



Sedex Members Ethical Trade Audit Report

Version 6.1



| Audit Details | | | |
|---|---|---|--|
| Sedex Company Reference: <i>(only available on Sedex System)</i> | ZC: 404177576 | Sedex Site Reference: <i>(only available on Sedex System)</i> | ZS: 404241638 |
| Business name (Company name): | Nil | | |
| Site name: | Tanyuan Technology Co., Ltd. 碳元科技股份有限公司 | | |
| Site address: <i>(Please include full address)</i> | No.7, Lanxiang Road, Wujin Economy Development Zone, Changzhou City, Jiangsu Province 江苏省常州市武进经济开发区兰香路7号 | Country: | China |
| Site contact and job title: | Xing Naijing/H&R Supervisor | | |
| Site phone: | (86)519-81581382-232 | Site e-mail: | xingnaijing@tanyuantech.com |
| SMETA Audit Pillars: | <input checked="" type="checkbox"/> Labour Standards | <input checked="" type="checkbox"/> Health & Safety (plus Environment 2-Pillar) | <input checked="" type="checkbox"/> Environment 4-pillar <input checked="" type="checkbox"/> Business Ethics |
| Date of Audit: | September 28-30, 2020 | | |

| | |
|--|---|
| Audit Company Name & Logo: Openview Service Limited  | Report Owner (payer): <i>(If paid for by the customer of the site please remove for Sedex upload)</i> Tanyuan Technology Co., Ltd. |
|--|---|

| 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 was applied. The scope of workers included all types at the site e.g. direct employees, agency workers, workers employed by service providers and workers provided by other contractors. Any deviations from the SMETA Methodology are stated (with reasons for deviation) in the SMETA Declaration.

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

2-Pillar SMETA Audit

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

4-Pillar SMETA

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

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

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

SMETA Declaration

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

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

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

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

Lead auditor: Hedy Gu APSCA number: RA21700126
Lead auditor APSCA status: In Good Standing
Team auditor: Nil APSCA number: Nil
Interviewers: Hedy Gu APSCA number: RA21700126

Report writer: Hedy Gu

Report reviewer: Henry Chan

Date of declaration: September 30, 2020

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

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

Summary of Findings

| Issue <i>(please click on the issue title to go direct to the appropriate audit results by clause) Note to auditor, please ensure that when issuing the audit report, hyperlinks are retained.</i> | Area of Non-Conformity <i>(Only check box when there is a non-conformity, and only in the box/es where the non-conformity can be found)</i> | | | | Record the number of issues by line*: | | | Findings <i>(note to auditor, summarise in as few words as possible NCs, Obs and GE)</i> |
|---|--|-------------------------------------|-------------------------------------|--------------------------|---------------------------------------|-----|----|---|
| | ETI Base Code | Local Law | Additional Elements | Customer Code | NC | Obs | GE | |
| 0A Universal Rights covering UNGP | | | <input type="checkbox"/> | <input type="checkbox"/> | | 0 | 0 | Nil |
| 0B Management systems and code implementation | | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 1 | 0 | 0 | NCs: No ETI training was provided for workers. |
| 1. Freely chosen Employment | <input type="checkbox"/> | <input type="checkbox"/> | | <input type="checkbox"/> | 0 | 0 | 0 | Nil |
| 2. Freedom of Association | <input type="checkbox"/> | <input type="checkbox"/> | | <input type="checkbox"/> | 0 | 0 | 0 | Nil |
| 3. Safety and Hygienic Conditions | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | <input type="checkbox"/> | 1 | 0 | 0 | NC: Not wearing PPE. |
| 4. Child Labour | <input type="checkbox"/> | <input type="checkbox"/> | | <input type="checkbox"/> | 0 | 0 | 0 | Nil |
| 5. Living Wages and Benefits | <input type="checkbox"/> | <input type="checkbox"/> | | <input type="checkbox"/> | 0 | 0 | 0 | Nil |
| 6. Working Hours | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | <input type="checkbox"/> | 1 | 0 | 0 | NC: The monthly overtime working hours of workers exceeded legal requirement. |
| 7. Discrimination | <input type="checkbox"/> | <input type="checkbox"/> | | <input type="checkbox"/> | 0 | 0 | 0 | Nil |
| 8. Regular Employment | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 0 | 0 | 0 | Nil |

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

General observations and summary of the site:

Site Summary:

The factory was established on August 13, 2010 and produced synthetic high thermal conductive graphite film. The factory was managed by Mr. Xu Shizhong who has managed the site since 2010. The audit was performed 2.5 days by one auditor, and included interviews and records inspection of 28 workers. Workers interviewed included both male and female.

There were 498 employees during audit. All employees were above 18 years old, and no foreign immigrant employees were available in the factory. Among these employees, ratio of gender was about 55% (male) VS 45% (female). All employees were favourable towards the factory. They enjoyed the work and said it was a friendly environment.

Pay was always accurate and was paid on time; no issues with the payslips were noted. Also, they said that they felt comfortable in approaching with any concerns they had.

One management system was in place with documented policy and procedures.

There were three non-compliances found in the audit.

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

Site Details

| Site Details | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|--|------------------------|-------------|----------------|-----------|--|-----|----------------------------|----|-----------------------|--------------------------|-------------|----------------|-----------|---|-----|----------------------------|----|-----------------------|--------------------------|-------------|----------------|-----------|---|-----|
| A: Company Name: | Nil | | | | | | | | | | | | | | | | | | | | | | | | | |
| B: Site name: | Tanyuan Technology Co., Ltd. | | | | | | | | | | | | | | | | | | | | | | | | | |
| C: GPS location: (If available) | GPS Address: No.7, Lanxiang Road, Wujin Economy Development Zone, Changzhou City, Jiangsu Province, China | Latitude: N31.728012 Longitude: E119.856647 | | | | | | | | | | | | | | | | | | | | | | | | |
| D: Applicable business and other legally required licence numbers and documents, for example, business license number, liability insurance, any other required government inspections | Business permit no. 91320400560286705F Valid from August 13, 2010 to long period | | | | | | | | | | | | | | | | | | | | | | | | | |
| E: Products/Activities at site, for example, garment manufacture, electricals, toys, grower, cutting, sewing, packing etc | Synthetic high thermal conductive graphite film | | | | | | | | | | | | | | | | | | | | | | | | | |
| F: Site description: (Include size, location, and age of site. Also, include structure and number of buildings) | <p>Based on the business license review, the factory was founded on August 13, 2010. It was located at No.7, Lanxiang Road, Wujin Economy Development Zone, Changzhou City, Jiangsu Province, China.</p> <table border="1"> <thead> <tr> <th>Production Building no</th> <th>Description</th> <th>Remark, if any</th> </tr> </thead> <tbody> <tr> <td>Floor 1-5</td> <td>Office, total about 9315 square meters</td> <td>Nil</td> </tr> <tr> <td>Is this a shared building?</td> <td>No</td> <td>One 5-storey building</td> </tr> <tr> <td>Production Building no 2</td> <td>Description</td> <td>Remark, if any</td> </tr> <tr> <td>Floor 1-2</td> <td>Production, total about 14000 square meters</td> <td>Nil</td> </tr> <tr> <td>Is this a shared building?</td> <td>No</td> <td>One 2-storey building</td> </tr> <tr> <td>Production Building no 3</td> <td>Description</td> <td>Remark, if any</td> </tr> <tr> <td>Floor 1-4</td> <td>Production and warehouse, total about 18000 square meters</td> <td>Nil</td> </tr> </tbody> </table> | | Production Building no | Description | Remark, if any | Floor 1-5 | Office, total about 9315 square meters | Nil | Is this a shared building? | No | One 5-storey building | Production Building no 2 | Description | Remark, if any | Floor 1-2 | Production, total about 14000 square meters | Nil | Is this a shared building? | No | One 2-storey building | Production Building no 3 | Description | Remark, if any | Floor 1-4 | Production and warehouse, total about 18000 square meters | Nil |
| Production Building no | Description | Remark, if any | | | | | | | | | | | | | | | | | | | | | | | | |
| Floor 1-5 | Office, total about 9315 square meters | Nil | | | | | | | | | | | | | | | | | | | | | | | | |
| Is this a shared building? | No | One 5-storey building | | | | | | | | | | | | | | | | | | | | | | | | |
| Production Building no 2 | Description | Remark, if any | | | | | | | | | | | | | | | | | | | | | | | | |
| Floor 1-2 | Production, total about 14000 square meters | Nil | | | | | | | | | | | | | | | | | | | | | | | | |
| Is this a shared building? | No | One 2-storey building | | | | | | | | | | | | | | | | | | | | | | | | |
| Production Building no 3 | Description | Remark, if any | | | | | | | | | | | | | | | | | | | | | | | | |
| Floor 1-4 | Production and warehouse, total about 18000 square meters | Nil | | | | | | | | | | | | | | | | | | | | | | | | |

| | | | |
|-------------------|---|---|-----------------------|
| | Is this a shared building? | No | One 4-storey building |
| | Production Building no 4 | Description | Remark, if any |
| | Floor 1-2 | Canteen & kitchen, total about 4116 square meters | Nil |
| | Is this a shared building? | No | One 2-storey building |
| | <p>A total of 498 employees worked in the factory. Two shifts (07:00-11:30/12:30-16:00, OT if needed:17:00-19:00; 19:00-24:00/01:00-04:00, OT if needed: 05:00-07:00) were available in the production workshops and only one shift was available in other departments: 07:00-11:30/12:30-16:00, OT if needed:17:00-19:00.</p> <p>The normal working hours were 8 hours per weekday and 40 hours per week. Workers' wages were calculated on hourly-rated basis. The peak season was not obvious according to management interview and workers interview.</p> <p>252 employees in the factory were from Jiangsu Province and 246 employees in the factory were from other Provinces of China.</p> <p>The canteen and kitchen were provided for workers, but no dormitory was provided for workers in the factory.</p> <p>Based on the management interview, due to the need of confidentiality, auditor cannot take photos in the production workshops.</p> <p>For below, please add any extra rows if appropriate.</p> <p>F1: Visible structural integrity issues (large cracks) observed? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>F2: Please give details: Please give details: Based on site tour, the structure of buildings was safe and integrated. No cracks were found during this audit.</p> <p>F3: Does the site have a structural engineer evaluation? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>F4: Please give details: Please give details: The factory provided structural engineer evaluation for review.</p> | | |
| G: Site function: | <input type="checkbox"/> Agent | | |

| | |
|---|---|
| | <input checked="" type="checkbox"/> Factory Processing/Manufacturer <input type="checkbox"/> Finished Product Supplier <input type="checkbox"/> Grower <input type="checkbox"/> Homeworker <input type="checkbox"/> Labour Provider <input type="checkbox"/> Pack House <input type="checkbox"/> Primary Producer <input type="checkbox"/> Service Provider <input type="checkbox"/> Sub-Contractor |
| <p>H: Month(s) of peak season: (if applicable)</p> | <p>Not obvious.</p> |
| <p>I: Process overview: (Include products being produced, main operations, number of production lines, main equipment used)</p> | <p>The factory was manufacturing synthetic high thermal conductive graphite film.</p> <p>The main production processes were listed as below: Raw material, carbonizing and graphitizing, extending, die-cutting, assembly, inspection and packing</p> <p>The main production equipment was carbonizing and graphitizing machines, extending machines, die-cutting machines, assembly lines, packing machines, etc.</p> |
| <p>J: What form of worker representation / union is there on site?</p> | <input type="checkbox"/> Union (name) <input type="checkbox"/> Worker Committee <input checked="" type="checkbox"/> Other (specify) Worker representatives were available onsite. <input type="checkbox"/> None |
| <p>K: Is there any night production work at the site?</p> | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| <p>L: Are there any on site provided worker accommodation buildings e.g. dormitories</p> | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <p>L1: If yes, approx. % of workers in on site accommodation No dormitory was provided for workers in the factory.</p> |
| <p>M: Are there any off site provided worker accommodation buildings</p> | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <p>M1: If yes, approx. % of workers</p> |
| <p>N: Were all site-provided accommodation buildings included in this audit</p> | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <p>N1: If no, please give details No dormitory was provided for workers in the factory.</p> |

| Audit Parameters | | | |
|--|--|---|---|
| A: Time in and time out | A1: Day 1 Time in: 08:00 A2: Day 1 Time out: 17:00 | A3: Day 2 Time in: 08:00 A4: Day 2 Time out: 17:00 | A5: Day 3 Time in: 08:00 A6: Day 3 Time out: 12:00 |
| B: Number of auditor days used: | 2.5 man-days (one auditor in 2.5 days) | | |
| C: Audit type: | <input checked="" type="checkbox"/> Full Initial <input type="checkbox"/> Periodic <input type="checkbox"/> Full Follow-up <input type="checkbox"/> Partial Follow-Up <input type="checkbox"/> Partial Other If other, please define: | | |
| D: Was the audit announced? | <input checked="" type="checkbox"/> Announced <input type="checkbox"/> Semi – announced: Window detail: weeks <input type="checkbox"/> Unannounced | | |
| E: Was the Sedex SAQ available for review? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If No, why not | | |
| F: Any conflicting information SAQ/Pre-Audit Info to Audit findings? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes , please capture detail in appropriate audit by clause | | |
| G: Who signed and agreed CAPR (Name and job title) | Wu Yingchun/H&R Manager | | |
| H: Is further information available (If yes, please contact audit company for details) | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | | |
| I: Previous audit date: | N/A | | |
| J: Previous audit type: | N/A | | |
| K: Were any previous audits reviewed for this audit | <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A | | |

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

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

Worker Analysis

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

| Worker Analysis | | | | | | | | |
|--|-----------|-----------|--------|-----------|-----------|--------|--------------|-------|
| | Local | | | Migrant* | | | Home workers | Total |
| | Permanent | Temporary | Agency | Permanent | Temporary | Agency | | |
| Worker numbers – Male | 128 | 0 | 0 | 144 | 0 | 0 | 0 | 272 |
| Worker numbers – female | 124 | 0 | 0 | 102 | 0 | 0 | 0 | 226 |
| Total | 252 | 0 | 0 | 246 | 0 | 0 | 0 | 498 |
| Number of Workers interviewed – male | 7 | 0 | 0 | 9 | 0 | 0 | 0 | 16 |
| Number of Workers interviewed – female | 7 | 0 | 0 | 5 | 0 | 0 | 0 | 12 |
| Total – interviewed sample size | 14 | 0 | 0 | 14 | 0 | 0 | 0 | 28 |



| | | |
|--|--|--|
| A: Nationality of Management | China | |
| <p>B: Please list the nationalities of all workers, with the three most common nationalities listed first.</p> <p><i>Please add more nationalities as applicable to site. Add more rows if required.</i></p> | <p>Nationalities:</p> <p>B1: Nationality 1: ___China___</p> <p>B2: Nationality 2: ___Nil___</p> <p>B3: Nationality 3: ___Nil___</p> | <p>Was the list completed during peak season?</p> <p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>If no, please describe how this may vary during peak periods:</p> |
| C: Please provide more information for the three most common nationalities. | <p>C: approx % total workforce: Nationality 1 ___100___</p> <p>C1: approx % total workforce: Nationality 2 ___0___</p> <p>C2: approx % total workforce: Nationality 3 ___0___</p> | |
| D: Worker remuneration <i>(management information)</i> | <p>D: ___0___% workers on piece rate</p> <p>D1: ___100___% hourly paid workers</p> <p>D2: ___0___% salaried workers</p> <p>Payment cycle:</p> <p>D3: ___0___% daily paid</p> <p>D4: ___0___% weekly paid</p> <p>D5: ___100___% monthly paid</p> <p>D6: ___0___% other</p> <p>D7: If other, please give details</p> | |



| Worker Interview Summary | |
|--|---|
| A: Were workers aware of the audit? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| B: Were workers aware of the code? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| C: Number of group interviews: <i>(Please specify number and size of groups. Please see SMETA Best Practice Guidance and Measurement Criteria. If the auditor was not able to follow the BPG, please state within the declaration)</i> | 4 groups totally 20 workers |
| D: Number of individual interviews <i>(Please see SMETA Best Practice Guidance and Measurement Criteria)</i> | D1: Male: 5 D2: Female: 3 |
| E: All groups of workers are included in the scope of this audit such as; Direct employees, Casual and agency workers, Workers employed by service providers such as security and catering staff as well as workers supplied by other contractors. <i>Note to auditor: please record details of migrant /agency/contractor workers in section 8 – Regular Employment, under Responsible Recruitment</i> | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If no, please give details |
| F: Interviews were done in private and the confidentiality of the interview process was communicated to the workers? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| G: In general, what was the attitude of the workers towards their workplace? | <input checked="" type="checkbox"/> Favourable <input type="checkbox"/> Non-favourable <input type="checkbox"/> Indifferent |
| H: What was the most common worker complaint? | No worker complained anything during the interview. |
| I: What did the workers like the most about working at this site? | All workers said that they were satisfied with working condition. |
| J: Any additional comment(s) regarding interviews: | Nil |
| K: Attitude of workers to hours worked: | All workers said that overtime working was voluntary and the overtime hours were acceptable. |
| L. Is there any worker survey information available? | |
| <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No L1: If yes, please give details: Cross check by document review, management interview and workers interview. The factory had conducted background survey to all employees, including their home address, family members, education & working experiences and so on. Relevant survey information was well | |

maintained by the factory. There was also an annual worker satisfaction survey conducted by management in the factory.

M: Attitude of workers:

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

The factory agreed that auditor conducted confidential interviews with workers who are chosen freely without any influence by the factory management; 28 employees were randomly selected from different workshops for individual or group interviews. The workers interviews were conducted at an independent room that located at the workshop. The employees showed a cooperative attitude during the interview process. Based on the workers interview, workers expressed their positive attitude to management and workplace. All employees said that they were satisfied with working condition and the wage in the factory.

The information of interviewed workers as follows:

1. For child labour issues, all interviewed workers said that the factory checked their ID cards to verify their ages and kept their ID copies during recruitment. No child labour was identified during the audit.
2. For forced labour issues, they said they were not required the "deposit" or deposited their personal ID cards; the employees could resign at their option and should notice the factory in advance in 30 days. All interviewees said they can leave factory freely after work-off during the lunch break and dinner break.
3. For discrimination issues, they said they could obtain the job based on their working experiences and abilities, the female worker or male workers' wages were calculated at the same rate if they engaged for the same work. All interviewees confirmed that no discrimination occurred in the factory.
4. For discipline practice issues, the interviewees said they would be warned if they broke the factory rules.
5. For safety and health issues, the workers were satisfied with the working condition and the factory regularly provided safety training to workers. The new employed workers would be trained before they engaged their work. Fire drills were conducted periodically per year, the last fire drill which included the evacuation exercise and the use of the fire extinguishing facilities was conducted on July 30, 2020.
6. For working hour's issues, all interviewed worker said they normally worked 5 days per week and 8 hours per day. All interviewees said that they occasionally overtime worked 2 hours on weekdays and 8 hours on Saturdays.
7. For wages issues, all interviewees said that their wages were calculated by hourly-rated and the wages were paid by bank transfer at 15th of next month. Paid annual leave and statutory holiday wage was available for them.
8. For freedom of association issue, all interviewees said they selected 28 employee representatives by themselves. They confirmed that they could complain to their supervisors directly and employee representative or through suggestion box.
9. For regular employment issue, all interviewees said that the factory had signed contracts with them and kept the copies.

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

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

The workers reps showed a cooperative attitude during the interview process. Based on the interview, the reps expressed their positive attitude to management and workplace.

O: Attitude of managers:

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

The management was cooperative throughout the process of the audit. All requested documents were provided in a timely manner, all necessary areas were allowed access for tour, and a private meeting room was arranged for worker interview. Moreover, the management promised to take corrective actions for non-compliances.

Audit Results by Clause

0A: Universal Rights covering UNGP

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

0.A. Guidance for Observations

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

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

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

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

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

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

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

Current Systems and Evidence Examined

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

Current systems:

1. The factory had 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.
2. Wu Yingchun/H&R Manager was appointed to be responsible for implementing standards concerning human rights.
3. The factory had identified their stakeholders and salient issues.
4. The factory had measured their direct, indirect and potential impacts on stakeholders (rights holders) human rights.
5. The factory had a procedure show that the factory will address these issues and enable effective remediation if have an adverse impact on human rights within any of their stakeholders.
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 – to support system description (Documents examined & relevant comments. Include renewal/expiry date where appropriate):

Details:

1. Human right policy and communication records of human right with employee review
2. Management interview and worker interview
3. Factory tour

Any other comments:

Nil

| | |
|--|--|
| <p>A: Policy statement that expresses commitment to respect human rights?</p> | <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No A1: Please give details: (mainly applicable for the parent company): Factory policy statement that expressed commitment to respect human rights.</p> |
| <p>B: Does the business have a designated person responsible for implementing standards concerning Human Rights?</p> | <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: Name: Wu Yingchun Job title: H&R Manager</p> |
| <p>C: Does the business have a transparent system in place for confidentially reporting, and dealing with human rights impacts without fear of reprisals towards the reporter?</p> | <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No C1: Please give details: The factory had a transparent system in place for confidentially reporting, and dealing with human rights impacts without fear of reprisals towards the reporter.</p> |
| <p>D: Does the grievance mechanism meet UNGP expectations? (Legitimate, Accessible, Predictable, Equitable, Transparent, Rights-compatible, a source of continuous learning and based on stakeholder engagement)</p> | <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No D1: If no, please give details</p> |
| <p>E: Does the business demonstrate effective data privacy procedures for workers' information, which is implemented?</p> | <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No E1: Please give details: The factory demonstrates effective data privacy procedures for workers' information, which is implemented.</p> |

| Findings | | |
|--|---|--|
| <p>Finding: Observation <input type="checkbox"/></p> <p>Description of observation: Nil</p> <p>Local law or ETI/Additional elements / customer specific requirement: NA</p> <p>Comments: Nil</p> | <p>Company NC <input type="checkbox"/></p> | <p>Objective evidence observed: Nil</p> |

| Good examples observed: | |
|---|--|
| <p>Description of Good Example (GE): Nil</p> | <p>Objective Evidence Observed: Nil</p> |

Measuring Workplace Impact

| Workplace Impact | | |
|--|---|---------------------------------|
| A: Annual worker turnover: Number of workers leaving in last 12 months as a % of average total number of workers on site over the year (annual worker turnover) | A1: Last year: __5__ % | A2: This year __6__ % |
| B: Current % quarterly (90 days) turnover: Number of workers leaving from the first day of the 90 days period through to the last day of the 90 day period / [(number of employees on the 1 st day of 90 day period + number of employees on the last day of the 90 day period) / 2] | 6% | |
| C: Annual % absenteeism: Number of days lost through job absence in the year / [(number of employees on 1 st day of the year + number employees on the last day of the year) / 2] * number available workdays in the year | C1: Last year: __0__ % | C2: This year __0__ % |
| D: Quarterly (90 days) % absenteeism: Number of days lost through job absence in the period / [(Number of employees on 1 st of the period + Number of employees on the last day of the period) / 2] * Number of available workdays in the month | 0% | |
| E: Are accidents recorded? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No E1: Please describe: The accident records were provided for review, and no major accident was found in the factory. | |
| F: Annual Number of work related accidents and injuries per 100 workers: [(Number of work related accidents and injuries * 100) / Number of total workers] | F1: Last year: Number: 0 | F2: This year: Number: 0 |
| G: Quarterly (90 days) number of work related accidents and injuries per 100 workers: [(Number of work related accidents and injuries * 100) / Number of total workers] | 0 | |
| H: Lost day work cases per 100 workers: [(Number of lost days due to work accidents and work related injuries * 100) / Number of total workers] | H1: Last year: 0 | H2: This year: 0 |
| I: % of workers that work on average more than 48 standard hours / week in the last 6 / 12 months: | I1: 6 months __0__% workers | I2: 12 months __0__% workers |
| J: % of workers that work on average more than 60 total hours / week in the last 6 / 12 months: | J1: 6 months __0__% workers | J2: 12 months __0__% workers |

0B: Management system and Code Implementation

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

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

Current Systems and Evidence Examined

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

Current systems:

1. Wu Yingchun/H&R Manager was appointed to be responsible for compliance with the local laws and Codes.
2. The factory established a supplier assessment program on social responsibility.
3. The factory conducted social accountability assessment to its suppliers.
4. The factory had communicated this Code to its suppliers.
5. Based on talking with factory management, they were familiar with local laws and ETI Base Code.

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

Details:

1. Social accountability policy and procedure
2. Management interview and worker interview
3. Factory tour

Any other comments:

Nil

Management Systems:

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

- Yes
- No

A1: Please give details: In the last 12 months, the factory had no any fines/prosecutions for non-compliance to any regulations.

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

- Yes
- No

B1: Please give details: The factory had established relevant procedures about reduce the risk of forced labour, child labour, discrimination, harassment & abuse.

| | |
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| <p>C: If Yes, is there evidence (an indication) of effective implementation? Please give details.</p> | <p>Yes, the factory had established relevant procedures about reduce the risk of forced labour, child labour, discrimination, harassment & abuse. And all workers had known it.</p> |
| <p>D: Have managers and workers received training in the standards for forced labour, child labour, discrimination, harassment & abuse?</p> | <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No D1: Please give details: The factory had conducted the training in January of 2020 in the standards for forced labour, child labour, discrimination, harassment & abuse.</p> |
| <p>E: If Yes, is there evidence (an indication) that training has been effective e.g. training records etc.? Please give details</p> | <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No E1: Please give details: The auditor reviewed training records, and cross-checked with management and workers.</p> |
| <p>F: Does the site have any internationally recognised system certifications e.g. ISO 9000, 14000, OHSAS 18000, SA8000 (or other social audits). Please detail (Number and date).</p> | <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No F1: Please give details: The factory provided internationally recognised system certifications e.g. ISO9001:2015, ISO14001:2015 and ISO45001:2018.</p> |
| <p>G: Is there a Human Resources manager/department? If Yes, please detail.</p> | <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No G1: Please give details: Wu Yingchun/H&R Manager</p> |
| <p>H: Is there a senior person / manager responsible for implementation of the code</p> | <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No H1: Please give details: Wu Yingchun/H&R Manager</p> |
| <p>I: Is there a policy to ensure all worker information is confidential?</p> | <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No I1: Please give details: The factory had a policy named human resource procedure to ensure all worker information is confidential.</p> |
| <p>J: Is there an effective procedure to ensure confidential information is kept confidential?</p> | <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No J1: Please give details: The factory had a policy named human resource procedure to ensure confidential information is kept confidential.</p> |
| <p>K: Are risk assessments conducted to evaluate policy and procedure effectiveness?</p> | <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No K1: Please give details: Risk assessments conducted per year to evaluate policy and procedure effectiveness.</p> |

| | |
|---|--|
| <p>L: Does the facility have a process to address issues found when conducting risk assessments, including implementation of controls to reduce identified risks?</p> | <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No L1 Please give details: The factory had a process to address issues found when conducting risk assessments, including implementation of controls to reduce identified risks.</p> |
| <p>M: Does the facility have a policy/code which require labour standards of its own suppliers?</p> | <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No M1: Please give details: The factory had a policy/code which required labour standards of its own suppliers.</p> |
| <p>Land rights</p> | |
| <p>N: Does the site have all required land rights licenses and permissions (see SMETA Measurement Criteria)?</p> | <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No N1: Please give details: The factory provided relevant license and permission for review.</p> |
| <p>O: Does the site have systems in place to conduct legal due diligence to recognize and apply national laws and practices relating to land title?</p> | <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No O1: Please give details: The factory had one system in place to conduct legal due diligence to recognize and apply national laws and practices relating to land title.</p> |
| <p>P: Does the site have a written policy and procedures specific to land rights. If yes, does it include any due diligence the company will undertake to obtain free, prior and informed consent, (FPIC) even if national/local law does not require it</p> | <p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No P1: If yes, how does the company obtain FPIC: Remark: 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. So 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.</p> |
| <p>Q: Is there evidence that facility / site compensated the owner/lessor for the land prior to the facility being built or expanded.</p> | <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Q1: Please give details: Lease contract was reviewed during this audit.</p> |
| <p>R: Does the facility demonstrate that alternatives to a specific land acquisition were considered to avoid or minimize adverse impacts?</p> | <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No R1: Please give details: The facility demonstrates that alternatives to a specific land acquisition were considered to avoid or minimize adverse impacts.</p> |
| <p>S: Is There any evidence of illegal appropriation of land for facility building or expansion of footprint.</p> | <p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No S1: Please give details: No such negative evidence was identified.</p> |

| Non-compliance: | |
|--|---|
| <p>1. Description of non-compliance: <input checked="" type="checkbox"/> NC against ETI/Additional Elements <input type="checkbox"/> NC against Local Law <input type="checkbox"/> NC against customer code: Based on the document review, management interview and workers interview, no ETI training was provided for workers.</p> <p>Local law and/or ETI requirement: Additional Elements O.B.4 Suppliers are expected to communicate this Code to all employees.</p> <p>Recommended corrective action: It was suggested that the factory should provide ETI training for workers.</p> | <p>Objective evidence observed: Document review, management interview and workers interview</p> |

| Observation: | |
|--|---|
| <p>Description of observation: Nil</p> <p>Local law or ETI requirement: NA</p> <p>Comments: NA</p> | <p>Objective evidence observed: Nil</p> |

| Good Examples observed: | |
|--|---|
| <p>Description of Good Example (GE): Nil</p> | <p>Objective evidence observed: Nil</p> |

1: Freely Chosen Employment

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

ETI

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

Current Systems and Evidence Examined

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

Current systems:

- 1. The factory rules and policies showed that employees could be freely resignation after communication with management in advance 30 days. No deposit would be required.
- 2. No force, bonded or involuntary prison labour was observed during the date of audit.
- 3. The employees obtained their job by themselves or by friend's recommendation.
- 4. They did not require lodging deposits or their Identity papers to the factory at the beginning of employment.

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

Details:

- 1. Factory policy and procedure
- 2. Personnel files (all were checked)
- 3. Resignation records
- 4. Employee handbook
- 5. Management interview and worker interview
- 6. Factory tour

Any other comments:

Nil

| | |
|--|---|
| A: Is there any evidence of retention of original documents, e.g. passports/ID's | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No A1: If yes, please give details and category of workers affected: |
| B: Is there any evidence of a loan scheme in operation | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No B1: If yes, please give details and category of worker affected: |
| C: Is there any evidence of retention of wages /deposits | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No C1: If yes, please give details and category of worker affected: |
| D: Are there any restrictions on workers' freedom to terminate employment? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |

| | |
|---|--|
| | D1: Please describe finding: Based on the worker interviews, management interview and document review, no restriction was found on workers' freedom to terminate employment in the factory. |
| E: If any part of the business is UK based or registered there & has a turnover over £36m, is there a published a 'modern day slavery statement'? | <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not applicable E1: Please describe finding: |
| F: Is there evidence of any restrictions on workers' freedoms to leave the site at the end of the work day? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No F1: Please describe finding: No such evidence was found during audit. |
| G: Does the site understand the risks of forced / trafficked / bonded labour in its supply chain | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not applicable G1: If yes, please give details and category of workers affected: The management understood the risks of forced/trafficked/bonded labour in the supply chain. |
| H: Is the site taking any steps taking to reduce the risk of forced / trafficked labour? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No H1: Please describe finding: The factory had procedure and policy to reduce the risk of forced & trafficked labour. |

| Non-compliance: | |
|---|---|
| <p>1. Description of non-compliance: <input type="checkbox"/> NC against ETI <input type="checkbox"/> NC against Local Law: <input type="checkbox"/> NC against customer code: Nil</p> <p>Local law and/or ETI requirement NA</p> <p>Recommended corrective action: NA</p> | <p>Objective evidence observed: Nil</p> |

| Observation: | |
|--|---|
| <p>Description of observation: Nil</p> <p>Local law or ETI requirement: NA</p> <p>Comments: NA</p> | <p>Objective evidence observed: Nil</p> |

| Good Examples observed: | |
|--|-------------------------------------|
| Description of Good Example (GE): Nil | Objective evidence observed: Nil |

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

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

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

ETI

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

Current Systems and Evidence Examined

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

Current systems:

- 1. The factory had established a Worker Committee Management Procedure. It was identified that employee representatives should be elected by employees freely.
- 2. The procedure and meeting records showed that the committee communicated with factory management every two months. And relevant records were kept by the factory.
- 3. All interviewees confirmed that they could raise their complaints to the workers representatives and suggestion box.
- 4. The Chinese constitution guarantees Freedom of Association; however, the Trade Union Act prevents the establishment of trade unions independent of the sole official trade union – the All China Federation of Trade Unions (ACFTU). As a consequence, all trade unions of factories in China are under the management of ACFTU. And most of the trade union representatives are appointed directly by it. Additionally, the trade union activity is limited on the right to organize and bargain collectively in China.

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

Details:

- 1. Complaint & handling record
- 2. Freedom of Association policy
- 3. Meeting minutes of the workers committee meeting
- 4. Selection program and records
- 5. Management interview and worker interview
- 6. Factory tour

Any other comments:

Nil

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

- Union (name)
- Worker Committee
- Other (specify) Worker representatives were available in the factory.
- None

| | | |
|--|--|--|
| B: Is it a legal requirement to have a union? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | |
| C: Is it a legal requirement to have a worker's committee? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | |
| D: Is there any other form of 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 D1: Please give details: Suggestion box, worker representatives or report to boss directly. D2: Is there evidence of free elections? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | |
| E: Does the supplier provide adequate facilities to allow the Union or committee to conduct related business? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No E1: Please give details: Factory provided adequate facilities to worker representatives to have meeting. | |
| F: Name of union and union representative, if applicable: | No trade union was established in the factory, and worker representatives were available in the factory. | F1: Is there evidence of free elections? <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A |
| G: If there is no union, is there a parallel means of consultation with workers e.g. worker committees? | 28 worker representatives were available in the factory. Workers could raise their complaint to the worker representatives, suggestion box or reflect to boss directly. | G1: Is there evidence of free elections? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A |
| H: Are all workers aware of who their representatives are? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | Based on the workers interview, they knew the workers representatives, e.g. Wei Zhongshou |
| I: Were worker representatives freely elected? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | I1: Date of last election: December 10, 2019 |
| J: Do workers know what topics can be raised with their representatives? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Working conditions, life, allowance and etc. | |
| K: Were worker representatives/union representatives interviewed? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If Yes, please state how many: One worker representative was interviewed. | |
| L: Please describe any evidence that union/worker's committee is effective? | Last meeting date: July 16, 2020 Topics: Health & safety and benefits The minutes were communicated: 60 minutes | |

| | | |
|--|---|---|
| Specify date of last meeting; topics covered; how minutes were communicated etc. | | |
| M: Are any workers covered by Collective Bargaining Agreement (CBA)? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | |
| If Yes , what percentage by trade Union/worker representation | M1: __NA__% workers covered by Union CBA | M2: __NA__% workers covered by worker rep CBA |
| M3: If Yes , does the Collective Bargaining Agreement (CBA) include rates of pay? | <input type="checkbox"/> Yes <input type="checkbox"/> No NA. No collective bargaining agreement was available in the factory. | |

| Non-compliance: | |
|---|---|
| <p>1. Description of non-compliance: <input type="checkbox"/> NC against ETI <input type="checkbox"/> NC against Local Law <input type="checkbox"/> NC against customer code: Nil</p> <p>Local law and/or ETI requirement: NA</p> <p>Recommended corrective action: NA</p> | <p>Objective evidence observed: Nil</p> |

| Observation: | |
|--|---|
| <p>Description of observation: Nil</p> <p>Local law or ETI requirement: NA</p> <p>Comments: NA</p> | <p>Objective evidence observed: Nil</p> |

| Good Examples observed: | |
|--|---|
| <p>Description of Good Example (GE): Nil</p> | <p>Objective evidence observed: Nil</p> |

3: Working Conditions are Safe and Hygienic

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

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

ETI

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

Current Systems and Evidence Examined

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

Current systems:

- 1. The factory established one health and safety policy and one health and safety committee was established in the factory.
- 2. Huang Lirong/EHS Engineer was the representative of health and safety system.
- 3. Check records of fire-fighting equipment were available on site and it was identified that all fire-fighting equipment was checked by safety guards monthly.
- 4. Fire drill records with photos showed that the factory conducted fire drill in the factory. The latest fire drill was conducted on July 30, 2020.
- 5. There was one electrician in the factory. The certificate was provided by the factory for review during audit.
- 6. Accident records were kept and provided for review. It was identified that no significant accident was occurred in the factory. For any accident, the factory had conducted root cause analysis/corrective actions/preventive actions.
- 7. The factory had provided the fire safety certificates and structure safety certificates of factory buildings for review.
- 8. There were at least two exits at each floor in the factory.
- 9. Adequate toilet was provided in the factory.
- 10. Fire-fighting facilities were equipped in the factory.
- 11. PPE was provided to workers free of charge.
- 12. Adequate first aid kits were equipped in place.
- 13. Based on the onsite observation, the lighting was acceptable at each workshop.
- 14. Based on the onsite observation, potable water was provided for workers at each workshop. Based on workers interview, they could access the potable water freely during working time.
- 15. Based on the onsite observation, the factory buildings were secure.

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

Details:

- 1. Health and safety policy
- 2. Training records and certificates

3. Fire equipment maintenance records
4. Fire drill records
5. Building structure safety certificates
6. Accident records
7. Chemical list
8. Management interview and worker interview
9. Factory tour

Any other comments:
Nil

| | |
|---|--|
| <p>A: Does the facility have general and occupational Health & Safety policies and procedures that are fit for purpose and are these communicated to workers?</p> | <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No A1: Please give details: The factory had general health & safety and occupational health & safety policies and procedures that are fit for purpose and are these communicated to workers.</p> |
| <p>B: Are the policies included in workers' manuals?</p> | <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No B1: Please give details: Health & Safety policies were covered in employees' manual.</p> |
| <p>C: Are there any structural additions without required permits/inspections (e.g. floors added)?</p> | <p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No C1: Please give details: No such evidence was available.</p> |
| <p>D: Are visitors to the site informed on H&S and provided with personal protective equipment</p> | <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No D1: Please give details: Visitors were informed to wear personal protective equipment on site tour.</p> |
| <p>E: Is a medical room or medical facility provided for workers? If yes, do the room(s) meet legal requirements and is the size/number of rooms suitable for the number of workers.</p> | <p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No E1: Please give details: No medical room was in the factory, but sufficient first aid kits and first aider were available in the factory.</p> |
| <p>F: Is there a doctor or nurse on site or there is easy access to first aider/ trained medical aid?</p> | <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No F1: Please give details: Seven qualified first aiders were available in the factory.</p> |
| <p>G: Where the facility provides worker transport - is it fit for purpose, safe, maintained and operated by competent persons e.g. buses and other vehicles?</p> | <p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No G1: Please give details: No transport was provided for workers.</p> |
| <p>H: Is secure personal storage space provided for workers in their living space and is fit for purpose?</p> | <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No H1: Please give details: Secure personal storage space was provided in the production workshops.</p> |

| | |
|--|---|
| I: Are H&S Risk assessments are conducted (including evaluating the arrangements for workers doing overtime e.g. driving after a long shift) and are there controls to reduce identified risk? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No I1: Please give details: H&S Risk assessments are conducted and there are controls to reduce identified risk. |
| J: Is the site meeting its legal obligations on environmental requirements including required permits for use and disposal of natural resources? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No J1: Please give details: The factory obtained all legally required permits on environment. |
| K: Is the site meeting its customer requirements on environmental standards, including the use of banned chemicals? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No K1: Please give details: The factory met with customer's requirement on environment standard, and no banned chemicals was used. |

| Non-compliance: | |
|---|--|
| <p>1. Description of non-compliance: <input checked="" type="checkbox"/> NC against ETI <input checked="" type="checkbox"/> NC against Local Law: <input type="checkbox"/> NC against customer code: It was found that one worker of carbonizing and graphitizing workshop did not wear earplug during operation though earplug was available for him.</p> <p>Local law and/or ETI requirement Law of the People's Republic of China on Work Safety (2014 Amendment), Article 42 Production and business units shall provide their employees with work protection gears that are up to national standards or industrial specifications, and they shall give instruction to their employees and see to it that they wear or use these gears in accordance with the rules for their use.</p> <p>ETI Base Code 3.1 A safe and hygienic working environment shall be provided, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Adequate steps shall be taken to prevent accidents and injury to health arising out of, associated with, or occurring in the course of work, by minimising, so far as is reasonably practicable, the causes of hazards inherent in the working environment.</p> <p>Recommended corrective action: The factory should supervise and educate employees to wear personal protective equipment properly where applicable.</p> | <p>Objective evidence observed:</p> <p>Onsite observation and management interview</p> <p>Please refer to NC photo (NC1).</p> |

| Observation: | |
|---|---|
| <p>Description of observation: Nil</p> <p>Local law or ETI requirement: NA</p> <p>Recommended corrective action:</p> | <p>Objective evidence observed: Nil</p> |

| | |
|-----|--|
| Nil | |
|-----|--|

| Good Examples observed: | |
|--|-------------------------------------|
| Description of Good Example (GE): Nil | Objective Evidence Observed: Nil |

4: Child Labour Shall Not Be Used

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

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

ETI

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

Current Systems and Evidence Examined

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

Current systems:

- 1. The factory had established policy and procedure on prohibiting child labour.
- 2. Based on recruiting instruction review, all applicants should write register sheets during recruiting, and all information identified in the register sheets should be verified. And H&R staff should interview with applicants and check ID cards to verify ages.
- 3. Checks of all workers files showed that the factory kept valid and sufficient age information such as copies of ID card, education certificate or other documents with employment history. And personal files showed that no child labour and young worker was identified in the factory.
- 4. Based on observation on site and workers interview, no child labour and young worker was identified during the audit.

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

Details:

- 1. Recruitment policy
- 2. Employees' personal files/Employment registration/roster
- 3. Management interview and worker interview
- 4. Factory tour

Any other comments:

Nil

| | |
|---|---|
| A: Legal age of employment: | 16 years old. |
| B: Age of youngest worker found: | The youngest worker was 18 years old who was born on October 24, 2001 and hired by the factory on March 17, 2020. |
| C: Are there children present on the work floor but not working at the time of audit? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| D: % of under 18's at this site (of total workers) | 0% |

| | |
|---|---|
| <p>E: Are workers under 18 subject to hazardous work assignments? (Go to clause 3 – Health and Safety)</p> | <p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No E1: If yes, give details There was no worker under 18 years old in the factory.</p> |
|---|---|

| Non-compliance: | |
|---|---|
| <p>1. Description of non-compliance: <input type="checkbox"/> NC against ETI <input type="checkbox"/> NC against Local Law <input type="checkbox"/> NC against customer code: Nil</p> <p>Local law and/or ETI requirement: NA</p> <p>Recommended corrective action: NA</p> | <p>Objective evidence observed: Nil</p> |

| Observation: | |
|--|---|
| <p>Description of observation: Nil</p> <p>Local law or ETI requirement: NA</p> <p>Comments: NA</p> | <p>Objective evidence observed: Nil</p> |

| Good Examples observed: | |
|--|---|
| <p>Description of Good Example (GE): Nil</p> | <p>Objective Evidence Observed: Nil</p> |

5: Living Wages are Paid

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

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

ETI

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

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

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

Current Systems and Evidence Examined

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

Current systems:

1. The factory had established policy and procedure on wages and benefits, and it was legal and acceptable.
2. The factory kept and provided payrolls from September 2019 to August 2020 for review during the audit. Workers were paid by hourly rate and the local minimum wage standard was set at RMB2020 per month since August 1, 2018.
3. Based on payrolls review, the overtime wages of workers were guaranteed.
4. The wages were paid by bank transfer at 15th of next month. No overtime was found on statutory holidays during audit.
5. Based on factory rules review, if the factory rules were broken, relevant workers would be warned and trained.
6. Paid annual leave, marriage & funeral leave, maternity leave and other legal benefits were provided for workers.
7. Based on workers and management interview, the factory provided detailed pay slips to all workers when they received wages.
8. Based on the latest social insurance document (September 2020) review, employee interview and management interview, the factory provided accident insurance, maternity insurance, unemployment insurance, medical insurance and retirement insurance to all employees (totally 498 employees).

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

Details:

1. Attendance records: September 1, 2019 to September 27, 2020
2. Payrolls records: September 2019 to August 2020
3. Leave records
4. Social insurance and payment receipts from the local labour department
5. Labour contracts for all employees (to examine agreed wage rates)
6. Resignation records
7. Workers payslip
8. Management interview and worker interview
9. Factory tour

Any other comments:
Nil

| Non-compliance: | |
|---|---|
| <p>1. Description of non-compliance: <input type="checkbox"/> NC against ETI <input type="checkbox"/> NC against Local Law <input type="checkbox"/> NC against customer code: Nil</p> <p>Local law and/or ETI requirement: NA</p> <p>Recommended corrective action: NA</p> | <p>Objective evidence observed: Nil</p> |

| Observation: | |
|--|---|
| <p>Description of observation: Nil</p> <p>Local law or ETI requirement: NA</p> <p>Comments: NA</p> | <p>Objective evidence observed: Nil</p> |

| Good Examples observed: | |
|--|---|
| <p>Description of Good Example (GE): Nil</p> | <p>Objective Evidence Observed: Nil</p> |

Summary Information

| Criteria | Local Law <i>(Please state legal requirement)</i> | Actual at the Site <i>(Record site results against the law)</i> | Is this part of a Collective Bargaining Agreement? |
|--|---|--|---|
| A: Standard/Contracted work hours: <i>(Maximum legal and actual required working hours excluding overtime, please state if possible per day, week, and month)</i> | Legal minimum: 8 hours per day, 40 hours per week | A1: 8 hours per day, 40 hours per week | A2: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| B: Overtime hours: <i>(Maximum legal and actual overtime hours, please state if possible per day, week, and month)</i> | Legal minimum: Maximum 3 hours per day and 36 hours per month | B1: Maximum: 2 hours per day, 18 hours per week and 82 hours per month | B2: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |

| | | | |
|---|---|---|--|
| <p>C: Wage for standard/contracted hours: <i>(Minimum legal and actual minimum wage at site, please state if possible per hr, day, week, and month)</i></p> | <p>Legal minimum: RMB2020 per month since August 1, 2018</p> | <p>C1: RMB2320 per month, RMB541 per week and RMB13.33 per hour</p> | <p>C2: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> |
| <p>D: Overtime wage: <i>(Minimum legal and actual minimum overtime wage at site, please state if possible per hr, day, week, and month)</i></p> | <p>Legal minimum: 150% of normal wage for overtime on workdays; 200% of normal wage for overtime on rest days; 300% of normal wage for overtime on holidays</p> | <p>D1: 150% of normal wage for overtime on workdays; 200% of normal wage for overtime on rest days; No overtime was arranged on holidays.</p> | <p>D2: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> |

| <p style="text-align: center;">Wages analysis: <i>(Click here to return to Key Information)</i></p> | | | |
|---|--|--|---|
| <p>A: Were accurate records shown at the first request?</p> | <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> | | |
| <p>A1: If No, why not?</p> | <p>NA</p> | | |
| <p>B: Sample Size Checked <i>(State number of worker records checked and from which weeks/months – should be current, peak, and random/low. Please see SMETA Best Practice Guidance and Measurement Criteria)</i></p> | <p>Monthly Wage: 28 workers' wages from current month of August 2020 28 workers' wages from June 2020 (random month) 28 workers' wages from November 2019 (random month)</p> | | |
| <p>C: Are there different legal minimum wage grades? If Yes, please specify all.</p> | <table border="1" style="width: 100%;"> <tr> <td style="width: 50%; vertical-align: top;"> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No </td> <td style="width: 50%; vertical-align: top;"> <p>C1: If Yes, please give details:</p> </td> </tr> </table> | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | <p>C1: If Yes, please give details:</p> |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | <p>C1: If Yes, please give details:</p> | | |
| <p>D: If there are different legal minimum grades, are all workers graded and paid correctly?</p> | <table border="1" style="width: 100%;"> <tr> <td style="width: 50%; vertical-align: top;"> <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A </td> <td style="width: 50%; vertical-align: top;"> <p>D1: If No, please give details:</p> </td> </tr> </table> | <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A | <p>D1: If No, please give details:</p> |
| <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A | <p>D1: If No, please give details:</p> | | |
| <p>E: For the lowest paid production workers, are wages paid for standard/contracted hours (excluding overtime) below or above the legal minimum?</p> | <table border="1" style="width: 100%;"> <tr> <td style="width: 50%; vertical-align: top;"> <input type="checkbox"/> Below legal min <input type="checkbox"/> Meet <input checked="" type="checkbox"/> Above </td> <td style="width: 50%; vertical-align: top;"> <p>E1: Lowest actual wages found: <i>Note: full time employees and please state hour / week / month etc.</i> RMB2320 per month, RMB541 per week and RMB13.33 per hour</p> </td> </tr> </table> | <input type="checkbox"/> Below legal min <input type="checkbox"/> Meet <input checked="" type="checkbox"/> Above | <p>E1: Lowest actual wages found: <i>Note: full time employees and please state hour / week / month etc.</i> RMB2320 per month, RMB541 per week and RMB13.33 per hour</p> |
| <input type="checkbox"/> Below legal min <input type="checkbox"/> Meet <input checked="" type="checkbox"/> Above | <p>E1: Lowest actual wages found: <i>Note: full time employees and please state hour / week / month etc.</i> RMB2320 per month, RMB541 per week and RMB13.33 per hour</p> | | |
| <p>F: Please indicate the breakdown of workforce per earnings:</p> | <p>F1: <u> 0 </u>% of workforce earning under minimum wage F2: <u> 0 </u>% of workforce earning minimum wage F3: <u> 100 </u>% of workforce earning above minimum wage</p> | | |
| <p>G: Bonus Scheme found:</p> | <p>Bonus Scheme found:</p> | | |

| | | | |
|---|--|---|---|
| Please specify details: | <p>Note: type of employee (e.g. full time, temp, etc.) and please state which units e.g. /hour /week /month etc.</p> <p>Nil</p> | | |
| <p>H: What deductions are required by law e.g. social insurance? Please state all types:</p> | Social insurance fee and personal tax. | | |
| <p>I: Have these deductions been made?</p> | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | <p>I1: Please list all deductions that have been made.</p> | <p>1. Social insurance 2. Individual income tax</p> <p>Please describe: Social insurance and individual income tax were deducted required by law.</p> |
| | | <p>I2: Please list all deductions that have not been made.</p> | <p>1. Nil</p> <p>Please describe: Nil</p> |
| <p>J: Were appropriate records available to verify hours of work and wages?</p> | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | | |
| <p>K: Were any inconsistencies found? (if yes describe nature)</p> | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | <p>K1: Type</p> <input type="checkbox"/> Poor record keeping <input type="checkbox"/> Isolated incident <input type="checkbox"/> Repeated occurrence: | |
| <p>L: Do records reflect all time worked? (For instance, are workers asked to attend meetings before or after work but not paid for their time)</p> | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <p>L1: Please give details: Based on review of payroll records and worker interview, the records reflected all time worked.</p> | | |
| <p>M: Is there a defined living wage: <i>This is <u>not normally</u> minimum legal wage. If answered yes, please state amount and source of info: Please see SMETA Best Practice Guidance and Measurement Criteria.</i></p> | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <p>M1: Please specify amount/time: No defined living wage by local department.</p> | | |
| <p>M2: If yes, what was the calculation method used.</p> | <input type="checkbox"/> ISEAL/Anker Benchmarks <input type="checkbox"/> Asia Floor Wage <input type="checkbox"/> Figures provided by Unions <input type="checkbox"/> Living Wage Foundation UK <input type="checkbox"/> Fair Wear Wage Ladder <input type="checkbox"/> Fairtrade Foundation Other – please give details: NA | | |
| <p>N: Are there periodic reviews of wages? If Yes give details (include whether there is consideration to basic needs of workers plus discretionary income).</p> | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <p>N1: Please give details: The factory periodically reviewed wages.</p> | | |

| | |
|---|--|
| <p>O: Are workers paid in a timely manner in line with local law?</p> | <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> |
| <p>P: Is there evidence that equal rates are being paid for equal work:</p> | <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No P1: Please give details: Through document review and workers' interview, it was confirmed that equal rates are being paid for equal work.</p> |
| <p>Q: How are workers paid:</p> | <p><input type="checkbox"/> Cash <input type="checkbox"/> Cheque <input checked="" type="checkbox"/> Bank Transfer <input type="checkbox"/> Other Q1: If other, please explain: NA</p> |

6: Working Hours are not Excessive

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

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

ETI

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

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

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

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

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

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

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

Current Systems and Evidence Examined

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

Current systems:

1. The normal working hour system of 8 hours a day, 40 hours a week was carried out in the factory.
2. The attendance records showed that workers sometimes worked overtime at night on weekdays and on Saturdays and rested on Sundays fixed.
3. The factory kept and provided attendance records from September 1, 2019 to September 27, 2020 for review during the audit. Two shifts (07:00-11:30/12:30-16:00, OT if needed:17:00-19:00; 19:00-24:00/01:00-04:00, OT if needed: 05:00-07:00 were available in the production workshops and only one shift was available in other departments: 07:00-11:30/12:30-16:00, OT if needed:17:00-19:00. No overtime was found on statutory holidays during audit.
4. The attendance records showed that the maximum daily working hours, weekly working hours and monthly overtime hours were 10 hours (including 2 hours' overtime working), 58 hours (including 18 hours' overtime working) and 82 hours respectively.
5. Based on working hour records review and workers interview, workers had enjoyed at least one day off per seven days.
6. Based on the onsite observation, the factory used IC card scanners to record employees' working hours.
7. Through workers interview, overtime was voluntary.

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

Details:

1. Factory policy
2. Working hour records from September 1, 2019 to September 27, 2020
3. Labour contracts
4. Quality records and production records to cross-check working hours
5. Management interview and worker interview
6. Factory tour

Any other comments:

Nil

Non-compliance:

1. Description of non-compliance:

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

The factory provided attendance records from September 1, 2019 to September 27, 2020 for review.

It was noted the monthly overtime hours of 28 out of 28 randomly selected workers were 72 hours in August 2020, the monthly overtime hours of 28 out of 28 randomly selected workers were 79 hours in June 2020, and the monthly overtime hours of 28 out of 28 randomly selected workers were 82 hours in November 2019.

Monthly overtime of workers exceeded legal requirement (36 hours per month).

Local law and/or ETI requirement:

Labor Law of the People's Republic of China, Article 41

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

ETI Base Code 6.1

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

Recommended corrective action:

It was suggested that the factory should make sure the overtime hours of all workers in accordance with legal requirement.

Objective evidence observed:

Attendance records, worker interview and management interview.

Observation:

Description of observation:

Nil

Local law or ETI requirement:

Objective evidence observed:

Nil

| | |
|------------------------|--|
| NA | |
| Comments: NA | |

| Good Examples observed: | |
|--|--|
| Description of Good Example (GE): Nil | Objective Evidence Observed: Nil |

| Working hours' analysis Please include time e.g. hour/week/month (Go back to Key information) | | | | | |
|--|--|---|------------------------------------|---------------------------------------|--------------------------------|
| Systems & Processes | | | | | |
| A. What timekeeping systems are used: time card etc. | Describe: IC card scanner | | | | |
| B: Is sample size same as in wages section? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No B1: If no, please give details | | | | |
| C: Are standard/contracted working hours defined in all contracts/employment agreements? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | C1: If NO, please give details including % and which type of workers do NOT have standard hours defined in contracts/employment agreements. Please give details: | | | |
| D: Are there any other types of contracts/employment agreements used? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | D1: If YES, please complete as appropriate: | | | |
| | | <input type="checkbox"/> 0 hrs | <input type="checkbox"/> Part time | <input type="checkbox"/> Variable hrs | <input type="checkbox"/> Other |
| | | If "Other", Please define: | | | |
| NA | | | | | |
| E. Do any standard/contracted working hours defined in contracts/employment agreements exceed 48 hours per week? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | E1: If yes , please detail hours, %, types of workers affected and frequency Please give details: NA | | | |

| | | |
|---|---|---|
| F: Are workers provided with at least 1 day off in every 7-day-period, or 2 in 14-day-period? | F2: Please select all applicable: <input checked="" type="checkbox"/> 1 in 7 days <input type="checkbox"/> 2 in 14 days <input type="checkbox"/> No If 'No', please explain: | F3: 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): | |
| | Maximum 6 days | |
| Standard/Contracted Hours worked | | |
| G: Were standard working hours over 48 hours per week found? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | G1: If yes, % of workers & frequency: |
| | | NA |
| H: Any local waivers/local law or permissions which allow averaging/annualised hours for this site? | <input type="checkbox"/> Yes <input type="checkbox"/> No NA | H1: If yes, please give details: |
| | | NA |
| Overtime Hours worked | | |
| I: Actual overtime hours worked in sample (State per day/week/month) | OT hours: 28 out of 28 sampled workers from current month (August 2020): Maximum daily OT: 2 hours Maximum weekly OT: 18 hours Maximum monthly OT: 72 hours 28 out of 28 sampled workers from random month (June 2020): Maximum daily OT: 2 hours Maximum weekly OT: 18 hours Maximum monthly OT: 79 hours 28 out of 28 sampled workers from random month (November 2019): Maximum daily OT: 2 hours Maximum weekly OT: 18 hours Maximum monthly OT: 82 hours | |
| J: Combined hours (standard or contracted + overtime hours = total) over 60 found? Please give details: | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Maximum weekly working hours were 58 hours. | |
| K: Approximate percentage of total | __About 70__% | |

| | | |
|--|--|--|
| workers on highest overtime hours: | | |
| L: Is overtime voluntary? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Conflicting Information | <i>L1: Please detail evidence e.g. Wording of contract / employment agreement / handbook / worker interviews / refusal arrangements:</i> Based on employment agreement, handbook, worker interview, the overtime in the factory was voluntary. |
| Overtime Premiums | | |
| M: Are the correct legal overtime premiums paid? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A – there is no legal requirement to OT premium | <i>M1: Please give details of normal day overtime premium as a % of standard wages:</i> Based on the provided attendance records and payroll records review, workers were paid 150% of normal wage rate for weekday overtime; 200% of normal wage rate for weekend overtime; No OT was found on statutory holidays during audit. |
| N: Is overtime paid at a premium? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | <i>N1: If yes, please describe % of workers & frequency:</i> 100% workers per month |
| O: If the site pays less than 125% OT premium and this is allowed under local law, are there other considerations? Please complete the boxes where relevant. | <input type="checkbox"/> No <input type="checkbox"/> Consolidated pay (May be standard wages above minimum legal wage, with no/low overtime premium) <input type="checkbox"/> Collective Bargaining agreements <input type="checkbox"/> Other | |
| | O1: Please explain any checked boxes above e.g. detail of consolidated pay / CBA or Other | |
| | NA | |
| P: If more than 60 total hours per week and this is legally allowed, are there other considerations? Please complete the boxes where relevant. | <input type="checkbox"/> Overtime is voluntary <input type="checkbox"/> Onsite Collective bargaining allows 60+ hours/week <input type="checkbox"/> Safeguards are in place to protect worker's health and safety <input type="checkbox"/> Site can demonstrate exceptional circumstances <input type="checkbox"/> Other reasons (please specify) | |
| | P1: Please explain any checked boxes above e.g. detail of consolidated pay / CBA or other: | |
| | NA | |
| Q: Is there evidence that overtime hours are being used for extended periods to make up for | <input type="checkbox"/> Yes <input type="checkbox"/> No Q1: If yes, please give details: NA | |

| | |
|---|---|
| labour shortages or increased order volumes? | |
| R: If sufficient workers cannot be hired, are new working time arrangements explored to ensure that overtime is the exception rather than the rule. | <input type="checkbox"/> Yes <input type="checkbox"/> No NA |

7: No Discrimination is Practiced

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

ETI

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

Current Systems and Evidence Examined

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

Current systems:

1. According to management and workers interview, the factory did not discriminate workers due to their birth, gender, age, religion, race, marital status, ethnical beliefs and political background, etc.; female workers and male workers had the same pay and working conditions as male workers; promotion was based on workers' ability and skill; training was based on working requirement.
2. There was no negative evidence of discrimination in employment, promotion, compensation, welfare, dismissal and retirement found.
3. The management knew the requirement of non-discrimination.

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

Details:

1. Employee handbook, the hiring and termination procedure
2. Leave application and termination records
3. Attendance and payroll records
4. Training records
5. Management interview and worker interview

Any other comments:

Nil

| | |
|--|--|
| A: Gender breakdown of Management + Supervisors (Include as one combined group) | A1: Male: <u>65</u> % A2: Female: <u>35</u> % |
| B: Number of women who are in skilled or technical roles e.g. where specific qualifications are needed i.e. machine engineer / laboratory analyst: | 157 |
| C: Is there any evidence of discrimination based on race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation?: | <input type="checkbox"/> Hiring <input type="checkbox"/> Compensation <input type="checkbox"/> Access to training <input type="checkbox"/> Promotion <input type="checkbox"/> Termination or retirement <input checked="" type="checkbox"/> No evidence of discrimination found |

| | |
|--|--------------------------|
| | C1: Please give details: |
|--|--------------------------|

| Professional Development | |
|---|---|
| A: What type of training and development are available for workers? | Position training, safety training and etc. |

| | |
|--|---|
| B: Are HR decisions e.g. promotion, training, compensation based on objective, transparent criteria? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If no, please give details: |
|--|---|

| Non-compliance: | |
|--|--|
| 1. Description of non-compliance: <input type="checkbox"/> NC against ETI <input type="checkbox"/> NC against Local Law <input type="checkbox"/> NC against customer code: Nil Local law and/or ETI requirement: NA Recommended corrective action: NA | Objective evidence observed: Nil |

| Observation: | |
|---|--|
| Description of observation: Nil Local law or ETI requirement: NA Comments: NA | Objective evidence observed: Nil |

| Good Examples observed: | |
|---|--|
| Description of Good Example (GE): Nil | Objective Evidence Observed: Nil |

8: Regular Employment Is Provided

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

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

ETI

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

Additional Elements: Responsible Recruitment

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

Current Systems and Evidence Examined

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

Current systems:

1. The factory had documented disciplinary rules and communicates to all workers. And the disciplinary rules were fair, reasonable and they met law requirements.
2. Work performed was on the basis of recognized employment relationship established through national law and practice.
3. The factory signs labour contracts with workers within 30 days after employment. According to the workers interview, they had the copies of labour contracts.
4. No homeworking and apprenticeship schemes were found in this factory during audit.

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

Details:

1. Employee manual
2. Hiring and termination procedure
3. Labour contract
4. Personal files
5. Payroll records
6. Management interview and worker interview
7. Factory tour

Any other comments:

Nil

Non-compliance:

| | |
|---|---|
| <p>1. Description of non-compliance: <input type="checkbox"/> NC against ETI <input type="checkbox"/> NC against Local Law <input type="checkbox"/> NC against customer code: Nil</p> <p>Local law and/or ETI requirement: NA</p> <p>Recommended corrective action: NA</p> | <p>Objective evidence observed: Nil</p> |
|---|---|

Observation:

| | |
|--|---|
| <p>Description of observation: Nil</p> <p>Local law or ETI requirement: NA</p> <p>Comments: NA</p> | <p>Objective evidence observed: Nil</p> |
|--|---|

Good Examples observed:

| | |
|--|---|
| <p>Description of Good Example (GE): Nil</p> | <p>Objective Evidence Observed: Nil</p> |
|--|---|

Responsible Recruitment

| <p>All Workers</p> | |
|---|---|
| <p>A: Were all workers presented with terms of employment at the time of recruitment, did they understand them and are they same as current conditions?</p> | <p><input checked="" type="checkbox"/> Terms & Conditions presented <input checked="" type="checkbox"/> Understood by workers <input checked="" type="checkbox"/> Same as actual conditions</p> <p>A1: If any are unchecked, please describe finding and specific category(ies) of workers affected: NA</p> |
| <p>B: Did workers' pay any fees, taxes, deposits or bonds for the purpose of recruitment/placement?</p> | <p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>B1: If yes, please describe details and specific category(ies) of workers affected:</p> |

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

| | | |
|--|--|----------------------|
| Migrant Workers: <i>The term "migrant worker" refers to a person who is engaged or has been engaged in a remunerated activity in a country of which they are not a national or permanent resident or has purposely migrated on a temporary basis to another in-country region to seek and engage in a remunerated activity</i> | | |
| A: Type of work undertaken by migrant workers: | All kinds of work in the factory. 252 employees in the factory were from Jiangsu Province and 246 employees in the factory were from other Provinces of China. | |
| B: Please give details about recruitment agencies for migrant workers: | B1: Total number of (in country recruitment agencies) used: NA B2: Total number of (outside of local country) recruitment agencies used: NA | |
| C: Are migrant workers' voluntary deductions (such as for remittances) confirmed in writing by the worker and is evidence of the transaction supplied by the facility to the worker? | <input type="checkbox"/> Yes <input type="checkbox"/> No C1: Please describe finding: NA | C2: Observations: NA |
| D: Are Any migrant workers in skilled, technical, or management roles <i>Migrant Workers (this should include all migrant workers including permanent workers, temporary and/or seasonal workers)</i> | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No D1: If yes, number and example of roles: 10 migrant employees in the management role 236 skilled migrant employees in the material warehouse, carbonizing and graphitizing, extending, die-cutting, assembly, inspection and packing area. | |

| | |
|--|-------|
| | area. |
|--|-------|

NON-EMPLOYEE WORKERS

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

| Agency Workers (if applicable) | |
|--|--|
| <i>(workers sourced from a local agent who are not directly paid by the site, but paid by the agency, Usually the agencies are paid by the site and the wages of the individual workers are paid by the agency.)</i> | |
| A: Number of agencies used (average): | A1: Names if available: NA |
| B: Were agency workers' age / pay / hours included within the scope of this audit? | <input type="checkbox"/> Yes <input type="checkbox"/> No NA |
| C: Were sufficient documents for agency workers available for review? | <input type="checkbox"/> Yes <input type="checkbox"/> No NA |
| D: Is there a legal contract / agreement with all agencies? | <input type="checkbox"/> Yes <input type="checkbox"/> No D1: Please give details: NA |

| | |
|---|--|
| <p>E: Does the site have a system for checking labour standards of agencies? If yes, please give details.</p> | <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>E1: Please give details: NA</p> |
|---|--|

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

8A: Sub-Contracting and Homeworking

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

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

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

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

Note to auditor on homeworking:

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

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

Current Systems and Evidence Examined

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

Current systems:

1. The subcontractor control policy was established in the factory.
2. It was verified through document review, factory tour, management interview and workers interview that no home-working and sub-contracting was identified during audit in this factory.

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

1. Factory policy
2. Factory tour (Calculation on total production and estimated capacity)
3. Materials in/out records
4. Management interview and worker interview

Details:

Nil

Non-compliance:

1. Description of non-compliance:

NC against ETI/Additional Elements NC against Local Law

NC against customer code:

Nil

Local law and/or ETI /Additional Elements requirement:

NA

Recommended corrective action:

NA

Objective evidence observed:

Nil

| Observation: | |
|---|--|
| Description of observation: Nil Local law or ETI/Additional elements requirement: NA Comments: NA | Objective evidence observed: Nil |

| Good Examples observed: | |
|---|--|
| Description of Good Example (GE): Nil | Objective Evidence Observed: Nil |

| Summary of sub-contracting – if applicable | |
|--|---|
| <input checked="" type="checkbox"/> Not Applicable please x | |
| A: Has the auditor made a simple calculation to compare capacity with workers' work load in order to identify possible unrecorded work or undeclared sub-contracting | <input type="checkbox"/> Yes <input type="checkbox"/> No A1: Please describe: |
| B: If sub-contractors are used, is there evidence this has been agreed with the main client? | <input type="checkbox"/> Yes <input type="checkbox"/> No B1: If Yes , summarise details: |
| C: Number of sub-contractors/agents used: | |
| D: Is there a site policy on sub-contracting? | <input type="checkbox"/> Yes <input type="checkbox"/> No D1: If Yes , summarise details: |
| E: What checks are in place to ensure no child labour is being used and work is safe? | |

| Summary of homeworking – if applicable | | | |
|---|---|-------------|--------|
| <input checked="" type="checkbox"/> Not Applicable please x | | | |
| A: If homeworking is being used, is there evidence this has been agreed with the main client? | <input type="checkbox"/> Yes <input type="checkbox"/> No A1: If Yes , summarise details: | | |
| B: Number of homeworkers | B1: Male: | B2: Female: | Total: |

| | | |
|--|---|---|
| <p>C: Are homeworkers employed direct or through agents?</p> | <p><input type="checkbox"/> Directly <input type="checkbox"/> Through Agents</p> | <p>C1: If through agents, number of agents:</p> |
| <p>D: Is there a site policy on homeworking?</p> | <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> | |
| <p>E: How does the site ensure worker hours and pay meet local laws for homeworkers?</p> | | |
| <p>F: What processes are carried out by homeworkers?</p> | | |
| <p>G: Do any contracts exist for homeworkers?</p> | <p><input type="checkbox"/> Yes <input type="checkbox"/> No G1: Please give details:</p> | |
| <p>H: Are full records of homeworkers available at the site?</p> | <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> | |

9: No Harsh or Inhumane Treatment is Allowed

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

ETI

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

Additional elements:

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

| | |
|---|---|
| <p>A: Are there published, anonymous and/or open channels available for reporting any violations of Labour standards and H&S or any other grievances to a 3rd party?</p> | <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No A1: Please give details: Records of opening suggestion box, email and telephone number were available for employees' complaints.</p> |
| <p>B: If Yes, are workers aware of these channels and have access? Please give details.</p> | <p>Yes, based on worker interview and site tour, those channels were available for employees.</p> |
| <p>C: If yes, what type of mechanism is used e.g. hotline, whistle blowing mechanism, comment box etc. Please give details.</p> | <p>Hotline and suggestion box were available onsite.</p> |
| <p>D: Which of the following groups is there a grievance mechanism in place for?</p> | <p><input checked="" type="checkbox"/> Workers <input type="checkbox"/> Communities <input type="checkbox"/> Suppliers <input type="checkbox"/> Other D1: Please give details: There is a confidential email and suggestion box system, monitored by H&R Manager.</p> |
| <p>E: Are there any open disputes?</p> | <p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No E1: If yes, please give details</p> |
| <p>F: Does the site encourage its business partners (e.g. suppliers) to provide individuals and communities with access to effective grievance mechanisms (e.g. helplines or whistle blowing mechanism)</p> | <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No F1: If no, please give details</p> |
| <p>G: Is there a published and transparent disciplinary procedure?</p> | <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No G1: If no, please explain</p> |
| <p>H: If yes, are workers aware of these the disciplinary procedure?</p> | <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No H1: If no, please give details</p> |

| | |
|--|--|
| <p>I: Does the disciplinary procedure allow for deductions from wages (fines) for disciplinary purposes (see wages section)?</p> | <p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>II: If yes, please give details</p> |
|--|--|

Current Systems and Evidence Examined

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

Current systems:

- The factory 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.
- The factory established a policy on harsh treatment. Confirmed by workers interview, there was no such negative evidence happened in the past.
- 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 – to support system description (Documents examined & relevant comments. Include renewal/expiry date where appropriate):

Details:

- The relevant policy on prevention of harassment and abuse
- Internal grievance procedure documentation
- Training records
- Management interview and worker interview
- Factory tour

Any other comments:
 Nil

| Non-compliance: | |
|---|---|
| <p>1. Description of non-compliance:</p> <p><input type="checkbox"/> NC against ETI <input type="checkbox"/> NC against Local Law <input type="checkbox"/> NC against customer code: Nil</p> <p>Local law and/or ETI requirement: NA</p> <p>Recommended corrective action: NA</p> | <p>Objective evidence observed: Nil</p> |

| Observation: | |
|---|--|
| Description of observation: Nil Local law or ETI requirement: NA Comments: NA | Objective evidence observed: Nil |

| Good Examples observed: | |
|---|--|
| Description of Good Example (GE): Nil | Objective Evidence Observed: Nil |

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

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

Additional Elements

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

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

Current Systems and Evidence Examined

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

Current systems:

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

Details:

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

Any other comments:

Nil

Non-compliance:

1. Description of non-compliance:

NC against ETI/Additional Elements

NC against Local Law

NC against customer code:

Nil

Local law and/or ETI /Additional Elements requirement:

NA

Recommended corrective action:

NA

Objective evidence observed:

Nil

| Observation: | |
|---|--|
| Description of observation: Nil Local law or ETI/Additional Elements requirement: NA Comments: NA | Objective evidence observed: Nil |

| Good examples observed: | |
|---|--|
| Description of Good Example (GE): Nil | Objective Evidence Observed: Nil |

10. Other issue areas 10B4: Environment 4–Pillar

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

To be completed for a 4–Pillar SMETA Audit and remove the previous page which is 10B2 environment 2 pillar

B.4. Compliance Requirements

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

10B4.2 Where it is a legal requirement, businesses must be able to demonstrate that they have the relevant valid permits including for use and disposal of resources e.g. water, waste etc.

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

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

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

10B4.6 The site should measure its impacts, including continuous recording and regular reviews of use and discharge of natural resources e.g. energy use, water use (see 4–pillar audit report and audit checks for details).

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

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

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

B4. Guidance for Observations

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

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

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. Waste water, noise were tested and relevant monitoring report was available.
2. The factory provided EIA report and EIA approval from environmental authority for review.
3. Environment emergency action procedures, such as action procedure for chemicals spill was available.
4. The factory established environment policy, relevant procedure and carried out environment management system.
5. The factory had obtained the regular environment impact monitoring reports. No negative evidence was identified during audit.

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

Details:

| |
|--|
| <p>1. Environment impact monitoring report. 2. EIA report and EIA approval from environmental authority 2. Environmental policy and procedure 3. Wastes records 4. Management interview and worker interview 5. Factory tour 6. Environmental analysis records</p> <p>Any other comments: Nil</p> |
|--|

| Non-compliance: | |
|---|---|
| <p>1. Description of non-compliance: <input type="checkbox"/> NC against ETI/Additional Elements <input type="checkbox"/> NC against Local <input type="checkbox"/> NC against customer code: Nil</p> <p>Local law and/or ETI/Additional Elements requirement: NA</p> <p>Recommended corrective action: NA</p> | <p>Objective evidence observed: NA</p> |

| Observation: | |
|---|---|
| <p>Description of observation: Nil</p> <p>Local law or ETI/Additional elements requirements: NA</p> <p>Comments: NA</p> | <p>Objective evidence observed: NA</p> |

| Good examples observed: | |
|---|---|
| <p>Description of Good Example (GE): Nil</p> | <p>Objective Evidence Observed: NA</p> |

| Environmental Analysis <i>(Site declaration only – this has not been verified by auditor. Please state units in all cases below.)</i> | |
|---|---|
| A: Is there a manager responsible for Environmental issues (Name and Position): | Shi Jiafeng/EHS Engineer |
| B: 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 B1: Please give details: The factory conducted the risk assessment on the environmental impact, including implementation of controls to reduce identified risks, and related assessment report was provided for review. |
| C: Does the site have a recognised environmental system certification such as ISO 14000 or equivalent? Please give details. | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No C1: Please give details: The factory provided ISO14001:2015 for review. |
| D: Does the site have an Environmental policy? <i>(For guidance, please see Measurement criteria)</i> | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No D1: If yes, is it publicly available? Yes, the factory had an environmental policy and it was publicly available onsite. |
| E: 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 E1: Please give details: The key impacts from their operations and their commitment to improvement was addressed. |
| F: Does the site have a Biodiversity policy? <i>(For guidance, please see Measurement criteria)</i> | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| G: Is there any other sustainability systems present such as Chain of Custody, Forest Stewardship Council (FSC), Marine Stewardship Council (MSC) etc.? Please give details. <i>(For guidance, please see Measurement criteria)</i> | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No G1: Please give details: No sustainability systems were available in the factory. |
| H: Have all legally required permits been shown? Please give details. | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No H1: Please give details: Related document was provided for review. |
| I: Is there a documentation process to record hazardous chemicals used in the manufacturing process? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A I1: Please give details: There was a documentation process to record hazardous chemicals used in the manufacturing process. |
| J: 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 J1: Please give details: Based on the document review and management interview, the system for managing client's requirements and legislation in the destination countries regarding environmental and chemical issues was available in the factory. |

| | |
|--|---|
| <p>K: Facility has reduction targets in place for environmental aspects e.g. water consumption and discharge, waste, energy and green-house gas emissions:</p> | <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No K1: Please give details: Based on the document review and management interview, the factory had reduction targets in place for environmental aspects e.g. water consumption and discharge, waste, energy and green-house gas emissions, it was acceptable.</p> |
| <p>L: Facility has evidence of waste recycling and is monitoring volume of waste that is recycled.</p> | <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No L1: Please give details: Based on the document review and management interview, related monitor report was provided for review.</p> |
| <p>M: 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?</p> | <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No M1: Please give details: Based on the document review and management interview, the factory had a system in place for accurately measuring and monitoring consumption of key utilities of water, energy and natural resources, it was acceptable.</p> |
| <p>N: 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?</p> | <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No N1: Please give details: The facility had checked its suppliers operating on the premises have the appropriate permits and licences and conducting business in line with environmental expectations of the facility. No sub-contracting was found in the factory.</p> |

Usage/Discharge analysis

| Criteria | Previous year: Please state period: August 2019 | Current Year: Please state period: August 2020 |
|---|---|---|
| Electricity Usage: <i>Kw/hrs</i> | 3,029,200 | 3,420,487 |
| Renewable Energy Usage: <i>Kw/hrs</i> | 0 | 0 |
| Gas Usage: <i>Kw/hrs</i> | 0 | 0 |
| Has site completed any carbon Footprint Analysis? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| If Yes , please state result | NA | NA |
| Water Sources: <i>Please list all sources e.g. lake, river, and local water authority.</i> | local water authority | local water authority |
| Water Volume Used: <i>(m³)</i> | 8,135 | 7,478 |
| Water Discharged: | Living water | Living water |

| | | |
|--|----------------|----------------|
| <i>Please list all receiving waters/recipients.</i> | | |
| Water Volume Discharged: (m ³) | 8,135 | 7,478 |
| Water Volume Recycled: (m ³) | 0 | 0 |
| Total waste Produced (please state units) | 13,000 kg | 10,000 kg |
| Total hazardous waste Produced: (please state units) | 11,000 kg | 8,500 kg |
| Waste to Recycling: (please state units) | 0 | 0 |
| Waste to Landfill: (please state units) | 0 | 0 |
| Waste to other: (please give details and state units) | 0 | 0 |
| Total Product Produced (please state units) | 70 million pcs | 71 million pcs |

10C: Business Ethics – 4-Pillar Audit

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

To be completed for a 4-Pillar SMETA Audit

10C. Compliance Requirements

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

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

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

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

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

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

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

10C. Guidance for Observations

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

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

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 established anti-bribery and anti-corruption policy and procedure.
2. The factory signed anti-bribery agreement with suppliers and employees.
3. The factory had a transparent system in place for confidentially reporting.
4. The factory provided business ethics training for all workers.

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

Details:

1. Anti-bribery and anti-corruption policy and procedure
2. Anti-bribery agreement signed between suppliers and factory
3. Anti-bribery agreement signed between workers and factory
4. Training records

Any other comments:

Nil

| Non-compliance: | |
|---|--|
| <p>1. Description of non-compliance:</p> <p><input type="checkbox"/> NC against ETI/Additional Elements <input type="checkbox"/> NC against Local</p> <p><input type="checkbox"/> NC against customer code:</p> <p>Nil</p> <p>Local law and/or ETI/Additional Elements requirement:</p> <p>NA</p> <p>Recommended corrective action:</p> <p>NA</p> | <p>Objective evidence observed:</p> <p>NA</p> |

| Observation | |
|--|--|
| <p>Description of observation:</p> <p>Nil</p> <p>Local law or ETI/Additional elements requirement:</p> <p>NA</p> <p>Comments:</p> <p>NA</p> | <p>Objective evidence observed:</p> <p>NA</p> |

| Good examples observed: | |
|--|--|
| <p>Description of Good Example (GE):</p> <p>Nil</p> | <p>Objective Evidence Observed:</p> <p>NA</p> |

| | |
|--|--|
| <p>A: Does the facility have a Business Ethics Policy and is the policy communicated and applied internally, externally or both, as appropriate?</p> | <p><input checked="" type="checkbox"/> Internal Policy</p> <p><input checked="" type="checkbox"/> Policy for third parties including suppliers</p> <p>A1: Please give details: The facility had a business ethics policy and the policy is communicated internally and externally.</p> |
| <p>B: Does the site give training to relevant personnel (e.g. sales and logistics) on business ethics issues?</p> | <p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> |

| | |
|--|--|
| | <p>B1: Please give details: The factory provided training to relevant personnel (e.g. sales and logistics) on business ethics issues, related training records were provided for review.</p> |
| <p>C: Is the policy updated on a regular (as needed) basis?</p> | <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>C1: Please give details: Related document was available on site.</p> |
| <p>D: Does the site require third parties including suppliers to complete their own business ethics training</p> | <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>D1: Please give details: Related document was available on site.</p> |

Other findings

| Other Findings Outside the Scope of the Code |
|--|
| Nil |

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

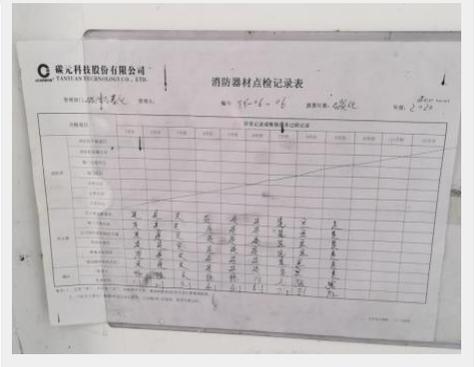
Appendix 1

Comparison between ETI code and Customer's Supplier's Code. Any areas where a site complies with the Customer's Supplier Code, but not with the ETI code are discussed at the audit close out meeting and recorded on the CAPR. Note to supplier "for this customer it may not be necessary to complete corrective actions where NC's DO NOT meet the ETI code, but DO meet your customer's code. If the audit is shared with other customers who work to the ETI code or an equivalent international standard, corrective actions will be necessary."

Not Applicable please x

Photo Form

| | | |
|--|-------------------------------|----------------------|
| | | |
| <p>Factory name</p> | <p>Factory address</p> | <p>Factory gate</p> |
| | | |
| <p>Evacuation assembly point</p> | <p>Raw material warehouse</p> | <p>Fire alarm</p> |
| | | |
| <p>Fire extinguishers and fire hydrant</p> | <p>Suggestion box</p> | <p>Potable water</p> |
| | | |

| | | |
|--|--|---|
| <p>Evacuation plan</p> | <p>First aid kit</p> | <p>Emergency light and exit sign</p> |
|  |  |  |
| <p>Warning sign (1)</p> | <p>Warning sign (2)</p> | <p>Warning sign (3)</p> |
|  |  |  |
| <p>Evacuation indicating sign</p> | <p>Checking record of fire facility</p> | <p>Attendance recorder-IC card scanner</p> |
|  |  |  |
| <p>Toilet</p> | <p>Cabinets were provided for workers.</p> | <p>Production building</p> |
|  |  |  |

| Sprinkler system | Business license | Smoke detector |
|------------------|------------------|----------------|
| | | |
| ISO45001:2018 | ISO14001:2015 | ISO9001:2015 |

NC photos:

| | | |
|---|-----|-----|
| | Nil | Nil |
| <p>NC 1: One worker of carbonizing and graphitizing workshop did not wear earplug during operation.</p> | NA | NA |



For more information visit: [Sedexglobal.com](https://www.sedexglobal.com)

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

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

[Click here for Buyer \(A\) & Buyer/Supplier \(A/B\) members:](#)

http://www.surveymonkey.com/s.aspx?sm=riPsbE0PQ52ehCo3lnq5lw_3d_3d

[Click here for Supplier \(B\) members:](#)

http://www.surveymonkey.com/s.aspx?sm=d3vYsCe48fre69DRgIY_2brg_3d_3d

[Click here for Auditors:](#)

<https://www.surveymonkey.co.uk/r/BRTVCKP>