



# Sedex Members Ethical Trade Audit Report

**Version 6.1**



Audit Details				
Sedex Company Reference: <i>(only available on Sedex System)</i>	ZC422674419	Sedex Site Reference: <i>(only available on Sedex System)</i>	ZS422674421	
Business name (Company name):	Tancheng Gaoda Hats Industry factory			
Site name:	Tancheng Gaoda Hats Industry factory			
Site address:	郯城县胜利乡高大村 /Gaoda Village, Shengli Town, Tancheng County 临沂/Linyi 276001 CN	Country:	CN	
Site contact and job title:	Yan Peixue / Financial Manager			
Site phone:	13256543888	Site e-mail:	sales68@sdmaohong.com	
SMETA Audit Pillars:	<input checked="" type="checkbox"/> Labour Standards	<input checked="" type="checkbox"/> Health and Safety (plus Environment 2-Pillar)	<input type="checkbox"/> Environment 4-pillar	<input type="checkbox"/> Business Ethics
Date of Audit:	2024-03-12			

Audit Company Name:
SGS_China

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

## Audit Content:

(1) A SMETA audit was conducted which included some or all of Labour Standards, Health & Safety, Environment and Business Ethics. The SMETA Best Practice Version 6.1 (March 2019) was applied. The scope of workers included all types at the site e.g. direct employees, agency workers, workers employed by service providers and workers provided by other contractors. Any deviations from the SMETA Methodology are stated (with reasons for deviation) in the SMETA Declaration.

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

### 2-Pillar SMETA Audit

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

### 4-Pillar SMETA

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

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

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

## SMETA Declaration

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

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

Auditor Team			
Lead Auditor:	Una Zhao	APSCA Number:	32200240
Additional Auditors:			
Date of declaration:	2024-03-12		

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

Site Representation	
Full Name:	Yan Peixue
Title:	Financial Manager
Date of declaration:	2024-03-12
Comments:	<p><i>Any exceptions to this must be recorded here (e.g. different sample size):</i>  <i>Sampled wage records from the past 5 months were provided for review (5 months only since the operation for digital thermometer just started last Sep 2020).</i>  <i>The audit took 2.0 man-days (9AM-6PM per day). Audit time was extended until 8PM due to the extent of documentation; this was agreed upon with the factory representatives</i></p>
Nil	

## Summary of Findings

Issue <i>(please click on the issue title to go direct to the appropriate audit results by clause)</i>	Area of Non-Conformity		Number of issues			Findings
	ETI	Local Law	NC	Obs	GE	
<u>0A - Universal rights covering UNGP</u>			0	0	0	
<u>0B - Management systems and code implementation</u>			0	0	0	
<u>1 - Freely chosen employment</u>			0	0	0	
<u>2 - Freedom of association and right to collective bargaining are respected</u>			0	0	0	
<u>3 - Working conditions are safe and hygienic</u>	3.1	§1	1	0	0	NC - ZAF600375436
<u>4 - Child labour shall not be used</u>			0	0	0	
<u>5 - Living wages are paid</u>	5.1	§2	1	0	0	NC - ZAF600375437
<u>6 - Working hours are not excessive</u>	6.1	§3	1	0	0	NC - ZAF600375438
<u>7 - No discrimination is practiced</u>			0	0	0	
<u>8 - Regular employment is provided</u>			0	0	0	
<u>8A - Subcontracting and homeworking</u>			0	0	0	
<u>9 - No harsh or inhumane treatment is allowed</u>			0	0	0	
<u>10A - Entitlement to work and immigration</u>			0	0	0	
<u>10B2 - Environment 2-pillar</u>			0	0	0	
<u>10B4 - Environment 4-pillar</u>			0	0	0	
<u>10C - Business ethics 4-pillar</u>			0	0	0	

## Local Law Issues

Issue	Description
§1	General Rules of Design on Health and Safety of Production Facility (GB 5083-1999) 6.1.4 If the kinetic energy or potential energy of the movable parts (including their loads) may cause danger, it must be equipped with speed limit, anti-falling or anti-reversing devices
§2	Labor Law of the People's Republic of China (2018 Amendment) Article 72, The sources of social insurance funds shall be determined according to the categories of insurance, and an overall pooling of insurance funds from the society shall be introduced step by step. The employing unit and laborers must participate in social insurance and pay social insurance premiums in accordance with the law. Article 73, Laborers shall, in accordance with the law, enjoy social insurance benefits under the following circumstances: 1. Retirement; 2. Illness or injury; 3. Disability caused by work-related injury or occupational disease; 4. Unemployment; and 5. Child-bearing.

S3	Labor Law of the People's Republic of China (2018 Amendment), Article 41 The employing unit may extend working hours due to the requirements of its production or business after consultation with the trade union and laborers, but the extended working hour for a day shall generally not exceed one hour; if such extension is called for due to special reasons, the extended hours shall not exceed three hours a day under the condition that the health of laborers is guaranteed. However, the total extension in a month shall not exceed thirty six hours.
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## Site Details

Site Details		
Company Name	Tancheng Gaoda Hats Industry factory	
Site Name	Tancheng Gaoda Hats Industry factory	
GPS location (if available)	GPS Address:	Actual Address: Gaoda Village, Shengli Town, Tancheng County, Linyi, Shandong, China 山东省临沂市郯城县胜利乡高大村
	Coordinates:	Latitude: 34°38'44.8" N Longitude: 118°12'4.2" E
Applicable business and other legally required licence numbers and documents, for example, business license number, liability insurance, any other required government inspections	Business License number: 91371322267150606Q Valid from Jan. 04,1999 to permanent validity	
Products/Activities at site, for example, garment manufacture, electricals, toys, grower, cutting, sewing, packing etc	Products: Straw Hat Activities: Cutting, Sewing, Heat Molding, Trimming, Inspection and Packing.	
Site description: (Include size, location, and age of site. Also, include structure and number of buildings)	<p>The Tancheng Gaoda Hats Industry factory was established in Jan. 04,1999 and located in Gaoda Village, Shengli Town, Tancheng County, Linyi, Shandong, China. The building occupied by the factory were in good condition based on onsite observation. The factory used one 5-storey building as production workshop, office and warehouse (about 5000 square meters). No canteen, dormitory or transportation were provided by the factory to the workers. There was total 44 employees including 3 management staffs in the factory. This audit is Semi – announced with 2 weeks window. Remark: Based on onsite observation, document review and management interview, the auditee factory building was self-owned. The auditee factory leased one 2-storey building as comprehensive (about 912 square meters) and leased three 1-storey buildings as production (about 503 square meters, 1132 square meters, 120 square meters) to Tancheng County Guanhong Crafts Factory (shortened as Guanhong hereafter), Guanhong have independent business license and operated independently. The factory provided the lease contract of both parties for review. During the audit day, the lease area was in a suspended state and no mixed use of personnel was found. So, this audit only covered the areas rented by the auditee.</p>	

Structure and number of buildings	<b>Building Name:</b>		Production Building no 1#
	<b>Floor</b>	<b>Description</b>	<b>Remark</b>
	Floor 1	Raw material warehouse and cutting workshop.	built in 2015
	Floor 2	Trimming, Assemble, Inspection, Packing and Finished production.	built in 2015
	Floor 3	Sewing and heat molding,	built in 2015
	Floor 4	Office	built in 2015
	Floor 5	Finished warehouse.	built in 2015
Visible structural integrity issues (large cracks) observed?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: Based on onsite observation, no visible structural integrity issues such as cracks was found.		
Does the site have a structural engineer evaluation?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The factory provided structural safety certificates/records for all buildings for review.		
Site function	<input type="checkbox"/> Agent <input checked="" type="checkbox"/> Factory Processing/Manufacturer <input type="checkbox"/> Finished Product Supplier <input type="checkbox"/> Grower <input type="checkbox"/> Homeworker <input type="checkbox"/> Labour Provider <input type="checkbox"/> Pack house <input type="checkbox"/> Primary Producer <input type="checkbox"/> Service Provider <input type="checkbox"/> Sub-contractor		
Months of peak season	January to December		
Process overview	Products: Straw Hat Activities: Cutting, Sewing, Heat Molding, Trimming, Inspection and Packing. Main equipment: Cutting machines (1 pcs); Sewing machines (12 pcs) and Molding machines (10 pcs)		
What form of worker representation is there on site?	<input type="checkbox"/> Union <input checked="" type="checkbox"/> Worker Committee <input type="checkbox"/> Other <input type="checkbox"/> None		
Please give details:	Ms. Xie/ worker representative		
Is there any night production work at the site?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
Are there any on site provided worker accommodation buildings	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details:		
Are there any off site provided worker accommodation buildings	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details:		



Were all site provided accommodation buildings included in this audit

Yes  No

Please give details:

The factory did not provide dormitories for employees.

Audit Parameters		
Time in and time out	Day 1	
	In	09:00
	Out	17:00
Audit type:	PERIODIC	
Was the audit announced?	SEMI_ANNOUNCED	
Was the Sedex SAQ available for review?	Yes	
Any conflicting information SAQ/Pre-Audit Info to Audit findings?	No	
Who signed and agreed CAPR	Yan Peixue / Financial Manager	
Is further information available	No	

Audit attendance	Management	Worker Representatives	
	Senior management	Worker Committee representatives	Union representatives
A: Present at the opening meeting?	Yes	Yes	No
B: Present at the audit?	Yes	Yes	No
C: Present at the closing meeting?	Yes	Yes	No
<i>Reason for absence at the opening meeting</i>	There was no union at the facility.		
<i>Reason for absence during the audit</i>	There was no union at the facility.		
<i>Reason for absence at the closing meeting</i>	There was no union at the facility.		

## 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	8	0	0	1	0	0	0	9
Worker numbers - female	31	0	0	1	0	0	0	32
Total	39	0	0	2	0	0	0	41
Number of Workers interviewed - male	3	0	0	0	0	0	0	3
Number of Workers interviewed - female	7	0	0	0	0	0	0	7
Total - interviewed sample size	10	0	0	0	0	0	0	10

Nationalities Structure	
Nationality of Management	Chinese
Please list the nationalities of all workers, with the three most common nationalities listed first.	Nationality 1: Chinese      approx %: 100%
Was this list completed during peak season?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: Peak season was not obvious in the factory.
Worker remuneration	Workers on piece rate:      0%
	Paid hourly:                    100%
	Salaried:                        0%
Payment cycle	Paid daily:                      0%
	Paid weekly:                    0%
	Paid monthly:                  100%
	Other:                            0%
	Details for other:              Nil

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

Attitude of workers:
During the audit, 10 workers were selected from different workshops for interview including 3 male and 7 female employees, they were interviewed as 1 group of 4 and 6 individuals. The workers were interviewed in a confidential meeting room in workshop; most interviewed workers were satisfied with their employment at the factory. In addition, most workers were satisfied with the wages, about working hours, the relationship between supervisors and workers were acceptable. And they could complain to management members or supervisors directly. Moreover, most workers acknowledged leaves per interview; they could also communicate with leaders for working hours and wages calculations directly.
Attitude of worker's committee/union reps:
As per the worker representative's representation, the management always respected rights of freedom of association. All workers could communicate their suggestions or complaints to the upper supervisor face to face, or via suggestion box without any discrimination and punishment. The management would take the concerns into consideration immediately and improve as soon as possible when any suggestions or complaints were raised. No negative information was provided by interviewee during the interview process.
Attitude of managers:
The factory agreed that the auditor accesses to all facilities, and all requested documents and records were provided in a timely manner. The factory agreed that the auditors took photos and copy relevant documents or records in the factory. The factory agreed that the auditor conducted confidential interviews with employees who were chosen freely without any influence by the factory.

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

**0A: Compliance Requirements**

- 0.A.1 Businesses should have a policy, endorsed at the highest level, covering human rights impacts and issues, and ensure it is communicated to all appropriate parties, including its own suppliers.
- 0.A.2 Businesses should have a designated person responsible for implementing standards concerning Human rights
- 0.A.3 Businesses shall identify their stakeholders and salient issues.
- 0.A.4 Businesses shall measure their direct, indirect, and potential impacts on stakeholders (rights holders) human rights.
- 0.A.5 Where businesses have an adverse impact on human rights within any of their stakeholders, they shall address these issues and enable effective remediation.
- 0.A.6 Businesses shall have a transparent system in place for confidentially reporting, and dealing with human rights impacts without fear of reprisals towards the reporter. Note for auditors and readers. This is not a full Human Rights Assessment, but instead a check on the business's implementation of processes to meet their Universal rights covering UNGP responsibilities.

**Current Systems and Evidence Examined**

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

**Current Systems:**

1. The factory 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. Mr. Yan Peixue/ Finance Manager was a designated person to responsible for implementing standards concerning Human rights.
3. 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:**

Management interview  
Worker interview  
Documents review, such as Suppliers' records about human rights, Worker handbook, Training records.

**Any other comments:**

Nil

Policy statement that expresses commitment to respect human rights?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No  Please give details: The factory established relevant policy to state the policy to respect human rights.
Are the policies included in workers' manuals?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No  Please give details: Human rights policies were included in workers' manuals.
Does the business have a designated person responsible for implementing standards concerning Human Rights?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No  Please give details: Mr. Yan Peixue/ Finance Manager



Does the business have a transparent system in place for confidentially reporting, and dealing with human rights impacts without fear of reprisals towards the reporter?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The businesses had a transparent system in place for confidentially reporting and dealing with human rights impacts without fear of reprisals towards the reporter.				
Does the grievance mechanism meet UNGP expectations? (Legitimate, Accessible, Predictable, Equitable, Transparent, Rights-compatible, a source of continuous learning and based on stakeholder engagement)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No				
Does the business demonstrate effective data privacy procedures for workers' information, which is implemented?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: All employee information and personnel files are kept locked away in the human resources office and only viewed by the HR manager and his team.				
<b>Measuring Workplace Impact</b>					
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))	<table> <tr> <td>Last year</td> <td>10.0%</td> </tr> <tr> <td>This year</td> <td>10.0%</td> </tr> </table>	Last year	10.0%	This year	10.0%
Last year	10.0%				
This year	10.0%				
Current % quarterly (90 days) turnover(Number of workers leaving from the first of the 90 day period through to the last day of the 90 day period / [(number of employees on the 1st day of 90 day period + number of employees on the last day of the 90 day period) / 2])	1.0%				
Annual % absenteeism(Number of days lost through job absence in the year / [(number of employees on 1st day of the year + number employees on the last day of the year) / 2] * number available workdays in the year)	<table> <tr> <td>Last year</td> <td>1.0%</td> </tr> <tr> <td>This year</td> <td>1.0%</td> </tr> </table>	Last year	1.0%	This year	1.0%
Last year	1.0%				
This year	1.0%				
Quarterly (90 days) % absenteeism(Number of days lost through job absence in the period / [(Number of employees on 1st of the period + Number of employees on the last day of the period) / 2] * Number of available workdays in the month)	1.0%				
Are accidents recorded?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The factory established injury records, but no injury accident occurred in past 12 months.				
Annual Number of work related accidents and injuries per 100 workers((Number of work related accidents and injuries * 100) / Number of total workers)	<table> <tr> <td>Last year</td> <td>0.0%</td> </tr> <tr> <td>This year</td> <td>0.0%</td> </tr> </table>	Last year	0.0%	This year	0.0%
Last year	0.0%				
This year	0.0%				

Quarterly (90 days) number of work related accidents and injuries per 100 workers((Number of work related accidents and injuries * 100) / Number of total workers)	0.0%	
Lost day work cases per 100 workers(((Number of lost days due to work accidents and work related injuries * 100) / Number of total workers)	Last year	0.0%
	This year	0.0%
% of workers that work on average more than 48 standard hours / week in the last 6 / 12 months	6 month	0.0%
	12 month	0.0%
% of workers that work on average more than 60 total hours / week in the last 6 / 12 months	6 month	0.0%
	12 month	0.0%

**0B - Management Systems and code Implementation**  
[Summary of Findings]

**0B: Compliance Requirements**

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

**Current Systems and Evidence Examined**

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

**Current Systems:**

- 1.The factory had established the necessary policy and procedure documents.
- 2.The factory conducted regularly trainings about social policies equivalent to ETI Code for the employees.
- 3.The factory conducted internal social accountability audit and management review.
- 4.The factory conducted social accountability audit to their suppliers.

**Evidence examined:**

1. Social accountability policy
2. Internal audit documents
3. Management interview
4. Program documents which contained all required documents and all appropriate procedures for meeting the client's code of conduct and the legal requirements.

**Any other comments:**

Nil

**Management Systems**

In the last 12 months, has the site been subject to any fines/prosecutions for non-compliance to any regulations?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: No such fine or prosecutions were identified.
Do policies and/or procedures exist that reduce the risk of forced labour, child labour, discrimination, harassment & abuse?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The factory had a policy and procedure that reduce the risk of forced labour, child labour, discrimination, harassment & abuse, such as the factory provided the training on relevant laws for all workers.
If Yes, is there evidence (an indication) of effective implementation? Please give details.	The factory had established the related policy and provided the training to all related workers to make sure the policy effectively, that was also confirmed via interview with workers and management staffs.
Have managers and workers received training in the standards for forced labour, child labour, discrimination, harassment & abuse?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The factory trained the managers and workers annually.

<p>If Yes, is there evidence (an indication) that training has been effective e.g. training records etc.? Please give details</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The training records were provided for reviewing.</p>
<p>Does the site have any internationally recognised system certifications e.g. ISO 9000, 14000, OHSAS 18000, SA8000 (or other social audits)?</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: Factory did not obtain internationally recognized certificate.</p>
<p>Is there a Human Resources manager/department?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Ms. Li Xiuming/ HR Manager was responsible for human resources related affairs.</p>
<p>Is there a senior person /manager responsible for implementation of the code?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: Ms. Li Xiuming/ HR Manager</p>
<p>Is there a policy to ensure all worker information is confidential?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: A displayed policy on the confidentiality of an individual's personal information.</p>
<p>Is there an effective procedure to ensure confidential information is kept confidential?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The factory had established the effective confidential policy confirmed by management interviews.</p>
<p>Are risk assessments conducted to evaluate policy and procedure effectiveness?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The factory conducted risk assessment to evaluate policy and procedure effectiveness.</p>
<p>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 Please give details: The facility had a process to address issues found when conducting risk assessments.</p>
<p>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 Please give details: The factory required supplier for policy or code implementation.</p>
<b>Land Rights</b>	
<p>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 Please give details: Factory provided certificate of possession of land.</p>

<p>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</p> <p>Please give details: The land licenses were provided for reviewing, which were issued by local government.</p>
<p>Does the site have a written policy and procedures specific to land rights?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Please give details: Based on document review and workers interview, the factory established a written policy and procedures special to land rights.</p>
<p>Is there evidence that facility/site compensated the owner/lessor for the land prior to the facility being built or expanded?</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>Please give details: Not applicable, no expanded in factory.</p>
<p>Does the facility demonstrate that alternatives to a specific land acquisition were considered to avoid or minimize adverse impacts?</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>Please give details: Not applicable, no expanded in factory.</p>
<p>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</p> <p>Please give details: No evidence of illegal appropriation of land for facility building or expansion of footprint.</p>

**1 - Freely chosen Employment**  
**[Summary of Findings]**

**1: Compliance Requirements**

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

**Current Systems and Evidence Examined**

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

**Current Systems:**

- 1. The factory had a policy which prohibits forced labour and workers could freely resign after communication with management in advance 30 days notification.
- 2. There was an application procedure which stated that workers present their ID's for proof of age but only copies should be kept in the personnel files and the original given back to the workers.
- 3. The terms and conditions of employment in the handbook state that the workers were free to leave the workplace outside of their working hours.
- 4. The workers did not require lodging deposits or their Identity papers to the factory at the beginning of employment.
- 5. No forced, bonded or involuntary prison labour was identified during the audit.

**Evidence examined:**

- 1. Factory rules
- 2. Employee handbook
- 3. Personnel files sampling review
- 4. Resignation records
- 5. Contracts
- 6. Management and worker interview

**Any other comments:**

Nil

Is there any evidence of retention of original documents, e.g. passports/ID' (If yes, please give details and category of workers affected)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details:
Is there any evidence of a loan scheme in operation (If yes, please give details and category of workers affected)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details:
Is there any evidence of retention of wages / deposits (If yes, please give details and category of workers affected)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details:
Are there any restrictions on workers' freedom to terminate employment?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: Workers could freely to terminate their employment without any restrictions.
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 Please give details: Nil

<p>Is there evidence of any restrictions on workers' freedoms to leave the site at the end of the work day?</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>Please give details:</p> <p>Based on workers' interview, workers could leave free when end of the workday.</p>
<p>Does the site understand the risks of forced / trafficked / bonded labour in its supply chain</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable</p> <p>Please give details:</p> <p>The factory understood the risks of forced labor in supply chain.</p>
<p>Is the site taking any steps taking to reduce the risk of forced / trafficked labour?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Please give details:</p> <p>The factory had established the effective employment policies, and it was implemented by HR department. No restrictions on movement of the employees in the factory; and HR department would verify ID copies without any retention during recruitment process. In addition, employees could freely resign after communication with management in advance 30 days notification.</p>

**2 - Freedom of Association and Right to Collective Bargaining are Respected**  
[Summary of Findings]

**2: Compliance Requirements**

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

**Current Systems and Evidence Examined**

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

**Current Systems:**

- 1.The Chinese constitution guarantees Freedom of Association; however, the Trade Union Act prevents the establishment of trade unions independent of the sole official trade union – the All China Federation of Trade Unions (ACFTU). As a consequence, all trade unions of factories in China are under the management of ACFTU. And most of the trade union representatives are appointed directly by it. Additionally, the trade union activity is limited on the right to organize and bargain collectively in China.
- 2.Based on document review, management review and worker interview, worker representative was available in factory.
- 3.Through worker interview, the worker could put forward their opinion through supervisors or management.

**Evidence examined:**

- 1. Site policy on freedom of association
- 2. Interview with workers
- 3. Interview with managers

**Any other comments:**

Nil

What form of worker representation/union is there on site? (Please add the name of the union or committee in the textbox)	<input type="checkbox"/> Union <input type="checkbox"/> Other	<input checked="" type="checkbox"/> Worker Committee <input type="checkbox"/> None
Other details:	Ms. Xie/ worker representative	
Is it a legal requirement to have a union?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Is it a legal requirement to have a worker's committee?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Is there any other form of effective worker/management communication channel? (Other than union/worker committee e.g. H&S, sexual harassment)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The workers could raise their grievances or complaint to worker representative.	
Is there evidence of free elections?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	



Does the supplier provide adequate facilities to allow the Union or committee to conduct related business?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: Adequate facilities were provided to conduct related business, such as meeting room, suggestion box, etc.
Name of union and union representative, if applicable:	NA. No union representative was available in the factory.
Is there evidence of free elections?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not Applicable
If there is no union, is there a parallel means of consultation with workers e.g. worker committees?	Worker committee, 1 worker representative attended the meeting.
Is there evidence of free elections?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable
Are all workers aware of who their representatives are?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: Ms. Xie/ worker representative was elected by workers freely.
Were worker representatives freely elected?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Date of last election:	2023-12-26
Do workers know what topics can be raised with their representatives?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Were worker representatives/union representatives interviewed?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
If Yes, please state how many:	1.0
Please describe any evidence that union/worker's committee is effective? Specify date of last meeting; topics covered; how minutes were communicated etc.	The meeting was conducted quarterly, and the last was conducted on Feb. 28, 2024, the topic was employee health and safety issues, and the meeting was conducted about 1 hours.
Are any workers covered by Collective Bargaining Agreement (CBA)?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

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

**3: Compliance Requirements**

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

**Current Systems and Evidence Examined**

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

**Current Systems:**

**1. General Health and Safety management**

- Mr. Yan Peixue/ Finance Manager was responsible for issue of Health & Safety in the factory.
- Minutes of meetings show that there were monthly meetings between H&S committee and H&S manager.
- Ventilation, temperature and lighting were adequate for the production processes.
- Sufficient clean toilets segregated by gender were available at all times to workers.
- The factory provided potable water to workers free of charge in workshop.

**2. Fire Safety**

- Evacuation plans were posted in workshop and understood by all interviewed workers.
- Sufficient fire-fighting equipment such as fire extinguishers, fire alarm and hydrants in production buildings. Regular inspection was taken by the factory per month.
- There were at least two exits in each workshop.
- The latest Fire drill was conducted in the factory in Feb. 2024 and recorded.
- The factory provide Fire Safety Certificates/Building Fire Safety Register Certificate for all factory buildings.

**3. Electrical safety**

- All electrical equipment was maintained in good condition such as sockets, plugs, switches and main fuse boards.
- 1 competent electrician in the factory and the qualification certificate were provided for review.
- 1 competent off-site electrician in the factory and the qualification certificate were provided for review.

**4. Medical services**

- Sufficient first aid kits in each production area and they were well stocked.
- 2 trained first aiders were available in the factory, and the qualification certificate was provided for review.

**5. Equipment protect**

- Some equipment was not in safe condition.

**6. Others**

- All workers wear appropriate PPE when working.

**Evidence examined:**

- 1. Health and safety policy
- 2. Health and safety committee minutes
- 3. Training records
- 4. Fire drill records
- 5. Trained first aider register
- 6. Accident records
- 7. Onsite observation
- 8. Worker interview and management interview

**Any other comments:**

Nil

<p>Does the facility have general and occupational Health &amp; Safety policies and procedures that are fit for purpose and are these communicated to workers?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Please give details: The factory had established the Health and Safety policy and communicated to workers through trainings and worker manuals.</p>
<p>Are the policies included in workers' manuals?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Please give details: The policy was written in worker's manuals.</p>
<p>Are there any structural additions without required permits/inspections (e.g. floors added)?</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>Please give details: The factory provided the Building Structure Safety Certificates (or records) for all factory buildings.</p>
<p>Are visitors to the site informed on H&amp;S and provided with personal protective equipment?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Please give details: The visitors were informed on H&amp;S when entered the factory by training, provided with personal protective equipment when necessary.</p>
<p>Is a medical room or medical facility provided for workers?(This section is to list evidence to support system description (Documents examined &amp; relevant comments. Include renewal/expiry date where appropriate))</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>Please give details: No local requirement. There were first aid kits available in all the workshops and equipped with 1 trained first aider.</p>
<p>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</p> <p>Please give details: The factory had 2 qualified first aiders.</p>
<p>Where the facility provides worker transport - is it fit for purpose, safe, maintained and operated by competent persons e.g. buses and other vehicles?</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>Please give details: The factory did not provide transport.</p>
<p>Is secure personal storage space provided for workers in their living space and is fit for purpose?</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>Please give details: NA. The factory was not provided accommodation.</p>
<p>Are H&amp;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?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Please give details: The factory conducted risk assessment of H&amp;S.</p>

<p>Is the site meeting its legal obligations on environmental requirements including required permits for use and disposal of natural resources?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Please give details:</p> <p>Based on onsite observation and management interview, the factory had conducted the EIA Registration and obtained the fixed pollutant discharge permit.</p>
<p>Is the site meeting its customer requirements on environmental standards, including the use of banned chemicals?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Please give details:</p> <p>The site has a copy of the banned substances list from its customer and is meet those requirements.</p>

Non-Compliance		Evidence
<a href="#">[Back to findings summary]</a>		
<b>Non-Compliance</b>		
Status	OPEN	
Reference	ZAF600375436	
Clause	3 - Working Conditions are Safe and Hygienic	
Issue Title	264 - Machines lack appropriate safety guards (e.g. eye or needle guards on sewing machines, belt / hand guards on other machines)	
Subcategory	Machinery	
New or carried over?	<input type="checkbox"/> New <input checked="" type="checkbox"/> Carried Over	
Raised by audit	ZAA600006018	
Root cause	<input type="checkbox"/> Training <input checked="" type="checkbox"/> System <input type="checkbox"/> Costs <input type="checkbox"/> Lack of workers <input type="checkbox"/> Other	
Root cause - Other		
Local law issue	General Rules of Design on Health and Safety of Production Facility (GB 5083-1999) 6.1.4 If the kinetic energy or potential energy of the movable parts (including their loads) may cause danger, it must be equipped with speed limit, anti-falling or anti-reversing devices	
ETI code	3.1 - A safe and hygienic working environment shall be provided, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Adequate steps shall be taken to prevent accidents and injury to health arising out of, associated with, or occurring in the course of work, by minimising, so far as is reasonably practicable, the causes of hazards inherent in the working environment.	
Explanation to the non compliance	<p>10 heat punching machine were not installed with paddle guard which was used for preventing accidental triggering of the machine.</p> <p>10台热成型机没有安装脚踏板防护用以防止意外启动设备。</p>	
Follow up method	<input type="checkbox"/> Follow up audit <input checked="" type="checkbox"/> Desktop audit	
Timescale	<input type="checkbox"/> Immediate <input checked="" type="checkbox"/> 30 days <input type="checkbox"/> 60 days <input type="checkbox"/> 90 days <input type="checkbox"/> 120 days <input type="checkbox"/> 180 days <input type="checkbox"/> 365 days <input type="checkbox"/> Other	
Actions	The safety guard should be installed on machines.	

	设备上应当安装安全防护措施。	
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**4 - Child Labour Shall Not Be Used**  
**[Summary of Findings]**

**4: Compliance Requirements**

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

**Current Systems and Evidence Examined**

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

**Current Systems:**

- 1.The factory established effective procedure to check the workers' ages during the recruitment through ID or other equivalent certificate such as driver licences. And the factory kept ID copies for all workers, according to sampling review, documents were kept for review.
  - 2.Based on workers interview and personal files review, no child labour or young worker was identified during the audit. The youngest worker in the factory was 27 years old, born on May 26, 1996 and entered on May 12, 2019.
- Remark: In China, minimum age of worker is 16 years old. Workers between 16 -18 are regarded as young labor.

**Evidence examined:**

- 1.Recruitment policy
- 2.Rosters of all employees
- 3.Personnel files
- 4.ID copies
- 5.Workers and management interviews

**Any other comments:**

Nil

Legal age of employment:	16
Age of youngest worker found:	27
Are there children present on the work floor but not working at the time of audit?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Percentage of under 18's at this site (of total workers)	0.0%
Are workers under 18 subject to hazardous work assignments?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No  Please give details: NA. There was no worker under 18 years old.

**5 - Living Wages are Paid**  
**[Summary of Findings]**

**5: Compliance Requirements**

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

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

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

**Current Systems and Evidence Examined**

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

**Current Systems:**

1. There were written policies established on wages and benefits and which were communicated to workers during recruitment process; while, the factory provided employees manual to workers, too.
2. Legal minimum wage was RMB1,700 / Month before Oct 1, 2023, RMB1,820 / Month since Oct 1, 2023 and all workers' minimum wages were paid in line with local law requirement. All workers' wages were calculated by hourly wage.
3. During the audit, the factory provided attendance records from Mar 1, 2023 to the audit day and payrolls from Mar 2023 to Feb 2024 for review.
4. The factory provided five kinds of social insurance for some worker and commercial insurance for the remaining workers, valid from Mar. 02, 2024 to Mar. 01, 2025.

**Evidence examined:**

1. Attendance records
2. Workers' interview
3. Wages and benefits policy
4. Local legal minimum wage documents
5. Payroll records
6. Leave records
7. Resignation records
8. Payslips of all workers interviewed
9. Social insurance and payment receipts from the local labour department

**Any other comments:**

Nil

**Summary Information**

Criteria	Local Law	Actual at the Site	Is this part of a Collective Bargaining Agreement?
Standard/Contracted work hours: (Maximum legal and actual required working hours excluding overtime, please state if possible per day, week, and month)	Legal Maximum Per Day: 8.0 Per Week: 40.0 Per Month: null	Actual Per Day: 8.0 Per Week: 40.0 Per Month: 184.0	NO
Overtime hours: (Maximum legal and actual overtime hours, please state if possible per day, week, and month)	Legal Maximum Per Day: 3.0 Per Week: null Per Month: 36.0	Actual Per Day: 2.0 Per Week: 14.0 Per Month: 56.0	NO



Wage for standard/contracted hours: (Minimum legal and actual minimum wage at site, please state if possible per hr, day, week, and month)	Legal Maximum Per Day: null Per Week: null Per Month: 1820	Actual Per Day: 0 Per Week: 0 Per Month: 1900	NO
Overtime wage: (Minimum legal and actual minimum overtime wage at site, please state if possible per hr, day, week, and month)	Legal Maximum Per Day: null Per Week: null Per Month: null	Actual Per Day: 0 Per Week: 0 Per Month: 0	NO
<b>Wages Analysis:</b>			
Were accurate records shown at the first request?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
Sample Size Checked (State number of worker records checked and from which weeks/months – should be current, peak, and random/low. Please see SMETA Best Practice Guidance and Measurement Criteria)	10 samples from Jul 2023 (Random) 10 samples from Nov 2023 (Random) 10 samples from Feb 2024 (Current)		
Are there different legal minimum wage grades? If Yes, please specify all.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
If there are different legal minimum grades, are all workers graded and paid correctly?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not Applicable Please give details:		
For the lowest paid production workers, are wages paid for standard/contracted hours (excluding overtime) below or above the legal minimum?	<input type="checkbox"/> Below legal min <input type="checkbox"/> Meet <input checked="" type="checkbox"/> Above		
Lowest actual wages found: Note: full time employees and please state hour / week / month etc.	At least RMB1900 per month (RMB10.92 per hour) since Mar 2023.		
Please indicate the breakdown of workforce per earnings	0.0% of workforce earning under minimum wage 0.0% of workforce earning minimum wage 100.0% of workforce earning above minimum wage		
Bonus Scheme found: Please specify details:	Bonus Scheme found:Nil Note: type of employee (e.g. full time, temp, etc.) and please state which units e.g. /hour /week /month etc.		
What deductions are required by law e.g. social insurance? Please state all types:	Social insurance and Personal income tax.		
Have these deductions been made?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
Please list all deductions that have been made.	1. Social insurance 2. Personal income tax Partly permanent employees were enjoyed social insurance and the wages reach the starting point of the personal income tax.		
Please list all deductions that have not been made.	1. Social insurance 2. personal income tax Please describe: Partly employees were not enjoyed all social insurance, and some workers' the wages did not reach the starting point of the personal income tax.		
Were appropriate records available to verify hours of work and wages?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		

Were any inconsistencies found? (if yes describe nature)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Do records reflect all time worked? (For instance, are workers asked to attend meetings before or after work but not paid for their time)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The attendance records were accurate.
Is there a defined living wage: This is not normally minimum legal wage. If answered yes, please state amount and source of info: Please see SMETA Best Practice Guidance and Measurement Criteria.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details:
If yes, what was the calculation method used.	<input type="checkbox"/> ISEAL/Anker Benchmarks <input type="checkbox"/> Asia Floor Wage <input type="checkbox"/> Figures provided by Unions <input type="checkbox"/> Living Wage Foundation UK <input type="checkbox"/> Fair Wear Wage Ladder <input type="checkbox"/> Fairtrade Foundation <input type="checkbox"/> Other – please give details:
Are there periodic reviews of wages? If Yes give details (include whether there is consideration to basic needs of workers plus discretionary income).	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The factory reviewed the wages yearly refer to local bureau etc.
Are workers paid in a timely manner in line with local law?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Is there evidence that equal rates are being paid for equal work:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: Through factory rules review, payroll records review and employee's interviews' interview, it was confirmed that equal rates are being paid for equal work.
How are workers paid:	<input checked="" type="checkbox"/> Cash <input type="checkbox"/> Cheque <input type="checkbox"/> Bank Transfer <input type="checkbox"/> Other

Non-Compliance		Evidence																										
<a href="#">[Back to findings summary]</a>																												
<table border="1"> <thead> <tr> <th colspan="2">Non-Compliance</th> </tr> </thead> <tbody> <tr> <td>Status</td> <td>OPEN</td> </tr> <tr> <td>Reference</td> <td>ZAF600375437</td> </tr> <tr> <td>Clause</td> <td>5 - Living Wages are Paid</td> </tr> <tr> <td>Issue Title</td> <td>423 - Compulsory insurance (e.g. social insurance, accident insurance etc.) not paid - systemic</td> </tr> <tr> <td>Subcategory</td> <td>Benefits &amp; Insurance</td> </tr> <tr> <td>New or carried over?</td> <td><input type="checkbox"/> New <input checked="" type="checkbox"/> Carried Over</td> </tr> <tr> <td>Raised by audit</td> <td>ZAA600006018</td> </tr> <tr> <td>Root cause</td> <td><input type="checkbox"/> Training <input checked="" type="checkbox"/> System <input checked="" type="checkbox"/> Costs <input type="checkbox"/> Lack of workers <input type="checkbox"/> Other</td> </tr> <tr> <td>Root cause - Other</td> <td></td> </tr> <tr> <td>Local law issue</td> <td>Labor Law of the People's Republic of China (2018 Amendment) Article 72, The sources of social insurance funds shall be determined according to the categories of insurance, and an overall pooling of insurance funds from the society shall be introduced step by step. The employing unit and laborers must participate in social insurance and pay social insurance premiums in accordance with the law. Article 73, Laborers shall, in accordance with the law, enjoy social insurance benefits under the following circumstances: 1. Retirement; 2. Illness or injury; 3. Disability caused by work-related injury or occupational disease; 4. Unemployment; and 5. Child-bearing.</td> </tr> <tr> <td>ETI code</td> <td>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.</td> </tr> <tr> <td>Explanation to the non compliance</td> <td>Not all employees were covered by social insurance. There were 32 production workers, with 12 reached at retirement age and no newly hired worker within one month. Thus, 20 production workers should be covered by five types of social insurance. However, only 5 out of 20 eligible workers (25% of eligible workers) were covered by five types of social insurance. In addition, another 27 workers were covered by commercial injury insurance, which was valid since Feb. 11, 2023 to Feb. 10, 2024.  不是所有员工都参加了社会保险。工厂有32名生产工人，其中12人达到了退休年龄，没有新入职一个月内的员</td> </tr> </tbody> </table>		Non-Compliance		Status	OPEN	Reference	ZAF600375437	Clause	5 - Living Wages are Paid	Issue Title	423 - Compulsory insurance (e.g. social insurance, accident insurance etc.) not paid - systemic	Subcategory	Benefits & Insurance	New or carried over?	<input type="checkbox"/> New <input checked="" type="checkbox"/> Carried Over	Raised by audit	ZAA600006018	Root cause	<input type="checkbox"/> Training <input checked="" type="checkbox"/> System <input checked="" type="checkbox"/> Costs <input type="checkbox"/> Lack of workers <input type="checkbox"/> Other	Root cause - Other		Local law issue	Labor Law of the People's Republic of China (2018 Amendment) Article 72, The sources of social insurance funds shall be determined according to the categories of insurance, and an overall pooling of insurance funds from the society shall be introduced step by step. The employing unit and laborers must participate in social insurance and pay social insurance premiums in accordance with the law. Article 73, Laborers shall, in accordance with the law, enjoy social insurance benefits under the following circumstances: 1. Retirement; 2. Illness or injury; 3. Disability caused by work-related injury or occupational disease; 4. Unemployment; and 5. Child-bearing.	ETI code	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.	Explanation to the non compliance	Not all employees were covered by social insurance. There were 32 production workers, with 12 reached at retirement age and no newly hired worker within one month. Thus, 20 production workers should be covered by five types of social insurance. However, only 5 out of 20 eligible workers (25% of eligible workers) were covered by five types of social insurance. In addition, another 27 workers were covered by commercial injury insurance, which was valid since Feb. 11, 2023 to Feb. 10, 2024.  不是所有员工都参加了社会保险。工厂有32名生产工人，其中12人达到了退休年龄，没有新入职一个月内的员	
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Local law issue	Labor Law of the People's Republic of China (2018 Amendment) Article 72, The sources of social insurance funds shall be determined according to the categories of insurance, and an overall pooling of insurance funds from the society shall be introduced step by step. The employing unit and laborers must participate in social insurance and pay social insurance premiums in accordance with the law. Article 73, Laborers shall, in accordance with the law, enjoy social insurance benefits under the following circumstances: 1. Retirement; 2. Illness or injury; 3. Disability caused by work-related injury or occupational disease; 4. Unemployment; and 5. Child-bearing.																											
ETI code	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.																											
Explanation to the non compliance	Not all employees were covered by social insurance. There were 32 production workers, with 12 reached at retirement age and no newly hired worker within one month. Thus, 20 production workers should be covered by five types of social insurance. However, only 5 out of 20 eligible workers (25% of eligible workers) were covered by five types of social insurance. In addition, another 27 workers were covered by commercial injury insurance, which was valid since Feb. 11, 2023 to Feb. 10, 2024.  不是所有员工都参加了社会保险。工厂有32名生产工人，其中12人达到了退休年龄，没有新入职一个月内的员																											

	工。因此，20名生产工人应当参加五项社会保险。但是20名应参保人员中仅有5人（占应参保人员的25%）参加了五项社会保险。此外，另有27名工人参加了商业意外伤害保险，其有效期为2023年2月11日到2024年2月10日。	
Follow up method	<input checked="" type="checkbox"/> Follow up audit <input type="checkbox"/> Desktop audit	
Timescale	<input type="checkbox"/> Immediate <input type="checkbox"/> 30 days <input type="checkbox"/> 60 days <input checked="" type="checkbox"/> 90 days <input type="checkbox"/> 120 days <input type="checkbox"/> 180 days <input type="checkbox"/> 365 days <input type="checkbox"/> Other	
Actions	All eligible workers should be covered by five types of social insurance. 所有应参保人员应当参加五项社会保险。	

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

**6: Compliance Requirements**

- 6.1 Working hours must comply with national laws, collective agreements, and the provisions of 6.2 to 6.6 below, whichever affords the greater protection for workers. Sub-clauses 6.2 to 6.6 are based on international labour standards.
- 6.2 Working hours, excluding overtime, shall be defined by contract, and shall not exceed 48 hours per week.
- 6.3 All overtime shall be voluntary. Overtime shall be used responsibly, taking into account all the following: the extent, frequency and hours worked by individual workers and the workforce as a whole. It shall not be used to replace regular employment. Overtime shall always be compensated at a premium rate, which is recommended to be not less than 125% of the regular rate of pay.
- 6.4 The total hours worked in any 7-day period shall not exceed 60 hours, except where covered by clause 6.5 below.
- 6.5 Working hours may exceed 60 hours in any 7-day period only in exceptional circumstances where all of the following are met:
- 6.6 Workers shall be provided with at least one day off in every 7-day period or, where allowed by national law, 2 days off in every 14-day period.

**Current Systems and Evidence Examined**

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

**Current Systems:**

- 1. The factory provided all workers' attendance records from Mar 1,2023 to the audit day and payrolls from Mar 2023 to Feb 2024.
- 2. The working time of workers were recorded by electronic attendance system.
- 3. The worker's standard working time was 5 days per week and 8 hours a day. All of workers worked one shift: 8:00 to 12:00, 13:00 to 17:00.
- 4. Based on attendance records review, the workers' max daily OT was 2 hours, the max weekly OT was 14 hours and the max monthly OT was 56 hours
- 5. The factory did not obtain any Comprehensive Working Hour System Approval.
- 6. Through employees' interview, overtime was voluntary.

**Evidence examined:**

- Factory policy on working hours
- Local and national laws
- Computerized time logging system
- Workers contracts
- Sample pay slips with recorded hours all interviewed workers
- Attendance records showing highest and lowest hours over all employees.
- Quality and production records to cross check working hours
- Interview with workers and management

**Any other comments:**

Nil

**Working hours' analysis**

**Systems & Processes**

What timekeeping systems are used? The factory used electronic attendance system (face scan)

Is sample size same as in wages section?  Yes  No

Please give details:

Are standard/contracted working hours defined in all contracts/employment agreements? (If no, please give details including % and which type of workers do NOT have standard hours defined in contracts/employment agreements.)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Are there any other types of contracts/employment agreements used?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Do any standard/contracted working hours defined in contracts/employment agreements exceed 48 hours per week? (If yes, please detail hours, %, types of workers affected and frequency.)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Are workers provided with at least 1 day off in every 7-day-period, or 2 in 14-day-period?	<input checked="" type="checkbox"/> 1 in 7 days <input type="checkbox"/> 2 in 14 days <input type="checkbox"/> No (please explain)
Is this allowed by local law?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Maximum number of days worked without a day off (in sample):	6
<b>Standard/Contracted Hours worked</b>	
Were standard working hours over 48 hours per week found? (If yes, % of workers & frequency)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No % of workers: null% Frequency:
Any local waivers/local law or permissions which allow averaging/annualised hours for this site? (If yes, please give details.)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>Overtime Hours worked</b>	
Actual overtime hours worked in sample (State per day/week/month)	Highest OT hours: 2 hours/ day, 14 hours/ week, 56 hours/ month in Jul 2023 (Random) 2 hours/ day, 14 hours/ week, 50 hours/ month in Nov 2023 (Random) 2 hours/ day, 14 hours/ week, 26 hours/ month in Feb 2024 (Current)
Combined hours (standard or contracted + overtime hours = total) over 60 found?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: Maximum weekly working hours were 54 hours.
Approximate percentage of total workers on highest overtime hours:	100.0%
Is overtime voluntary? (Please detail evidence e.g. Wording of contract / employment agreement / handbook / worker interviews / refusal arrangements)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Conflicting Information Please give details: Based on workers interview, the overtime was voluntary.
<b>Overtime premium</b>	

Are the correct legal overtime premiums paid? (Please give details of normal day overtime premium as a % of standard wages)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A – there is no legal requirement to OT premium  Please give details: 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.
Is overtime paid at a premium?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No 100% workers were paid the overtime paid as local law requirement and paid on monthly basis.
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 <input type="checkbox"/> Collective Bargaining agreements  <input checked="" type="checkbox"/> Other
Please give details	NA
If more than 60 total hours per week and this is legally allowed, are there other considerations? Please complete the boxes where relevant. (Please explain any checked boxes above e.g. detail of consolidated pay / CBA or Other)	<input type="checkbox"/> Overtime is voluntary <input type="checkbox"/> Onsite Collective bargaining allows 60+ hours/week is voluntary <input type="checkbox"/> Safeguards are in place to protect worker's health and safety  <input type="checkbox"/> Site can demonstrate exceptional circumstances <input checked="" type="checkbox"/> Other reasons (please specify)
Please give details	NA, all workers' weekly working hours less than 60 hours.
Please explain any checked boxes above e.g. detail of consolidated pay / CBA or other	NA, all workers' weekly working hours less than 60 hours.
Is there evidence that overtime hours are being used for extended periods to make up for labour shortages or increased order volumes?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If sufficient workers cannot be hired, are new working time arrangements explored to ensure that overtime is the exception rather than the rule?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

Non-Compliance		Evidence
<a href="#">[Back to findings summary]</a>		
<b>Non-Compliance</b>		
Status	OPEN	
Reference	ZAF600375438	
Clause	6 - Working Hours are not Excessive	
Issue Title	480 - Overtime is not used responsibly i.e. extent, frequency and level of hours worked by individual workers and / or whole workforce are excessive	
Subcategory	Overtime	
New or carried over?	<input type="checkbox"/> New <input checked="" type="checkbox"/> Carried Over	
Raised by audit	ZAA600006018	
Root cause	<input type="checkbox"/> Training <input checked="" type="checkbox"/> System <input type="checkbox"/> Costs <input type="checkbox"/> Lack of workers <input type="checkbox"/> Other	
Root cause - Other		
Local law issue	<p>Labor Law of the People's Republic of China (2018 Amendment), Article 41 The employing unit may extend working hours due to the requirements of its production or business after consultation with the trade union and laborers, but the extended working hour for a day shall generally not exceed one hour; if such extension is called for due to special reasons, the extended hours shall not exceed three hours a day under the condition that the health of laborers is guaranteed. However, the total extension in a month shall not exceed thirty six hours.</p>	
ETI 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.	
Explanation to the non compliance	<p>The facility provided time records since Mar. 2022 to the audit day. There was no peak production season. Thus, the following months were selected as primary samples: Feb. 2023, Dec. and Oct. 2022. The monthly overtime hours of all 10 sampled workers from all processes exceeded legal limit in the sampled months. The maximum monthly overtime hours reached at 48 hours in Feb. 2023, 58 hours in Dec. 2022 and 46 hours in Oct. 2022.</p> <p>工厂提供了2022年3月到审核当天的考勤。工厂没有生产旺季。因此如下月份被作为首要抽样月份：2023年2月，2022年12月和10月。来自全工序的所有10名样本员工的月加班在抽样月份中均超过了法律要求。最大的月加班分别达到了2023年2月48小时、2022年12月58小时、2022年10月份46小时。</p>	



Follow up method	<input checked="" type="checkbox"/> Follow up audit <input type="checkbox"/> Desktop audit	
Timescale	<input type="checkbox"/> Immediate <input type="checkbox"/> 30 days <input type="checkbox"/> 60 days <input checked="" type="checkbox"/> 90 days <input type="checkbox"/> 120 days <input type="checkbox"/> 180 days <input type="checkbox"/> 365 days <input type="checkbox"/> Other	
Actions	The monthly overtime hours should be within legal limit of 36 hours. 月加班应当控制在法律要求的36小时内。	

**7 - No Discrimination is Practiced**  
**[Summary of Findings]**

**7: Compliance Requirements**

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

**Current Systems and Evidence Examined**

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

**Current Systems:**

- 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.
- There was no evidence of discrimination in employment, promotion, compensation, welfare, dismissal and retirement
- There was no evidence of sexual harassment.

**Evidence examined:**

- The hiring and termination procedure
- Leave application records and employee handbook
- Labour contract
- Termination records
- Attendance and payroll records
- Training records
- Worker interview and management interview

**Any other comments:**

Nil

Gender breakdown of Management + Supervisors (Include as one combined group)	Male: 25.0%	Female: 75.0%
Number of women who are in skilled or technical roles (e.g. where specific qualifications are needed i.e. machine engineer / laboratory analyst)	NA. This factory does not involve any technical positions.	
Is there any evidence of discrimination based on race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation?	<input type="checkbox"/> Hiring  <input type="checkbox"/> Promotion	<input type="checkbox"/> Compensation  <input type="checkbox"/> Termination or retirement  <input checked="" type="checkbox"/> No evidence of discrimination found
Please give details	NA. Based on worker interview and onsite observation, no negative evidence was identified.	
Professional Development		
What type of training and development are available for workers?	New employees' probation training on EHS, HR policies, etc. Technical training on machine operation, etc.	
Are HR decisions e.g. promotion, training, compensation based on objective, transparent criteria? (If no, please provide details)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	



**8 - Regular Employment Is Provided**  
**[Summary of Findings]**

**8: Compliance Requirements**

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

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

**Additional Elements: Responsible Recruitment**

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

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

8.5 Employment agencies must only supply workers registered with them.

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

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

**Current Systems and Evidence Examined**

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

**Current Systems:**

1. According to workers interview and management interview, workers signed contracts with the factory within one month as local law's requirement.
2. All interviewed workers indicated that they were provided with contract copies to know all items included.
3. No homemaker was arranged in this factory.
4. The factory saved all workers' personal files and contracts for review.
5. The factory established employment procedure for workers' recruitment.

**Evidence examined:**

1. Employment procedure and requirements
2. Workers' interview.
3. Labour contracts.
4. Personal files.

**Any other comments:**

Nil

**Responsible Recruitment**

**All Workers**

Were all workers presented with terms of employment at the time of recruitment, did they understand them and are they same as current conditions?

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> Terms & Conditions presented | <input checked="" type="checkbox"/> Understood by workers |
| <input checked="" type="checkbox"/> Same as actual conditions    |   |

Did workers pay any fees, taxes, deposits or bonds for the purpose of recruitment/placement? (If yes, please describe details and specific category(ies) of workers affected)

- Yes  No

Migrant Workers	
Type of work undertaken by migrant workers:	There were no foreign migrant workers the factory. 2 domestic migrant employees were from other provinces of China, they come from Hena province and Guangdong province, they worked in different positions in the factory.
Please give details about recruitment agencies for migrant workers:	Number of (in country) recruitment agencies used: 0 Number of (outside of local country) recruitment agencies used: 0
Are migrant workers' voluntary deductions (such as for remittances) confirmed in writing by the worker and is evidence of the transaction supplied by the facility to the worker?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: NA
Is there any observation on this finding?	NA
Are any migrant workers in skilled, technical or management roles? (This should include all migrant workers including permanent workers, temporary and/or seasonal workers)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Non-employee workers	
Recruitment Fees	
Are there any fees?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Agency Workers (if applicable) (Workers sourced from a local agent who are not directly paid by the site, but paid by the agency. Usually the agencies are paid by the site and the wages of the individual workers are paid by the agency.)	
Number of agencies used (average):	0
Please provide the names of agencies if applicable	NA, no on-site agency worker used in factory.
Were agency workers' age / pay / hours included within the scope of this audit?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Were sufficient documents for agency workers available for review?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is there a legal contract agreement with all agencies?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: NA, no on-site agency worker used in factory.
Does the site have a system for checking labour standards of agencies?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: NA, no on-site agency worker used in factory.
Contractors (Contractors in this context are generally individuals who supply several workers to a site. Usually the contractors are paid by the site and the wages of the workers are paid by the contractor. Common terms include, gang bosses, labor provider.)	
Any contractors on site?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: NA, no on-site contractor used in factory.

Do all contractor workers understand their terms of employment?

Yes  No

Please give details:

NA, no on-site contractor used in factory.

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

**8A: Compliance Requirements**

8.A.1 There should be no sub-contracting unless previously agreed with the main client.  
8.A.2 Systems and processes should be in place to manage sub-contracting, homeworking and external processing.

**Current Systems and Evidence Examined**

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

**Current Systems:**

1.A site tour showed that all production processes were present in the factory.  
2.Cross check showed that no Sub-Contractor and no home working present in the factory.  
3.The factory had established social accountability manual including sub-contracting control procedure.

**Evidence examined:**

- Site tour
- Materials in/out records
- Interview with management and workers
- Social accountability manual

**Any other comments:**

Nil

**Summary of sub-contracting – if applicable**

Is there any sub-contracting at this site?     Yes     No

**Summary of homeworking – if applicable**

Is homeworking used at this site?     Yes     No

**9 - No Harsh or Inhumane Treatment is Allowed**  
**[Summary of Findings]**

**9: Compliance Requirements**

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

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

**Current Systems and Evidence Examined**

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

**Current Systems:**

- The factory management had 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. Worker interview confirmed that workers were aware of the disciplinary procedure.
- The factory had established a policy on Harsh Treatment. Based on workers interview, there was no such negative evidence happened in the past.
- There is 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.
- The duties of security guard were to protect safety of factory's property, to regularized entrance/exit of goods/ vehicles/ employees/ visitors.

**Evidence examined:**

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

**Any other comments:**

Nil

Are there published, anonymous and/or open channels available for reporting any violations of Labour standards and H&S or any other grievances to a 3rd party?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: There is suggestion box for reporting grievances.
If yes, are workers aware of these channels and have access? Please give details.	All workers are aware of these processes and aware the suggestion box.
If yes, what type of mechanism is used e.g. hotline, whistle blowing mechanism, comment box etc. Please give details.	Suggestion box, worker representative, etc.
Which of the following groups is there a grievance mechanism in place for?	<input checked="" type="checkbox"/> Worker <input type="checkbox"/> Communities <input type="checkbox"/> Suppliers <input type="checkbox"/> Other
Please provide grievance mechanism details	Workers could raise grievances to worker representative, supervisors, team leaders, or managers directly.
Are there any open disputes?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details:



<p>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 Please give details:</p>
<p>Is there a published and transparent disciplinary procedure?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details:</p>
<p>If yes, are workers aware of these the disciplinary procedure?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details:</p>
<p>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 Please give details:</p>

**10A - Entitlement to Work and Immigration**  
**[Summary of Findings]**

**10A: Compliance Requirements**

- 10.A.1 Only workers with a legal right to work shall be employed or used by the supplier.
- 10.A.2 All workers, including employment agency staff, must be validated by the supplier for their legal right to work by reviewing original documentation.

**Current Systems and Evidence Examined**

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

**Current Systems:**

- 1. Based on document review, management and worker interview, all workers in the factory were Chinese. All workers had the proper legal rights to work in this region.
- 2. Recruitment procedures and employment procedures, the factory had established Recruitment procedures and employment procedures, and the factory would review the workers' original documents such as ID cards during the recruitment.
- 3. No foreign worker was used by the factory.
- 4. The factory collected related laws on entitlement to work and immigration.

**Evidence examined:**

- 1.Hiring procedure
- 2.Personnel files and labour contracts
- 3.Employee handbook
- 4.Employee roster

**Any other comments:**

Nil

**10B2 - Environment 2–Pillar**  
**[Summary of Findings]**

**10B2: Compliance Requirements**

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

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

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

**Current Systems and Evidence Examined**

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

**Current Systems:**

1. Based on documents review and confirmed with factory management, the factory conducted EIA registration form and discharge registration form as per legal requirements. All the documents were provided for review which are acceptable.
2. The factory learned about the environment impact of their site and take necessary measurement as per legal requirement.
3. Based on workers' interview, they were trained on environmental protection.
4. The factory had procedure on environment protection and Mr. Yan Peixue/ Finance Manager was appointed as response for environment performance.

**Evidence examined:**

1. Environmental policy and procedure
2. Environmental documents
3. Workers and management interview
4. Site tour

**Any other comments:**

Nil

## Attachments



SMETA-JSASCN24048849-Tancheng Gaoda Hats  
Industry factory-Mar. 12, 2024-Annual-Onsite  
CAP.pdf



SMETA-JSASCN24048849-Tancheng Gaoda Hats  
Industry factory-Mar. 12, 2024-Annual-Photo  
Report.pdf



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

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