. 2022 to Apr. 2023

Attendance records from Mar. 2022 to the audit date

Leave Policy

Employee Handbook

Leaving records

Worker interview

Social insurance payment receipt

Any other comments:

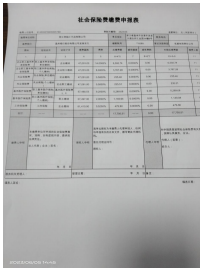
Nil

Summary Information

| Criteria | Local Law | Actual at the Site | Is this part of a Collective Bargaining Agreement? |
|----------|-----------|--------------------|--|
| | | | |

| | | | |
|---|--|--|----|
| Standard/Contracted work hours: (Maximum legal and actual required working hours excluding overtime, please state if possible per day, week, and month) | Legal Maximum Per Day: 8.0 Per Week: 40.0 Per Month: 174.0 | Actual Per Day: 8.0 Per Week: 40.0 Per Month: 184.0 | NO |
| Overtime hours: (Maximum legal and actual overtime hours, please state if possible per day, week, and month) | Legal Maximum Per Day: 3.0 Per Week: null Per Month: 36.0 | Actual Per Day: 2.0 Per Week: 14.0 Per Month: 66.0 | NO |
| Wage for standard/contracted hours: (Minimum legal and actual minimum wage at site, please state if possible per hr, day, week, and month) | Legal Maximum Per Day: 84.6 Per Week: 423.0 Per Month: 1840.0 | Actual Per Day: 128.0 Per Week: 640.0 Per Month: 2784.0 | NO |
| Overtime wage: (Minimum legal and actual minimum overtime wage at site, please state if possible per hr, day, week, and month) | Legal Maximum Per Day: null Per Week: null Per Month: null | Actual Per Day: 48.0 Per Week: 256.0 Per Month: 1960.0 | NO |
| Wages Analysis: | | | |
| Were accurate records shown at the first request? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | | |
| 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) | Wage list and attendance for 10 samples from Aug. 2022 (random month) 10 samples from Dec. 2022 (random month) 10 samples from Apr. 2023 (current paid month) | | |
| Are there different legal minimum wage grades? If Yes, please specify all. | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | | |
| 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"/> Not Applicable Please give details: | | |
| For the lowest paid production workers, are wages paid for standard/contracted hours (excluding overtime) below or above the legal minimum? | <input type="checkbox"/> Below legal min <input type="checkbox"/> Meet <input checked="" type="checkbox"/> Above | | |
| Lowest actual wages found: Note: full time employees and please state hour / week / month etc. | RMB 16 per hour | | |
| Please indicate the breakdown of workforce per earnings | 0.0% of workforce earning under minimum wage 0.0% of workforce earning minimum wage 100.0% of workforce earning above minimum wage | | |
| Bonus Scheme found: Please specify details: | Bonus Scheme found: Hot temperature allowance RMB 300 Note: type of employee (e.g. full time, temp, etc.) and please state which units e.g. /hour /week /month etc. | | |
| What deductions are required by law e.g. social insurance? Please state all types: | Social insurance (individual part) include endowment insurance, medical insurance and unemployment insurance and personal income tax. | | |
| Have these deductions been made? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | | |
| Please list all deductions that have been made. | No any deductions on site | | |
| Please list all deductions that have not been made. | social insurance was paid by the factory and the workers' wages do not meet the tax deduction standard | | |

| | |
|---|---|
| Were appropriate records available to verify hours of work and wages? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| Were any inconsistencies found? (if yes describe nature) | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| 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 Please give details: The attendance records indicated that the punched in and out were calculated as work time and meetings before or after work were paid for their time, based on workers interview and management interview. |
| Is there a defined living wage: This is not normally minimum legal wage. If answered yes, please state amount and source of info: Please see SMETA Best Practice Guidance and Measurement Criteria. | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: |
| 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 <input type="checkbox"/> Other – please give details: |
| Are there periodic reviews of wages? If Yes give details (include whether there is consideration to basic needs of workers plus discretionary income). | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: Adjusting wages according to the local minimum wage. |
| Are workers paid in a timely manner in line with local law? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| Is there evidence that equal rates are being paid for equal work: | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: Confirmed by workers interview, management interview and factory policy. |
| How are workers paid: | <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Cheque <input type="checkbox"/> Bank Transfer <input type="checkbox"/> Other |

| Non-Compliance | | Evidence | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|---|----------------|--|--------|------|-----------|--------------|--------|---------------------------|-------------|---|-------------|----------------------|----------------------|---|------------|---|--------------------|--|-----------------|--|----------|---|-----------------------------------|---|------------------|--|
| [Back to findings summary] | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Non-Compliance | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Status | OPEN | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Reference | ZAF600078082 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Clause | 5 - Living Wages are Paid | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Issue Title | 423 - Compulsory insurance (e.g. social insurance, accident insurance etc.) not paid - systemic | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Subcategory | Benefits & Insurance | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| New or carried over? | <input checked="" type="checkbox"/> New <input type="checkbox"/> Carried Over | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Root cause | <input type="checkbox"/> Training <input type="checkbox"/> System <input checked="" type="checkbox"/> Costs <input type="checkbox"/> Lack of workers <input type="checkbox"/> Other | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Root cause - Other | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Follow up method | <input checked="" type="checkbox"/> Follow up audit <input type="checkbox"/> Desktop audit | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | <div></div> <div>Insufficient social insurance.jpg</div> | | | | | | | | | | | | | | | | | | | | | | | | | | |

| | | | |
|-----------|--|-----------------------------------|---|
| Timescale | <input type="checkbox"/> Immediate | <input type="checkbox"/> 30 days | <input checked="" type="checkbox"/> 60 days |
| | <input type="checkbox"/> 90 days | <input type="checkbox"/> 120 days | <input type="checkbox"/> 180 days |
| | <input type="checkbox"/> 365 days | <input type="checkbox"/> Other | |
| Actions | Factory should ensure all workers enroll in all 5 types of social insurance schemes in order to receive their statutory welfare benefits and to comply with the law. 应全员参保 | | |

6 - Working Hours are not Excessive [Summary of Findings]

6: Compliance Requirements

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:

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

Current Systems and Evidence Examined

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

Current Systems:

1. The factory provided the attendance records for workers from May 2022 to audit date for review during the audit date.
2. The working hours in the factory were recorded by Fingerprint attendance system.
3. Based on attendance records from May 2022 to audit day review, it was found that workers' monthly overtime hours exceeded 36 hours in most of months. Three sampled months Apr. 2023 (current paid month), Dec. 2022 and Aug. 2022 were randomly selected. It was found that 10 out of 10 workers' monthly overtime was 62 hours in Apr. 2023, 10 out of 10 workers' monthly overtime was 66 hours in Dec. 2022 and 10 out of 10 workers' monthly overtime was 60 hours in Aug. 2022.
4. During the workers interview, workers confirmed that they worked overtime voluntarily. The workers had right to refuse overtime work.

Evidence examined:

Details:

1. Attendance Records: from May 2022 to the audit day
2. Production records: daily production records, delivery in/ out records of warehouse, inspection records.
3. Employee interview

Any other comments:

Nil

Working hours' analysis

Systems & Processes

| | |
|------------------------------------|-------------------------------|
| What timekeeping systems are used? | Fingerprint attendance system |
|------------------------------------|-------------------------------|

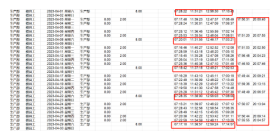
| | |
|--|---|
| Is sample size same as in wages section? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
|--|---|

Please give details:

| | |
|---|---|
| Are standard/contracted working hours defined in all contracts/employment agreements? (If no, please give details including % and which type of workers do NOT have standard hours defined in contracts/employment agreements.) | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
|---|---|

| | |
|--|---|
| Are there any other types of contracts/employment agreements used? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| If Yes, please complete as appropriate: | <input type="checkbox"/> 0 hours <input checked="" type="checkbox"/> Part time <input type="checkbox"/> Variable hours <input type="checkbox"/> Other |
| Do any standard/contracted working hours defined in contracts/employment agreements exceed 48 hours per week? (If yes, please detail hours, %, types of workers affected and frequency.) | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| Are workers provided with at least 1 day off in every 7-day-period, or 2 in 14-day-period? | <input checked="" type="checkbox"/> 1 in 7 days <input type="checkbox"/> 2 in 14 days <input type="checkbox"/> 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 |
| Standard/Contracted Hours worked | |
| Were standard working hours over 48 hours per week found? (If yes, % of workers & frequency) | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No % of workers: null% Frequency: |
| Any local waivers/local law or permissions which allow averaging/annualised hours for this site? (If yes, please give details.) | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| Overtime Hours worked | |
| Actual overtime hours worked in sample (State per day/week/month) | Highest OT hours: 2 hours per day / 14 hours per week/ 60 hours per month in Aug. 2022. 2 hours per day / 14 hours per week/ 66 hours per month in Dec. 2022. 2 hours per day / 14 hours per week/ 62 hours per month in Apr. 2023. |
| Combined hours (standard or contracted + overtime hours = total) over 60 found? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: The maximum 54 hours per week |
| Approximate percentage of total workers on highest overtime hours: | 100.0% |
| Is overtime voluntary? (Please detail evidence e.g. Wording of contract / employment agreement / handbook / worker interviews / refusal arrangements) | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Conflicting Information Please give details: Labour contracts had defined that the workers' overtime working were voluntary. Working hours' procedure also stipulated that the workers could attend the overtime working by their voluntary. In additional, 10 out of 10 randomly sample interviewed workers also confirmed that they took the overtime working by their own will. |
| Overtime premium | |

| | |
|---|---|
| Are the correct legal overtime premiums paid? (Please give details of normal day overtime premium as a % of standard wages) | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A – there is no legal requirement to OT premium Please give details: Overtime hours on normal working days and rest days were compensated by 150% and 200% respectively of normal wage standard. (Remark: no overtime hours were noted on holidays through payrolls and attendance records review, however, as per factory policy and interview, the overtime hours on holidays will be paid by 300% of normal wage) |
| Is overtime paid at a premium? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No 100% workers were paid at a premium monthly. |
| If the site pays less than 125% OT premium and this is allowed under local law, are there other considerations? Please complete the boxes where relevant. | <input checked="" type="checkbox"/> No <input type="checkbox"/> Consolidated pay <input type="checkbox"/> Collective Bargaining agreements <input type="checkbox"/> Other |
| Please give details | NA |
| If more than 60 total hours per week and this is legally allowed, are there other considerations? Please complete the boxes where relevant. (Please explain any checked boxes above e.g. detail of consolidated pay / CBA or Other) | <input checked="" type="checkbox"/> Overtime is voluntary <input type="checkbox"/> Onsite Collective bargaining allows 60+ hours/week is voluntary <input type="checkbox"/> Safeguards are in place to protect worker's health and safety <input type="checkbox"/> Site can demonstrate exceptional circumstances <input type="checkbox"/> Other reasons (please specify) |
| Please explain any checked boxes above e.g. detail of consolidated pay / CBA or other | NA |
| 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 sufficient workers cannot be hired, are new working time arrangements explored to ensure that overtime is the exception rather than the rule? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |

| Non-Compliance | | Evidence | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|----------|----------------|--|--------|------|-----------|--------------|--------|-------------------------------------|-------------|--|-------------|----------|----------------------|---|------------|---|--------------------|--|-----------------|---|----------|--|-----------------------------------|---|------------------|--|-----------|---|---------|--|---|
| [Back to findings summary] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <table border="1"> <thead> <tr> <th colspan="2">Non-Compliance</th> </tr> </thead> <tbody> <tr> <td>Status</td> <td>OPEN</td> </tr> <tr> <td>Reference</td> <td>ZAF600078083</td> </tr> <tr> <td>Clause</td> <td>6 - Working Hours are not Excessive</td> </tr> <tr> <td>Issue Title</td> <td>480 - Overtime is not used responsibly i.e. extent, frequency and level of hours worked by individual workers and / or whole workforce are excessive</td> </tr> <tr> <td>Subcategory</td> <td>Overtime</td> </tr> <tr> <td>New or carried over?</td> <td> <input checked="" type="checkbox"/> New <input type="checkbox"/> Carried Over </td> </tr> <tr> <td>Root cause</td> <td> <input type="checkbox"/> Training <input type="checkbox"/> System <input type="checkbox"/> Costs <input checked="" type="checkbox"/> Lack of workers <input type="checkbox"/> Other </td> </tr> <tr> <td>Root cause - Other</td> <td></td> </tr> <tr> <td>Local law issue</td> <td> 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. 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| Non-Compliance | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Status | OPEN | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Reference | ZAF600078083 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Clause | 6 - Working Hours are not Excessive | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Issue Title | 480 - Overtime is not used responsibly i.e. extent, frequency and level of hours worked by individual workers and / or whole workforce are excessive | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Subcategory | Overtime | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| New or carried over? | <input checked="" type="checkbox"/> New <input type="checkbox"/> Carried Over | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Root cause | <input type="checkbox"/> Training <input type="checkbox"/> System <input type="checkbox"/> Costs <input checked="" type="checkbox"/> Lack of workers <input type="checkbox"/> Other | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Root cause - Other | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Explanation to the non compliance | According to the attendance records of employees, it was noted the monthly overtime hours exceeded 36 hours in May. 2022 to Apr 2023. Based on 10 sampled worker time records. 1). 10 out of 10 randomly selected workers reached 66 hours in Dec. 2022 2). 10 out of 10 randomly selected workers reached 60 hours in Aug. 2022 3). 10 out of 10 randomly selected workers reached 62 hours in Apr. 2023. 加班超时。抽样的10人中有10人 2022年12月加班66小时，2022年8月加班60小时，2023年4月加班62小时。 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Follow up method | <input checked="" type="checkbox"/> Follow up audit <input type="checkbox"/> Desktop audit | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Timescale | <input type="checkbox"/> Immediate <input type="checkbox"/> 30 days <input checked="" type="checkbox"/> 60 days <input type="checkbox"/> 90 days <input type="checkbox"/> 120 days <input type="checkbox"/> 180 days <input type="checkbox"/> 365 days <input type="checkbox"/> Other | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Actions | It is recommended that the factory should reduce the | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| | | |
|--|---|--|
| | <div>overtime to ensure the monthly overtime hours within 36 hours per month. 应控制月加班时间在36小时内.</div> | |
|--|---|--|

7 - No Discrimination is Practiced [Summary of Findings]

7: Compliance Requirements

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

Current Systems and Evidence Examined

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

Current Systems:

1. Non-discrimination policy was reviewed. And no discrimination issue was found.
2. No employee was required to do the examination of the hepatitis B virus and HIV, verified from worker interview.
3. Employment contracts were provided for review and they showed that male and female employees are on the same pay grade.
4. There was an internal grievance process, all interviewed workers were aware of the grievance channels in case they encountered any discrimination cases.
5. There was no evidence of discrimination in employment, promotion, compensation, welfare, dismissal and retirement found.
6. No any documents show any differential treatment to different workers, constituting discrimination.

Evidence examined:

Details:

Factory rules and regulations
Wages, benefits and compensation policy
Employment contracts
Disciplinary practices
Penalty records / reward records
Promotion / demotion records
Appeal, suggestion records and follow-up

Any other comments:

Nil

| | | |
|--|---|---|
| Gender breakdown of Management + Supervisors (Include as one combined group) | Male: 60.0% | Female: 40.0% |
| Number of women who are in skilled or technical roles (e.g. where specific qualifications are needed i.e. machine engineer / laboratory analyst) | 2 female workers were engaged in work of technician. | |
| 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"/> Promotion | <input type="checkbox"/> Compensation <input type="checkbox"/> Termination or retirement <input type="checkbox"/> Access to training <input checked="" type="checkbox"/> No evidence of discrimination found |
| Please give details | No discrimination on site | |
| Professional Development | | |
| What type of training and development are available for workers? | Fire safety, production promotion and etc. | |

Are HR decisions e.g. promotion, training, compensation based on objective, transparent criteria? (If no, please provide details)

☒ Yes ☐ No

8 - Regular Employment Is Provided [Summary of Findings]

8: Compliance Requirements

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

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

Additional Elements: Responsible Recruitment

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

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

8.5 Employment agencies must only supply workers registered with them.

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

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

Current Systems and Evidence Examined

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

Current Systems:

1. Recruitment process and procedures were established in the factory.
2. All employees were recruited by the factory directly. No labor agency was used to hire employees. No temporary employee, apprenticeship schemes or home employee was identified by the auditors.
3. All reviewed files were well maintained including an application form, the age verification documents, and contracts of employment.
4. Through the employee interview that all workers received signed contract of employment and copy of the same included in personal file.
5. The terms and conditions stated in the contract of employment complied with local laws.

Evidence examined:

Details:
Employee Handbook
Labour contracts
Worker interview
Recruitment policy
Personal file with ID copy

Any other comments:

Nil

Responsible Recruitment

All Workers

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 | |

| | |
|---|--|
| Did workers pay any fees, taxes, deposits or bonds for the purpose of recruitment/placement? (If yes, please describe details and specific category(ies) of workers affected) | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| Migrant Workers | |
| Type of work undertaken by migrant workers: | All production processes and management |
| Please give details about recruitment agencies for migrant workers: | Number of (in country) recruitment agencies used: 0 Number of (outside of local country) recruitment agencies used: 0 |
| Are migrant workers' voluntary deductions (such as for remittances) confirmed in writing by the worker and is evidence of the transaction supplied by the facility to the worker? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: the migrant workers were employed by the factory directly and no such deductions. |
| Is there any observation on this finding? | NA |
| Are any migrant workers in skilled, technical or management roles? (This should include all migrant workers including permanent workers, temporary and/or seasonal workers) | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No 2 migrant workers were engaged in work of management. |
| Non-employee workers | |
| Recruitment Fees | |
| Are there any fees? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| Agency Workers (if applicable) (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.) | |
| Number of agencies used (average): | 0 |
| Please provide the names of agencies if applicable | NA |
| Were agency workers' age / pay / hours included within the scope of this audit? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| Were sufficient documents for agency workers available for review? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| Is there a legal contract agreement with all agencies? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: NA |
| Does the site have a system for checking labour standards of agencies? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: NA |
| Contractors (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.) | |
| Any contractors on site? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: NA |

Do all contractor workers understand their terms of employment?

☐ Yes ☒ No

Please give details:

NA

8A - Sub-Contracting and Homeworking [Summary of Findings]

8A: Compliance Requirements

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

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

Current Systems and Evidence Examined

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

Current Systems:

1. No home working was identified in the factory.
2. Based on onsite observation, the factory had the electroplate ,Welding and printing processes sub-contracting for manufacturing the products.

Evidence examined:

Details:

No home working identified.
Documents review
Management interview
On-site observation

Any other comments:

Nil

Summary of sub-contracting – if applicable

| | |
|--|---|
| Is there any sub-contracting at this site? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| Process subcontracted | |
| Process Subcontracted | electroplate ,Welding and printing processes |
| Name of factory | Fujian Xiapu Hongchang Scrapping Co., Ltd |
| Address | Liuzhou Bay, Xiapu County, Ningde, Fujian. |
| Has the auditor made a simple calculation to compare capacity with workers' work load in order to identify possible unrecorded work or undeclared sub-contracting? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The factory current production capacity was consistent with on-site. |
| If sub-contractors are used, is there evidence this has been agreed with the main client? (If yes, please provide details) | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No The sub-contracting process used has been agreed by the main clients. |
| Number of sub-contractors/agents used: | 1 |
| Is there a site policy on sub-contracting? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No The factory had the sub-contractor policy. |
| What checks are in place to ensure no child labour is being used and work is safe? | Currently the sub-contractors were being managed by the site, there were checks on whether children were present by internal audit. |
| Summary of homeworking – if applicable | |
| Is homeworking used at this site? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |

9 - No Harsh or Inhumane Treatment is Allowed

[Summary of Findings]

9: Compliance Requirements

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.

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

Current Systems and Evidence Examined

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

Current Systems:

1. The factory management established a disciplinary procedure for workers' misbehaviour which included oral warning, written warning and finally termination and the site, had developed a training program for all employees on the procedure. Confirmed by workers interview, they were aware of the disciplinary procedure.
2. The factory established a policy on Harsh Treatment. Confirmed by workers interview, there was no such negative evidence happened in the past.
3. There was an internal process for grievance, which is an anonymous suggestion box, where workers can report any grievances (harassment, bullying, discrimination etc.). Any received complaint will be handled by management, without any reprisal for the worker in question.

Evidence examined:

Details:

1. The relevant policy on prevention of harassment and abuse
2. Internal grievance procedure documentation
3. Training records
4. Management and workers interview

Any other comments:

Nil

| | |
|--|--|
| Are there published, anonymous and/or open channels available for reporting any violations of Labour standards and H&S or any other grievances to a 3rd party? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: Records of opening suggestion box, email and telephone number were available for employees' complaints. |
| If yes, are workers aware of these channels and have access? Please give details. | based on worker interview and site tour, those channels were available for employees. |
| If yes, what type of mechanism is used e.g. hotline, whistle blowing mechanism, comment box etc. Please give details. | suggestion box were available onsite. |
| Which of the following groups is there a grievance mechanism in place for? | <input checked="" type="checkbox"/> Worker <input type="checkbox"/> Communities <input type="checkbox"/> Suppliers <input type="checkbox"/> Other |
| Please provide grievance mechanism details | There is a suggestion box system, monitored by H&R Manager. |
| Are there any open disputes? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: |

| | |
|---|---|
| Does the site encourage its business partners (e.g. suppliers) to provide individuals and communities with access to effective grievance mechanisms (e.g. helplines or whistle blowing mechanism) | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: |
| Is there a published and transparent disciplinary procedure? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: |
| If yes, are workers aware of these the disciplinary procedure? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: |
| 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 Please give details: |

10A - Entitlement to Work and Immigration

[Summary of Findings]

10A: Compliance Requirements

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

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

Current Systems and Evidence Examined

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

Current Systems:

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

Evidence examined:

Details:

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

Any other comments:

Nil

10B4 - Environment 4-Pillar
[Summary of Findings]

10B4: Compliance Requirements

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

10.B4.2 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.

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

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

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

10.B4.6 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).

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

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

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

10B4: Guidance for Observations

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

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

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

Current Systems and Evidence Examined

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

Current Systems:

1. The factory had established written procedure for environment management.
2. One senior manager (Mr. Zhang Qing/Management representative) was responsible for continuous improvements in their environmental performance.
3. The factory had provided environment training for relative management and workers per year and kept relative training records.
4. Environment policy and risk assessment had been conducted for environment.
5. Based on onsite observation, the wastes such as domestic waste were classified and handled properly. The production process was simply assembly, only little ethyl alcohol was used. No hazardous waste generated.
6. No administrative penalty related to environmental issues was identified during this audit.
7. Based on document review, the EIA report, approval, EPCA and pollutant discharge registration permit were all available for review.
8. The environmental monitoring reports for waste air emission, boundary noise, domestic waste water were all provided for review.

Evidence examined:

Details:

Environment protection policy

Environment policy

Environment monitoring report

The records of the use and discharge of energy use, water use

Any other comments:

Nil

| Environmental Analysis | |
|--|--|
| Is there a manager responsible for Environmental issues (Name and Position): | Mr. Zhang Qing/Management representative |
| Has the site conducted a risk assessment on the environmental impact of the site, including implementation of controls to reduce identified risks? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The factory had conducted a risk assessment on the environmental impact. |
| Does the site have a recognised environmental system certification such as ISO 14000 or equivalent? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: No such certificate |
| Does the site have an Environmental policy? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| If yes, is it publicly available? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| If yes, does it address the key impacts from their operations and their commitment to improvement? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The factory addressed the key impacts from their operations and their commitment to improvement. |
| Does the site have a Biodiversity policy? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| Is there any other sustainability systems present such as Chain of Custody, Forest Stewardship Council (FSC), Marine Stewardship Council (MSC) etc.? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: No such system |
| Have all legally required permits been shown? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The factory provided all legally required permits for review. |
| Is there a documentation process to record hazardous chemicals used in the manufacturing process? | <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not Applicable Please give details: The factory did not use chemicals in manufacturing process. |
| Is there a system for managing client's requirements and legislation in the destination countries regarding environmental and chemical issues? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The factory established a system for managing client's requirements. |
| Facility has reduction targets in place for environmental aspects e.g. water consumption and discharge, waste, energy and green-house gas emissions: | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The factory had reduction targets in place for environmental aspects. |
| Facility has evidence of waste recycling and is monitoring volume of waste that is recycled. | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The factory monitored and recorded the waste recycling. |

| | | |
|--|---|-------------------------------|
| Does the facility have a system in place for accurately measuring and monitoring consumption of key utilities of water, energy and natural resources that follows recognised protocols or standards? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: There was a system in place for accurately measuring and monitor consumption of key utilities of water, energy and natural resources. | |
| Has the facility checked that any Sub-Contracting agencies or business partners operating on the premises have the appropriate permits and licences and are conducting business in line with environmental expectations of the facility? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: There were procedures to control and manage business partners and the factory communicated the environmental expectation to its suppliers. | |
| Usage/Discharge analysis | | |
| Criteria | Previous year: 2022 | Current year: 2023 |
| Electricity Usage: Kw/hrs | 604207 | 205703 |
| Renewable Energy Usage: Kw/hrs | 0 | 0 |
| Gas Energy Usage: Kw/hrs | 0 | 0 |
| Has site completed any carbon Footprint Analysis? | No | No |
| If Yes, please state result | | |
| Water Sources | Local water authority | Local water authority |
| Water Volume Used | 1000 | 300 |
| Water Discharged | Municipal sewage pipe network | Municipal sewage pipe network |
| Water Volume Discharged | 800 | 240 |
| Water Volume Recycled | 200 | 60 |
| Total waste produced | 15T | 5T |
| Total hazardous waste produced | 4T | 1.7T |
| Waste to recycling | 5T | 2T |
| Waste to landfill | 2T | 1T |
| Waste to other | 0 | 0 |
| Total Product Produced | 30000000pcs | 13000000pcs |

10C - Business Ethics – 4-Pillar Audit

[Summary of Findings]

10C: Compliance Requirements

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

10.C.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.

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

10.C.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.

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

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

10.C.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

10.C.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.

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

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

Current Systems and Evidence Examined

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

Current Systems:

1. The factory had a policy on business ethically without bribery, corruption and it was communicated to related workers and their suppliers.
2. Key workers had signed the anti-bribery and anti-corruption commitments.
3. The factory had a transparent system in place for confidentially reporting business ethics.
4. Mr. Zhang Qing/Management representative was a designated person responsible for business ethics in the facility.
5. No bribery, corruption activities were identified during this audit.

Evidence examined:

Details:

Policy on business ethics

Local law about business ethics

Communication records about business ethics with relevant employees

Any other comments:

Nil

Does the facility have a Business Ethics Policy and is the policy communicated and applied internally, externally or both, as appropriate?

☒ Internal Policy

☒ Policy for third parties including suppliers

Please give details:

The factory established policy on business ethics, bribery, and corruption. And the factory signed the anti-bribery and anti-corruption commitment letters with their suppliers.

| | |
|---|---|
| Does the site give training to relevant personnel (e.g. sales and logistics) on business ethics issues? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The factory had provided training to relevant personnel such as sales, purchasing and etc. |
| Is the policy updated on a regular (as needed) basis? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The factory updated the policy annually. |
| Does the site require third parties including suppliers to complete their own business ethics training | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The factory required its suppliers to complete their own business ethics training. |

Attachments



[Photo_ZAA600012460.pdf](#)



[Onsite capr_ZAA600012460.pdf](#)



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