Sedex Members Ethical Trade Audit (SMETA) Report

Version 7.0 September 2024, 2/4 Pillar Audit; replaces version 6.1 May 2019

Supplier name:	Wenzhou Zigpac Industry Limited	
Site country:	China	
Site name:	Wenzhou Zigpac Industry Limited	
Parent Company name (of the site):	N/A	
SMETA Audit Type:	☒ 2–Pillar	☐ 4–Pillar
Date of Audit	September 15, 2026	

Audit Content:

(1) A SMETA audit was conducted which included some or all of Labour Standards, Health and Safety, Environment and Business ethics. The SMETA Best Practice Guidance Version 7.0 September 2024 was applied. The scope of workers included all types at the site e.g. direct employees, agency workers, workers employed by service providers, and workers provided by other contractors. Any deviations from the SMETA Methodology are stated (with reasons for deviation) in the SMETA Declaration.

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

2 Pillar SMETA Audit

- ETI Base Code
- SMETA Additions
  - Management systems and code implementation,
  - Entitlement to Work & Immigration,
  - Sub-Contracting and Home working,

4-Pillar SMETA

- 2-Pillar requirements plus
- Additional Pillar assessment of Environment
- Additional Pillar assessment of Business Ethics

The new ETI Working Hours Clause

- Now integrated into this latest SMETA version.

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

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Audit Company Name:	Report Owner (payee):
Leverage Limited	Wenzhou Zigpac Industry Limited
Sedex Company Reference: *(only available on Sedex System)*	**ZC:** Not provided by the factory
Sedex Site Reference: *(only available on Sedex System)*	**ZS:** Not provided by the factory

Audit Conducted By			
Commercial	☒	Purchaser	☐
NGO	☐	Retailer	☐
Trade Union	☐	Brand Owner	☐
Multi–stakeholder	☐	Combined Audit (select all that apply)	

Auditor Reference Number: *(If applicable)*	NA

SMETA Declaration

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

Any exceptions to this must be recorded here (e.g. different sample size): None

Auditor Name(s) (please list all including all interviewers):
Lead auditor: Joe Ye
Team auditor: Joe Ye
Interviewers: Joe Ye

Date: 15 September, 2026

Non–Compliance Table

Issue *(please click on the issue title to go direct to the appropriate audit results by clause)*		Area of Non–Conformity *(Only check box when there is a non–conformity, and only in the box/es where the non–conformity can be found)*			Record the number of issues by line*:		
		ETI Base Code	Local Law	Additional Elements (i.e. not part of ETI code)	NC	Obs	GE
0	Management systems and code implementation	☐	☐	☒	1	0	0
1	Employment Freely Chosen	☐	☐		0	0	0
2	Freedom of Association	☐	☐		0	0	0
3	Safety and Hygienic Conditions	☒	☒		5	0	0
4	Child Labour	☐	☐		0	0	0
5	Wages and Benefits	☐	☐		0	0	0
6	Working Hours	☐	☐		0	0	0
7	Discrimination	☐	☐		0	0	0
8	Regular Employment	☐	☐		0	0	0
8A	Sub–Contracting and Homeworking		☐	☐	0	0	0
9	Harsh or Inhumane Treatment	☐	☐		0	0	0
10A	Entitlement to Work		☐	☐	0	0	0
10B2	Environment 2–Pillar		☐	☐	0	0	0
10B4	Environment 4–Pillar		☐	☐	N/A	N/A	N/A
10C	Business Ethics		☐	☐		N/A	N/A

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

Summary of Findings

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

This Initial audit was conducted by Leverage Limited. One Auditor assessed/verified the facility's operations against the ETI Base Code.

Overview of opening meeting, facility management responses. At 9:00 am, the auditor entered the facility, and held an open meeting; the facility management Bruce chan / General manager , Zheng chengxiang / Finance , Luo Xing / worker representative, were present in the meeting. They stated that they would be co-operative with the audit.

Site Summary

1. The product manufactured at this site was Sticker, Keychain, Packaging Bag, Gift Box, Fridge Magnet, Tote Bag, Notebook and other Custom Printing & Packaging Products.
2. Overall responsibility for meeting the standards was taken by Li zujian / General Manager.
3. There were total 38 employees on site (24 employees were Local workers, all were permanent).
4. The youngest worker on site was 22 years old.
5. No trade union was found at this factory.
6. Worker representative was present during the audit.
7. There was evidence of both male and female in management and among supervisor. The distribution was Male 70%, Female 30%.
8. No sub-contractor was used by the factory.
9. 10 workers were selected for interview including 4 male and 6 female employees, they were interviewed as 1 group of 4 workers and 6 workers were interviewed individually. All workers said they were satisfied with their employment at the factory. They also said they were able to make suggestions to their supervisors and team leaders and sometimes they had seen these suggestions used.
10. 10 workers' wage records from Feb, 2025 to Jan, 2026 were reviewed. And all workers' attendance records from Feb, 2025 to audit day were provided to reviewed.
11. At least legal minimum wage was paid to all workers, legal minimum wage is RMB 2480 per month (14.09 per hour) since 1 Nov, 2024.
12. Adequate overtime wage was paid: workers were paid 150% of regular wage for weekday overtime, 200% of regular wage for rest day overtime and 300% of regular wage for statutory holiday overtime.
13. Overtime hours in samples were:
    - 32 hours/month in Jun, 2022
    - 32 hours/month in Aug,2025
    - 16 hours/month in Jan, 2024

Non-compliances:

1. It was noted that during worker interview 6 out of 10 workers interviewed were not aware of the ETI code.
2. It was noted that in adhesion workshop, the factory provided mask to all workers, but 7 workers did not wear the mask when handling the glue.
3. It was noted that the factory provided earplugs to all workers in soft magnet workshop, but 4 workers did not wear the earplug when working in the workshop.
4. It was noted that the facility did not equip safety devices such as explosive prevention and anti-leakage facilities for one can of white glue in adhesion workshop.
5. It was noted that three electrical control panels were not covered in workshop.
6. It was noted that the factory did not obtain the safety operation certificate of elevator for safety purpose.

Observation:

None observed.

Best Practice Observation:
Nil

Additional Auditor Remark:
Nil

Audit Details

Audit Details			
A: Report #:	LVG-S2019-SH0016		
B: Time in and time out *(SMETA Best Practice Guidance and Measurement Criteria recommends 9.00–17.00 hrs. if any different please state why in the SMETA declaration)*	Day 1 Time in: 9:00 am Day 1 Time out: 17:00 pm	Day 2 Time in: NA Day 2 Time out: NA	Day 3 Time in: NA Day 3 Time out: NA
C: Number of Auditor Days Used: *(number of auditor x number of days)*	1 Auditor x 1.0 days		
D: Audit type:	☒ Full Initial ☐ Periodic ☐ Full Follow–up ☐ Partial Follow–Up ☐ Partial Other – Define		
E: Was the audit announced? *(AAG recommends a window of three weeks for semi–announced, this gives optimum results)*	☒ Announced ☐ Semi – announced: Window detail: weeks ☐ Unannounced		
F: Was the Sedex SAQ available for review?	☒ Yes ☐ No		
If **No**, why not? (*Examples would be, site has not completed SAQ, site has not been asked to complete the SAQ.)*	NA		
G: Any conflicting information SAQ/Pre-Audit Info to Audit findings?	☐ Yes ☒ No If **Yes**, please capture detail in appropriate audit by clause		
H: Auditor name(s) and role(s):	Joe Ye / Leader auditor		
I: Report written by:	Joe Ye		
J: Report reviewed by:	Yuki Tse		
K: Report issue date:			
L: Supplier name:	Wenzhou Zigpac Industry Limited		
M: Site name:	Wenzhou Zigpac Industry Limited		
N: Site country:	China		

Site contact and job title:	Bruce Chan / General Manager
Site address: *(Please include full address)*	#148-152, Block C, Binjiang Shangzhu Building, Longgang, Wenzhou, Zhenjiang, China
	Mob: (86) 18668768846
Site phone:	18668768846
Site fax:	NA
Site e–mail: Q: Applicable business and other legally required licence numbers:	Bruce@zigpac.com Business No: 913303273135232325 Valid from 07 August, 2014 to Long
R: Products/Activities at site, for example, garment manufacture, electricals, toys, grower	Sticker, Keychains, Magnets, Paper Bags, Toge Bags, Plastic Bags, Gift Boxes, Notebook, Commercial Custom Printing, Promotional Gifts
S: Audit results reviewed with site management?	Yes
T: Who signed and agreed CAPR *(Name and job title)*	Bruce / General manager
U: Did the person who signed the CAPR have authority to implement changes?	Yes
V: Present at closing meeting (Please state name and position, including any workers/union reps/worker reps):	Rongyu Chen / rep Zheng chengxiang / Finance Bruce Chan / General manager
W: What form of worker representation / union is there on site?	☐ Union (name) ☒ Worker Committee ☐ Other (specify) ☐ None
X: Are any workers covered by Collective Bargaining Agreement (CBA)	☐ Yes ☒ No
Y: Previous audit date:	NA

Z: Previous audit type:

	SMETA 2–pillar	SMETA 4–pillar	Other
Full Initial	☐	☐	☐
Periodic	☐	☐	☐
Full Follow–Up Audit	☐	☐	☐

	Partial Follow–Up	☐	☐	☐
	Partial Other*	☐	☐	☐
	*If other, please define: N/A			

Audit Scope/Actual Results

Criteria	Local Law *(Please state legal requirement)*	Actual at the Site *(Record site results against the law)*	Is this part of a Collective Bargaining Agreement?
A: Standard/Contracted work hours: *(Maximum legal and actual required working hours excluding overtime, please state if possible per day, week and month)*	Legal maximum: 40 hours per week	The regular working time was 8 hours per day, 5 days per week, Saturday work normally as per production request.	☐ Yes ☒ No
B: Legal Overtime hours: *(Maximum legal and actual overtime hours, please state if possible per day, week and month)*	Legal maximum: 3 hours per day, 36 hours per month	8 hours overtime on Saturday normally. 3 hours overtime from 18:00 to 21:00 on weekday	☐ Yes ☒ No
C: Legal age of employment: *(Minimum legal and actual minimum age at site)*	Legal minimum: 16 years old	22 years old	
D: Legal minimum wage for standard/contracted hours: *(Minimum legal and actual minimum wage at site, please state if possible per hr, day, week and month)*	Legal minimum: CNY 1530/month; (RMB 8.79 per hour) since 1 Nov, 2015	At least RMB 1800/month RMB10.34per hour	☐ Yes ☒ No
E: Legal minimum overtime wage: *(Minimum legal and actual minimum overtime wage at site, please state if possible per hr ,day, week and month)*	Legal minimum: 150% of normal wage for overtime on work days; 200% of normal wage for overtime on rest days; 300% of normal wage for overtime on statutory holidays	Not less than 150% of regular wage for weekday overtime; Not less than 200% of regular wage for weekend overtime; Not less than 300% of regular wage for statutory holiday overtime.	☐ Yes ☒ No

Audit Scope *(Please select the code and additional requirements that were audited against during this audit)*	
2–Pillar Audit	☒

10B4: Environment 4–Pillar	☐
10C: Business Ethics	☐
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.	☒

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

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

Audit Overview

Audit Overview						
	Management		Worker Representatives			
Audit attendance	Senior management		Worker Committee representatives		Union representatives	
A: Present at the opening meeting?	☒ Yes	☐ No	☒ Yes	☐ No	☐ Yes	☒ No
B: Present at the audit?	☒ Yes	☐ No	☒ Yes	☐ No	☐ Yes	☒ No
C: Present at the closing meeting?	☒ Yes	☐ No	☒ Yes	☐ No	☐ Yes	☒ No
D: If Worker Representatives were not present please explain reasons why *(only complete if no worker reps present)*	N/A					
E: If Union Representatives were not present please explain reasons why: *(only complete if no union reps present)*	No union on the site.					

F: Site description: *(Include size, location and age of site. Also include structure and number of buildings)*	Wenzhou Zigpac Industry Limited was rented the two-storey from Cangnan qianshida Print Co.,Ltd. as production area. The first floor was totally rented, the second floor was shared with Cangnan qianshida Print Co.,Ltd. located in 148-152, Block C, Binjiang Shangzhu Building, Longgang, Wenzhou, Zhenjiang, China. No dormitory or canteen was provided to workers.

Production Building no	Description	Remark, if any
Floor 1	Cut, Glue, Office	NA
Floor 2	Print, pack	Share with Cangnan qianshida Print Co.,Ltd.
Floor 3	NA	Cangnan qianshida Print Co.,Ltd.
Floor 4	NA	Cangnan qianshida Print Co.,Ltd.
Is this a shared building?	Yes	Share with Cangnan qianshida Print Co.,Ltd.

G: Site function:	☐ Agent ☒ Factory Processing/Manufacturer ☐ Finished Product Supplier ☐ Grower ☐ Homeworker ☐ Labour Provider ☐ Pack House ☐ Primary Producer ☐ Service Provider ☐ Sub–Contractor
H: Month(s) of peak season: *(if applicable)*	Not obvious.

I: Process overview:
(Include products being produced, main operations, number of production lines, main equipment used)

The main products in the factory were Stickers, Keychains, Magnets, Paper Bags, Tote Bags, Plastic Bags, Gift Boxes, Notebooks, Commercial Custom Printing, and Promotional Gifts.

Main equipment: cutting machines, laser cutting machines, gluing machines, digital printing machines, UV printers, screen printing machines, and packaging machines.
The main processes were Raw Material Preparation - Press Piece - Printing (if needed) - Cutting - Gluing and Assembling - Inspection and Packing.

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

10 workers (4 male and 6 female) were randomly selected from various workshops for private and confidential interview. The interview responses were positive towards the management and the auditor. All of the interviewed

workers stated that they could go to the toilet or drink clean water during working hours. They also stated that they were paid by hourly-rated Wages were issued on 25th of the following month. All workers worked in 1 shift, 8:00-11:30 and 13:00 to 17:30, overtime from 18:00 to 21:00 on weekday.
K: Attitude of workers committee/union reps: (Include their attitude to management, workplace and the interview process. Both positive and negative information should be included) Note: Do not document any information that could put workers at risk
It was found to be cooperative throughout the audit.
L: Attitude of managers: *(Include attitude to audit, and audit process. Both positive and negative information should be included)*
Bruce Chan / General manager showed their positive attitude to this audit.

Key Information

Key Information *(click on the key information title to go to appropriate section of the report)*		
A: Do all workers (including migrant workers) have contracts of employment/employment agreements? *(Go to clause 8 – Regular Employment)*	☒ Yes ☐ No	
B: Are maximum standard/contracted working hours clearly defined in contract/employment agreements? *(Go to clause 8 – Regular Employment)*	☒ Yes ☐ No	
C: Were appropriate records available to verify hours of work and wages? *(Go to clause 5 – Living Wage)*	☒ Yes ☐ No	
D: Were any inconsistencies found? (if yes describe nature) *(Go to Wages Table)*	☐ Yes ☒ No	☐ Poor record keeping ☐ Isolated incident ☐ Repeated occurrence
E: For the lowest paid production workers, are wages paid for standard/contracted hours (excluding overtime) below or above the legal minimum? *(Go to clause 5 – Living Wage)*	Wages found:	Please indicate the breakdown of workforce according to earnings:
	☐ Below legal min ☐ Meet ☒ Above	____% of workforce earning under min wage ____% of workforce earning min wage _100_% of workforce earning above min wage
F: % of piece rate workers: (if applicable)	0%	
G: Do the standard/contracted hours stated in a contract/employment agreement exceed the law or 48 hours per week? *(Go to clause 6 – Working hours)*	☐ Yes ☒ No	
H: If yes, what are the standard/contracted hours per week as stated in the contract/employment agreement? *(Go to clause 6 – Working hours)*	_____ hrs/week N/A	Approx. ____% of **ALL** workers on these contacted hours N/A
I: Combined hours (standard/contracted plus overtime = total hours) over 60 per week found? *(Go to Working Hours Analysis)*	☐ Yes ☒ No	
J: Are workers provided with 1 day off in every 7-day-period, or 2 in 14-day-period (where the law allows)?	☒ Yes ☐ No If 'No', please explain:	

K: Are the correct legal overtime premiums paid? *(Go to Wages Table)*	☒ Yes ☐ No ☐ N/A – there was no legal requirement to OT premium
L: Please state what actual OT is paid. *(As a percentage of the workers standard rate)* *(Go to Working Hours Analysis)*	*Please give details of overtime premium as a % of standard wages:* ☐ 0% ☐ 1% – 115% ☐ 116% – 124% ☒ 125% – 199% ☒ 200%+ Please give details: 150% of employees' regular rate on weekdays, 200% of employees' regular rate on rest days and 300% of employees' regular rate on statutory holidays.
M: Is there any night production work at the site?	☐ Yes ☒ No
N: % of workers living in site provided accommodation (if applicable):	0%. No dormitory was available in the factory.
O: Age of youngest worker found: *(Go to clause 4 – Child labour)*	22 years old.
P: Workers under 18 subject to hazardous work assignments? *(Go to clause 3 – Health and Safety)*	☐ Yes ☒ No
% of under 18's at this site (of total workers)	0%
Q: What form of worker representation/union is there on site? *(Go to clause 2 – Freedom of Association)*	☐ Union (name) ☒ Worker Committee ☐ Other (specify) ☐ None
R: Is it a legal requirement to have a union? *(Go to clause 2 – Freedom of Association)*	☐ Yes ☒ No
S: Is It a legal requirement to have a workers committee? *(Go to clause 2 – Freedom of Association)*	☐ Yes ☒ No
T: Is there any other form of effective worker/management communication channel? *(Other than union/worker committee)* *(Go to clause 2 – Freedom of Association)*	☒ Yes ☐ No Describe: Employees could reflect problem to management privately through suggestion box.
U: Are there any External Processes? *(Go to clause 8A – Sub–contracting and Home working)*	☐ Sub–Contracting ☐ Homeworking ☐ Other External Process ☒ No external processes

Management Systems

Management Systems:	
A: Nationality of Management	China
B: Gender breakdown of Management + Supervisors *(Include as one combined group)*	Male: 70 % Female：30%
C: Majority nationality of workers	China
D: Number of workers leaving in last 12 months as a % of average total number of workers on site over the year (annual worker turnover)	5 %
E: Were accurate records shown at the first request?	☒ Yes ☐ No
F: If **No**, why not?	NA
G: In the last 12 months, has the site been subject to any fines/prosecutions for non–compliance to any regulations?	☐ Yes ☒ No Please describe: NA
H: Do policies and/or procedures exist that reduce the risk of forced labour, child labour, discrimination, harassment & abuse?	☒ Yes ☐ No Please describe: Facility had established procedure to prevent recruit child labor. And Management policy requested no force labor, discrimination, etc.
I: If **Yes**, is there evidence (an indication) of effective implementation? Please give details.	Facility recruitment advertisement request the worker age was above 16 years old.
J: Have managers and workers received training in the standards for forced labour, child labour, discrimination, harassment & abuse?	☒ Yes ☐ No Please describe: The workers received training about forces labour, child labor, discrimination, harassment & abuse.
K: If **Yes**, is there evidence (an indication) that training has been effective e.g. training records etc.? Please give details	The facility conducted employee manual training for all new coming workers, and provided training record for audit.
L: Are there published, anonymous and/or open channels available for reporting any violations of Labour standards and H&S or any other grievances to a 3rd party?	☐ Yes ☒ No Please describe: N/A
M: If **Yes**, are workers aware of these channels? Please give details.	N/A

N: Have health and safety risks been identified e.g. through internal audits, formal risk analysis process, worker involvement etc.?	☒ Yes ☐ No Please describe: Risk analysis records were provided for review.
O: If **Yes**, has effective action been taken to reduce or eliminate these risks?	PPE supplied
P: Are accidents recorded?	☒ Yes ☐ No Please describe: Accidents were recorded.
Q: Has the auditor made a simple calculation to compare capacity with workers' work load in order to identify possible unrecorded work hours?	☒ Yes ☐ No Please describe: Auditor made a simple calculation to compare capacity with employees work load.
R: Does the site have all required land rights licenses and permissions *(see SMETA Measurement Criteria)*?	Yes
S; Does the site have any internationally recognised system certifications e.g. ISO 9000, 14000, OHSAS 18000, SA8000 (or other social audits). *Please detail (Number and date).*	NA
T: Is there a Human Resources manager/department? If Yes, please detail.	☒ Yes ☐ No Please describe: Li zujian / General manager was responsible for HR issues.

Worker Analysis

Worker Analysis								
	Local			Migrant				Total
	Permanent	Temporary	Agency	Permanent	Temporary	Agency	Home workers	
Worker numbers – male	17	0	0	7	0	0	0	24
Worker numbers – female	7	0	0	7	0	0	0	14
Total	24	0	0	14	0	0	0	38
Number of Workers interviewed	4	0	0	6	0	0	0	10

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

A: Any contractors on site?	☐ Yes ☒ No
B: If **Yes**, how many workers supplied by contractors	N/A
C: Are all contractor workers paid according to law?	☐ Yes ☒ No
If **Yes**, Please give evidence for contractor workers being paid according to law:	N/A

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

D: Originating Locations/Countries:	Anhui, Fujian, and Guizhou
E: Type of work undertaken by migrant workers :	Include all type of work.
F: Were migrant workers recruited through an agency? If yes, please give details.	☐ Yes ☐ No Please describe: N/A

If **Yes**, is there a contract with the agency? Provide details of agencies and contractual arrangements including any fees lodged during the recruitment process.	N/A
G: Does the site have a system for checking labour standards of agencies? If yes, please give details.	☐ Yes ☐ No Please describe: N/A
H: Percentage of migrant workers in company provided accommodation:	N/A

Audit Results by Clause

0: Managements system and Code Implementation *(click here to return to NC Table)*
0.1 Suppliers are expected to implement and maintain systems for delivering compliance to this Code. 0.2 Suppliers shall appoint a senior member of management who shall be responsible for compliance with the Code. 0.3 Suppliers are expected to communicate this Code to all employees. 0.4 Suppliers should communicate this code to their own suppliers and, where reasonably practicable, extend the principles of this Ethical Code through their supply chain.

Current Systems and Evidence Examined *To complete 'current systems' Auditors examine policies and written procedures in conjunction with relevant managers, to understand, and record what controls and processes are currently in place e.g. record what policies are in place, what relevant procedures are carried out, who is/are responsible for the management of this item of the code. Evidence checked should detail any documentary or verbal evidence shown to support the systems.*
Current systems: -The company has established and implemented social management system policy and procedure and conducted internal social system audit once per year. -All workers were trained on social responsibility requirements. -The factory communicated this Code to some employees by training, and based on talking with factory management and workers, not all workers were familiar with local laws and ETI Base Codes. -Overall responsibility for meeting the standards was taken by Li zujian / General Manager. **Evidence examined – to support system description (Documents examined & relevant comments. Include renewal/expiry date where appropriate):** -Business registration certificates, -Local minimum wage notice, -Labour contracts, -Employee handbook, -Factory regulations -Training and meeting records

Non–compliance:

1. Description of non–compliance: ` ☒ NC against ETI/Additional Elements ☐ NC against Local Law It was noted that during worker interview 6 out of 10 workers interviewed were not aware of the ETI code. **Local law and/or ETI requirement:** ETI Additional Elements 0.3 Suppliers are expected to communicate this Code to all employees. **Recommended corrective action:** It is recommended that all workers should be aware of the content of the ETI code. . **2. Description of non–compliance:** ☐ NC against ETI/Additional Elements ☐ NC against Local Law None observed. **Local law and/or ETI requirement:** NA **Recommended corrective action:** NA	**Objective evidence observed:** Workers interview **Objective evidence observed:** NA

Observation:	
Description of observation: None observed **Local law or ETI requirement:** NA **Comments:** NA	**Objective evidence observed:** NA

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

1: Employment is Freely Chosen
(Click here to return to NC–table)

ETI

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

Current Systems and Evidence Examined

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

Current systems:
-Prohibition of Forced Labour Procedure was established and implemented in the company to define that no forced, bonded or involuntary prison labour was allowed to recruit.
-Training was provided to workers on no forced labour prior to being hired.
-Personal files with ID copies were properly maintained. All candidates were required to provide the original ID for age verification in the employment process. The factory only maintained the copies to keep in the personal files for registration.
-All employees could leave the factory freely after work without any movement restriction. Request for absence could be applied by filling the leave application if any urgent, private or special cases. It was easily approved by the direct supervisor. During the working time, workers could access to the potable water and toilet without any restriction.
-Based on worker interview and document review, employees could resign from the factory freely with written notice.

Evidence examined – to support system description (Documents examined & relevant comments. Include renewal/expiry date where appropriate):
-All employees' contracts and personal files were checked during the audit.
-The anti-force labour documents
- Factory rules
- Employee handbook

Non–compliance:

1. Description of non–compliance:	**Objective evidence observed:**
☐ NC against ETI ☐ NC against Local Law**:** None observed **Local law and/or ETI requirement: NA** **Recommended corrective action: NA**	*(where relevant please add photo numbers)* N/A

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

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

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

(Click here to return to NC–table)
(Click here to return to Key Information)

ETI

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

Current Systems and Evidence Examined

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

Current systems:
-Freedom of association procedure was established and implemented in the company. Workers' committee was established and there were 2 worker representatives in the factory. The latest activity was organized as plan and the meeting minutes were maintained.
-Based on interview, the factory management always respected rights of freedom of association. Every worker could communicate their suggestions or complaints to the upper supervisor face to face or via suggestion box without any discrimination and punishment.
-The factory management would take the concerns into consideration immediately and improve as soon as possible when any suggestions or complaints were raised. It was also confirmed with employees through interview.

Evidence examined – to support system description (Documents examined & relevant comments. Include renewal/expiry date where appropriate):
-Worker representative election records.
-Freedom of association procedure
-Worker representatives' meeting records.

Non–compliance:

1. Description of non–compliance:
☐ NC against ETI ☐ NC against Local Law
None observed

Local law and/or ETI requirement:
N/A

Recommended corrective action:
N/A

Objective evidence observed:
(where relevant please add photo numbers)
N/A

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

A: Name of union and union representative, if applicable:	N/A	Is there evidence of free elections? ☐ Yes ☐ No ☒ N/A
B: If no union what is parallel means of consultation with workers e.g. worker committees?	Worker committees	Is there evidence of free elections? ☒ Yes ☐ No ☐ N/A
C: Were worker representatives/union representatives interviewed	☒ Yes ☐ No If **Yes**, please state how many: one worker representative	
D: State any evidence that union/workers committee is effective? *Specify date of last meeting; topics covered; how minutes were communicated etc.*	There were periodical meeting between management and worker representatives to discuss the improvement on work condition. The last meeting was conducted at 13 Jan, 2017.	
E: Are any workers covered by Collective Bargaining Agreement (CBA)	☐ Yes ☒ No	
F: If **Yes** what percentage by trade Union/worker representation	____% workers covered by Union CBA N/A	____% workers covered by worker rep CBA\N/A
G: If **Yes**, does the Collective Bargaining Agreement (CBA) include rates of pay	☐ Yes ☐ No N/A	

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

3: Working Conditions are Safe and Hygienic

(Click here to return to NC–table)
(Click here to return to Key Information)

ETI

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

Current Systems and Evidence Examined

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

Current systems:

-The factory had established workshop safety management procedures and safety operation instructions.
-Safety training was provided to all employees regularly and training records were maintained.
-Employee Training records were provided for review.
-The factory kept legally required licenses and certificates for daily operations. E.g. building construction registration record.
-Potable water was provided to all employees. Workers were free to get access to potable water.
-Li zunjian / EHS representative was appointed to take responsible for workplace EHS issues.
-Two qualified safety officer was assigned in the factory.
-The production equipment was properly guarded on site.
-Warning sign and occupational signage were posted on site.
-Based on observation, worker's toilets were kept clean and tidy.
-The first aid kit with sufficient and available supplies was in place. 2 qualified first aid persons were on site.
-Fire fighting equipment and evacuation passages in the factory were kept free of obstruction. Sufficient evacuation maps were posted at a prominent place of each floor of the production building as clear reference of all production workers.
-There was one cargo elevator used in the factory, valid inspection reports were provided.
-There were at least 2 exits from each work area and these were clearly marked
-The factory conducted fire drill 2 times per year for all workers. The last evacuation drill and firefighting exercise was conducted on 3 March, 2017.
-Most electrical equipment were maintained in good condition.
-There was one competent electrician at the site and the training certificate was available for review.
-Material Safety Data Sheets were available.
-Safety label was posted for chemical.

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

- Fire drill records.
- Building Construction records and Fire Safety Certificate.
- Training records.
- First aid personnel certificate
- Health and safety policy
- Training records
- Fire equipment maintenance records
- Electrician certificate.
-Special equipment inspection certificates.

Non–compliance:	
1. Description of non–compliance: ☒ NC against ETI ☐ NC against Local Law It was noted that in adhesion workshop, the factory provided mask to all workers, but 7 workers did not wear the mask when handling the glue. **Local law and/or ETI requirement:** Production Safety Law of the People's Republic of China (2014) Article 42 The production and business operation entities shall provide labor protection articles that meet the national standards or industrial standards to the employees thereof, supervise and educate them to wear or use these articles according to the prescribed rules. **ETI Base Code** 3.1 A safe and hygienic working environment shall be provided, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Adequate steps shall be taken to prevent accidents and injury to health arising out of, associated with, or occurring in the course of work, by minimising, so far as is reasonably practicable, the causes of hazards inherent in the working environment. **Recommended corrective action:** It is recommended that the all adhesion workshop's workers should wear the mask in when handling the glue.	**Objective evidence observed:** Factory tour
2. Description of non–compliance: ☒ NC against ETI ☒ NC against Local Law It was noted that the factory provided earplugs to all workers in soft magnet workshop, but 4 workers did not wear the earplug when working in the workshop. **Local law and/or ETI requirement:** Production Safety Law of the People's Republic of China (2014) Article 42 The production and business operation entities shall provide labor protection articles that meet the national standards or industrial standards to the employees thereof, supervise and educate them to wear or use these articles according to the prescribed rules. **ETI Base Code** 3.1 A safe and hygienic working environment shall be provided, bearing in mind the	**Objective evidence observed:** Factory tour

prevailing knowledge of the industry and of any specific hazards. Adequate steps shall be taken to prevent accidents and injury to health arising out of, associated with, or occurring in the course of work, by minimising, so far as is reasonably practicable, the causes of hazards inherent in the working environment. **Recommended corrective action:** It is recommended that the all workers should wear earplugs in soft magnet when working in the workshop.	
3. Description of non–compliance: ☒ NC against ETI ☒ NC against Local Law It was noted that the facility did not equip safety devices such as explosive prevention and anti-leakage facilities for one can of white glue in adhesion workshop. **Local law and/or ETI requirement:** Code of Design on Building Fire Protection and Prevention, Article 3.6.11 The storage for Class A, B and C liquid shall be provided with proper facilities to prevent spreading of liquid. The storage for articles that will give rise to combustion and explosion when affected with damp shall be provided with measures to prevent from soaking in water **ETI Base Code** 3.1 A safe and hygienic working environment shall be provided, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Adequate steps shall be taken to prevent accidents and injury to health arising out of, associated with, or occurring in the course of work, by minimising, so far as is reasonably practicable, the causes of hazards inherent in the working environment. **Recommended corrective action:** It is recommended that the factory should provide facility for preventing liquid chemicals in adhesion workshop.	**Objective evidence observed:** Factory tour
4. Description of non–compliance: ☒ NC against ETI ☒ NC against Local Law It was noted that three electrical control panels were not covered in workshop. **Local law and/or ETI requirement:** General Guide for Safety of Electric User (GB/T 13869-2008) 7.3 The supply terminals left over from the dismantling of electrical products shall be dealing with carefully. It was prohibited to expose any potential charged conductive part. **ETI Base Code** 3.1 A safe and hygienic working environment shall be provided, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Adequate steps shall be taken to prevent accidents and injury to health arising out of, associated with, or occurring in the course of work, by minimising, so far as is reasonably practicable, the causes of hazards inherent in the working environment. **Recommended corrective action:** It is recommended that the factory should ensure all the electrical control panels are covered.	**Objective evidence observed:** Factory tour

5. Description of non–compliance: ☒ NC against ETI ☒ NC against Local Law It was noted that the factory did not obtain the safety operation certificate of elevator for safety management purpose. **Local law and/or ETI requirement:** Operators and the relevant managerial staff of boilers, pressure vessels, elevators, lifting appliance, passenger rope ways, large amusement devices and specialized vehicles used at site (factory) (hereinafter referred to as the operators of special equipment) shall not engage in corresponding operation or management until they have passed the examination organized by the departments for safety supervision administration of special equipment as required by the State and acquired certificates for special operators with a nationally unified formula. **ETI Base Code** 3.1 A safe and hygienic working environment shall be provided, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Adequate steps shall be taken to prevent accidents and injury to health arising out of, associated with, or occurring in the course of work, by minimising, so far as is reasonably practicable, the causes of hazards inherent in the working environment. **Recommended corrective action:** It is recommended that the factory assign someone to obtain the safety operation certificate of elevator for management purpose.	**Objective evidence observed:** Document review and manager interview

Observation:	
Description of observation: None observed **Local law or ETI requirement: NA** **Recommended corrective action: NA**	**Objective evidence observed:** NA

Good Examples observed:	
Description of Good Example (GE): None observed	**Objective Evidence Observed:** NA

4: Child Labour Shall Not Be Used
(Click here to return to NC–table)
(Click here to return to Key Information)

ETI

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

Current Systems and Evidence Examined

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

Current systems:
-A written policy was documented to define that no child labour will be recruited.
-The original ID for all candidates would be checked for age authentication to make sure that no worker under 16 years old would be recruited. Afterwards, the factory would only keep the copies of candidates' ID in hand and set up the personal files for the qualified candidates for registration.
-No child labour or young labour was identified during this audit. Based on the name list and worker interview,the youngest worker was born on 8.Mar, 1995 and joined in factory on 11 Oct, 2013.

Evidence examined – to support system description (Documents examined & relevant comments. Include renewal/expiry date where appropriate):
Recruitment policies: never recruited workers under 16 years old.
Employees' personal files/ Employment registration/roster: no worker below 18 years old was found in the factory.
etc.

Non–compliance:

1. Description of non–compliance:
☐ NC against ETI ☐ NC against Local Law
None observed

Local law and/or ETI requirement:
N/A

Recommended corrective action:
N/A

Objective evidence observed:
(where relevant please add photo numbers)
N/A

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

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

5: Living Wages are Paid

(Click here to return to NC–table)
(Click here to return to Key information)

ETI

5.1 Wages and benefits paid for a standard working week meet, at a minimum, national legal standards or industry benchmark standards, whichever is higher. In any event wages should always be enough to meet basic needs and to provide some discretionary income.
5.2 All workers shall be provided with written and understandable information about their employment conditions in respect to wages before they enter employment and about the particulars of their wages for the pay period concerned each time that they are paid.
5.3 Deductions from wages as a disciplinary measure shall not be permitted nor shall any deductions from wages not provided for by national law be permitted without the expressed permission of the worker concerned. All disciplinary measures should be recorded.

Current Systems and Evidence Examined

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

Current systems:

-Based on the payroll records provided by the factory, the wages of previous month were paid by cash on 25th of each month.
-All workers were paid by hourly rate. The minimum wage paid for employees were at least RMB 10.34 per hour, which was over the local minimum wage requirement.
-Overtime premium was paid to workers according to law.
-Paid annual leave was provided to all workers.
-No any disciplinary deduction was lodged as per worker interview and document review.
-During this audit, the payroll records from Feb. 2016 to Jan. 2017 (current month), electronic time records from Feb, 2016 to audit day were provided for review. Auditor selected total 10 samples from Jun, Aug. 2016 and Jan. 2017 respectively.

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

- Attendance records: electronic time records from Feb, 2016 to audit day.
- Payrolls records: from Feb, 2016 to Jan, 2017 etc.
- Leave application records and resign application records.
- Social insurance and payment receipts from the local labour department.
- Name list for all employees

Non–compliance:

1. Description of non–compliance:	**Objective evidence observed:**
☐ NC against ETI ☐ NC against Local Law None observed **Local law and/or ETI requirement:**	*(where relevant please add photo numbers)* N/A

N/A **Recommended corrective action:** N/A	

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

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

Wages analysis: *(Click here to return to Key Information)*		
A: 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 workers' wage records from Feb, 2016 to Jan, 2017	
B: Are there different legal minimum wage grades? If **Yes**, please specify all.	☐ Yes ☒ No	If **Yes**, please give details: N/A
C: If there are different legal minimum grades, are all workers graded correctly?	☐ Yes ☐ No ☒ N/A	If **No**, please give details: N/A
D: What deductions are required by law e.g. social insurance? Please state all types:	Social insurance and personal income tax	
E: Have all of these deductions been made? Please list all deductions that have/have not been made.	☒ Yes ☐ No	If **Yes**, Please list all deductions that have been made: Social insurance should pay. Personal income tax paid by factory.
		If **No**, please give details on any deductions which have **not** been made:

F: Industry norm for this region: *(please include time period e.g. hour/week/month)*	There were no industry norms for this region at present.

Wages table *(Click here to return to Key information)*			
Worker Type	Process Operator *(Lowest paid)*	Process Operator *(Average paid)*	Process Operator *(Highest paid)*
Select from individual worker records one worker from, lowest, average and highest wages and populate the boxes. Ensure comparison is made for same pay period and only uses full–time workers. See SMETA Best Practice Guidance and Measurement Criteria *for completing this:*			
A: Pay period: *(State month selected)*	Aug 2016	Aug 2016	Aug 2016
B: **Anonymous** Employee Reference/Dept.	Employee A/ Clean	Employee B/ Glue	Employee C/ Cut
C: Employee Gender	Male	Male	Female
D: Contracted/Standard working hours: *(excluding OT – please include time period e.g. hour/week/month)*	40 hours per week	40 hours per week	40 hours per week
E: Contracted /Standard work pay rate: *(excluding OT – please include time period e.g. hour/week/month)*	RMB10.34/ hour (184 normal working hours in Aug 2016)	RMB14.94/ hour (184 normal working hours in Aug 2016)	RMB18.39/ hour (184 normal working hours in Aug 2016)
F: Standard day overtime – hours: *(please include time period e.g. hour/week/month)*	0 hours	0 hours	0 hours
G: Standard day overtime – wage: *(please include time period e.g. hour/week/month)*	RMB 15.51/ hour	RMB 22.41/ hour	RMB 27.59/ hour
H: Rest day overtime – hours: *(please include time period e.g. hour/week/month)*	32 hours	32 hours	32 hours
I: Rest day overtime – *wage:* *(please include time period e.g. hour/week/month)*	RMB 20.68/ hour	RMB 29.88/ hour	RMB 36.78/ hour
J: Statutory Holiday overtime – hours:	0 hour	0 hour	0 hour

(please include time period e.g. hour/week/month)			
K: Statutory holiday OT – wages: *(please include time period e.g. hour/week/month)*	RMB 0	RMB 0	RMB 0
L: Total overtime hours: *(please include time period e.g. hour/week/month)*	32 hours	32 hours	32 hours
M: Incentives/Bonus/ Allowances etc.: *(please include time period e.g. hour/week/month)*	0	0	0
N: Gross wages: *(please include time period e.g. hour/week/month)*	RMB 2564.32/ month	RMB 3705.12/ month	RMB 4560.72/ month
O: Social insurance and other deductions; please list which and amount.	RMB 257.00 (Social insurance was paid. Personal income tax paid by factory.)	RMB 257.00 Social insurance was paid. Personal income tax paid by factory.)	RMB 257.00 Social insurance was paid. Personal income tax paid by factory.)
P: Actual wage paid after deduction: *(please include time period e.g. hour/week/month)*	RMB 2307.32/ month	RMB 3448.12/ month	RMB 4303.72/ month
Comments: *(Please state here any specific reasons/circumstances that explain the lowest and highest gross wages)*			
Nil			
Q: Is there a defined living wage: *This is <u>not normally</u> minimum legal wage. If answered Yes please state amount and source of info:* *Please see SMETA Best Practice Guidance and Measurement Criteria.*	☐ Yes ☒ No Please specify amount/time period: N/A		
R: Are workers paid in a timely manner in line with local law?	☒ Yes ☐ No		
S: Is there evidence that equal rates are being paid for equal work:	☒ Yes ☐ No Details: Confirmed by worker interview and payroll review.		
T: How are workers paid:	☒ Cash ☐ Cheque ☐ Bank Transfer ☐ Other		

	If other explain: N/A

6: Working Hours are not Excessive

(Click here to return to NC–table)
(Click here to return to Key Information)

ETI

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

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

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

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

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

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

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

Current Systems and Evidence Examined

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

Current systems:

-Attendance records were provided from Feb, 2016 to audit day.
-Working hour was recorded by electronic timing record system, all workers had only one shift from 8:00 to 11:30 at am, and from 13:00 to 17:30 at pm, there were 3 hours overtime from 18:00 to 21:00 on weekday if needed. But seldom overtime hours were worked on weekday.
-Based on the working time records from Feb, 2016 to the audit day, all employees had one day off in every 7 days.
-Per worker interview, all the overtime work was voluntary.
-After crosscheck the production records, material requisition records, QC records, etc, no inconsistency was found during this audit.

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

-Attendance records
-Payrolls records
-Factory policy on working hours.
-Workers contracts
-Production daily records; IPQC records and material issuing sheets were sampled for cross check

Non–compliance:	
1. Description of non–compliance: ☐ NC against ETI ☐ NC against Local Law NA **Local law and/or ETI requirement:** NA **ETI requirement:** NA **Recommended corrective action:** NA	**Objective evidence observed:** *(where relevant please add photo numbers)* NA

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

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

Working hours analysis
Please include time period e.g. hour/week/month
(Go back to Key information)

Systems & Processes		
A. What timekeeping systems are used: time card etc.	Electronic time records	
B: Sample Size Checked *(State number of worker records checked and from which weeks/months and type – should be current, peak and random/low: See SMETA Best Practice Guidance and Measurement Criteria)*	10 workers' attendance records from Feb, 2016 to the audit day	
C: Do ALL workers have contracts/employment agreements?	☒ Yes ☐ No	*If NO, state which type of workers do NOT have contracts/employment agreements:* *N/A*
D: Are standard/contracted working hours defined in **all** contracts/employment agreements?	☒ Yes ☐ No	*If NO, please state which type of workers do NOT have standard hours defined in contracts/employment agreements.* *N/A*
E: Are there any other types of contracts/employment agreements used?	☐ Yes ☒ No	*If YES, Please complete as appropriate:* ☐ 0 hrs ☐ Part time ☐ Variable hrs ☐ Other If "Other", Please define: N/A
Standard/Contracted Hours worked		
F: Do standard/contracted standard hours ever exceed the law ***or*** 48 hours per week?	☐ Yes ☒ No	*If YES give details and comparison (local law/48 hrs week)* *N/A*
G: What are the actual standard/contracted hours worked in sample (State per week/month)	Highest hours:	*40 hours per week*
	Lowest hours:	*40 hours per week*
H: Any local waivers/local law or permissions which allow averaging/annualised hours for this site?	☐ Yes ☒ No	*If YES, Please give details* *N/A*
Overtime Hours		

<table>
<tr><td rowspan="2">I: Actual overtime hours worked in sample (State per day/week/month)</td><td>Highest OT hours:</td><td>32 hours/month in Jun, 2016
32 hours/month in Aug, 2016
16 hours/month in Jan, 2017</td></tr>
<tr><td>Lowest OT hours:</td><td>32 hours/month in Jun, 2016
32 hours/month in Aug, 2016
16 hours/month in Jan, 2017</td></tr>
<tr><td>J: Range of overtime hours over all workers/or as large a sample as possible. (State per week/month and details)</td><td colspan="2">32 hours/month in Jun, 2016
32 hours/month in Aug, 2016
16 hours/month in Jan, 2017
(All the sampled workers worked for the same overtime hours per month in the relevant sampled months)</td></tr>
<tr><td>K: Approximate percentage of workers on highest overtime hours</td><td colspan="2">100%</td></tr>
<tr><td rowspan="2">L: Is overtime voluntary?</td><td rowspan="2">☒ Yes
☐ No
☐ Conflicting Information</td><td>Please detail evidence e.g. Wording of contract/employment agreement/handbook/worker interviews/refusal arrangements:</td></tr>
<tr><td>According to employee manual instruction, all overtime was voluntary.</td></tr>
<tr><td colspan="3">Overtime Premiums</td></tr>
<tr><td rowspan="3">M: Is overtime paid at a premium?</td><td rowspan="3">☒ Yes
☐ No</td><td>Please give details of normal day overtime premium as a % of <u>standard</u> wages:</td></tr>
<tr><td>☐ 0% | ☐ 1 – 115% | ☐ 116 – 124% | ☐ 125 – 149% | ☒ 150 – 199% | ☒ 200%+</td></tr>
<tr><td>Any other comments: Not less than 150% of regular wage for weekday overtime Not less than 200% of regular wage for weekend overtime Not less than 300% of regular wage for statutory holiday overtime.</td></tr>
<tr><td rowspan="3">N: ETI Code requires a prevailing standard to give greatest worker protection.
If a site pays less than 125% OT premium <u>and</u> this is allowed under local law, are there other considerations? Please complete the boxes where relevant. Multi select is possible.</td><td colspan="2">☐ No
☐ Consolidated pay (May be standard wages above minimum legal wage, with no/low overtime premium)
☐ Collective Bargaining agreements
☐ Other
N/A</td></tr>
<tr><td colspan="2">Please explain any checked boxes in N above e.g. detail of consolidated pay CBA or Other.</td></tr>
<tr><td colspan="2">N/A</td></tr>
<tr><td colspan="3">Rest Days</td></tr>
</table>

O: Are workers provided with 1 day off in every 7–day–period, or 2 in 14–day–period (where the law allows)?	☒ Yes ☐ No	*Maximum number of days worked without a day off (in sample):* *6 days*
Total Hours		
P: Range of total hours: *(Quote highest and lowest please include time period e.g. hour/week/month)*	Highest total hours	168 + 32 hours/month in Jun, 2016 = 200 184 + 32 hours/month in Aug, 2016 = 216 112 + 16 hours/month in Jan, 2017 = 128
	Lowest total hours	168 + 32 hours/month in Jun, 2016 = 200 184 + 32 hours/month in Aug, 2016 = 216 112 + 16 hours/month in Jan, 2017 = 128
R: If more than 60 total hours per week and this is legally allowed, are there other considerations? Please complete the boxes where relevant. Multi select is possible.	☐ **Overtime is voluntary** ☐ Onsite Collective bargaining allows 60+ hours/week ☐ Safeguards are in place to protect worker's health and safety ☐ Site can demonstrate exceptional circumstances ☐ Other reasons NA	
	Please explain any checked boxes in R above	
	N/A	

Comments:
(please state here any specific reasons/circumstances that explain the highest working hours)

Please add details of examples where the site has demonstrated "exceptional circumstances".
In order to meet the delivery requirement of client's order as soon as possible

Please give details of any appropriate safeguards in place at the time of the 60+ hours working.
N/A

Any other comments:
N/A

7: No Discrimination is Practiced *(Click here to return to NC–table)*
ETI 7.1 There is no discrimination in hiring, compensation, access to training, promotion, termination or retirement based on race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation.

Current Systems and Evidence Examined *To complete 'current systems' Auditors examine policies and written procedures in conjunction with relevant managers, to understand, and record what controls and processes are currently in place e.g. record what policies are in place, what relevant procedures are carried out, who is/are responsible for the management of this item of the code. Evidence checked should detail any documentary or verbal evidence shown to support the systems.*
Current systems: -Per management interview and employee interview, all employees in this factory were respected and treated fairly. Furthermore, female workers in this factory were never required to take pregnant tests before or during their employment. -No discrimination issue was identified during this audit. -Communication & grievance procedure was in place. Any worker could raise complaint once encountered discrimination. **Evidence examined – to support system description (Documents examined & relevant comments. Include renewal/expiry date where appropriate):** - The hiring and termination procedure, leave application records and worker handbook. -Social responsibility management system procedures. -Anti discrimination & women protection procedure -Employee training procedure -Communication & grievance procedure

Non–compliance:	
1. Description of non–compliance: ☐ NC against ETI ☐ NC against Local Law None observed **Local law and/or ETI requirement:** N/A **Recommended corrective action:** N/A	**Objective evidence observed:** *(where relevant please add photo numbers)* N/A

Observation:

Description of observation: None observed **Local law or ETI requirement:** N/A **Comments:** N/A	**Objective evidence observed:** N/A

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

8: Regular Employment Is Provided
(Click here to return to NC–table)
(Click here to return to Key Information)

ETI

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

Current Systems and Evidence Examined

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

Current systems:
-All workers were recruited by the factory directly and had properly signed fix-term contracts with the factory. No labour agency was used to hire workers.
-No home worker was identified by audit team.
-No temporary workers were employed.

Evidence examined – to support system description (Documents examined & relevant comments. Include renewal/expiry date where appropriate):
- Employee Manual,
- Hiring and termination procedure
- Labour contract
- Personal files
- Payroll records

Non–compliance:

1. Description of non–compliance:
☐ NC against ETI ☐ NC against Local Law
None observed

Local law and/or ETI requirement:
N/A

Recommended corrective action:
N/A

Objective evidence observed:
(where relevant please add photo numbers)
N/A

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

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

8A: Sub–Contracting and Homeworking

(Click here to return to NC–table)
(Click here to return to Key Information)

8A.1. There should be no sub–contracting unless previously agreed with the main client.
8A.2. Systems and processes should be in place to manage sub–contracting, homeworking and external processing.
Note to auditor on homeworking:
Report on whether it is direct or via agents. How many workers, relationship with site and what control systems are in place.

Current Systems and Evidence Examined

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

Current systems:
-As per management interview and factory tour, it was noted that no production process was subcontracted to other factories.
-No home worker was used by the factory.
-Production records such as QC inspection records and material release sheets etc. were checked. Based on the records reviewed, no process subcontracted and no homework used.

Evidence examined – to support system description (Documents examined & relevant comments. Include renewal/expiry date where appropriate):
- Site tour (Calculation on total production and estimated capacity)
- Materials in/out records
- Management interview
- Worker interview

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

Process Subcontracted	*Process 1*	*Process 2*
Name of factory	*Nil*	*Nil*
Address	*Nil*	*Nil*

Process Subcontracted	*Process 3*	*Process 4*
Name of factory	*Nil*	*Nil*
Address	*Nil*	*Nil*

Process Subcontracted	*Process 5*	*Process 6*
Name of factory	*Nil*	*Nil*
Address	*Nil*	*Nil*

Non–compliance:	
1. Description of non–compliance: ☐ NC against ETI/Additional Elements ☐ NC against Local Law None observed **Local law and/or ETI /Additional Elements requirement:** N/A **Recommended corrective action:** N/A	**Objective evidence observed:** *(where relevant please add photo numbers)* N/A

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

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

Summary of sub–contracting – if applicable	
A: If sub–contractors are used, is there evidence this has been agreed with the main client?	☐ Yes ☐ No N/A If **Yes**, summarise details: N/A
B: Number of sub–contractors/agents used	N/A
C: Is there a site policy on sub–contracting?	☐ Yes ☐ No N/A If **Yes**, summarise details: N/A
D: What checks are in place to ensure no child labour is being used and work is safe?	N/A
E: What processes are sub–contracted?	N/A

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

employment?	N/A
N: Are full records available at the site?	☐ Yes ☐ No N/A

9: No Harsh or Inhumane Treatment is Allowed (Click here to return to NC–table)
ETI 9.1 Physical abuse or discipline, the threat of physical abuse, sexual or other harassment and verbal abuse or other forms of intimidation shall be prohibited.

Current Systems and Evidence Examined *To complete 'current systems' Auditors examine policies and written procedures in conjunction with relevant managers, to understand, and record what controls and processes are currently in place e.g. record what policies are in place, what relevant procedures are carried out, who is /are responsible for the management of this item of the code. Evidence checked should detail any documentary or verbal evidence shown to support the systems.*
Current systems: -Based on management representation and workers interview, it was noted that no abuse or harassment related issue had ever happened in the factory. Workers enjoyed the comfortable working relationship with their immediate supervisors and managerial levels. Per worker interview, it's confirmed no harsh or inhumane treatment existed. **Evidence examined – to support system description (Documents examined & relevant comments. Include renewal/expiry date where appropriate):** -Prohibition of use of forced labour policy -Employee manual -Company's code of conduct

Non–compliance:	
1. Description of non–compliance: ☐ NC against ETI ☐ NC against Local Law None observed **Local law and/or ETI requirement:** N/A **Recommended corrective action:** N/A	**Objective evidence observed:** *(where relevant please add photo numbers)* N/A

Observation:	
Description of observation: None observed	**Objective evidence observed:** N/A

Local law or ETI requirement: N/A **Comments:** N/A	

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

10. Other Issue areas: 10 A: Entitlement to Work and Immigration
(Click here to return to NC–table)

Additional Elements

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

Current Systems and Evidence Examined

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

Current systems:
Factory had directly employed all the workers in production workshop. According to management and employee interview, no immigrant workers worked in the factory, and the legal rights of all workers in the factory were respected.

Evidence examined – to support system description (Documents examined & relevant comments. Include renewal/expiry date where appropriate):
-Employee manual
-Recruitment procedure
-Personnel records, labour contracts etc

Non–compliance:

1. Description of non–compliance:
☐ NC against ETI/Additional Elements ☐ NC against Local Law
None observed

Local law and/or ETI /Additional Elements requirement:
N/A

Recommended corrective action:
N/A

Objective evidence observed:
(where relevant please add photo numbers)
N/A

Observation:

Description of observation: None observed **Local law or ETI/Additional Elements requirement:** N/A **Comments:** N/A	**Objective evidence observed:** N/A

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

10. Other issue areas 10 B 2: Environment 2–pillar *(Click here to return to NC–table)* *To be completed for a 2–Pillar SMETA Audit, and remove the following page which is 10B4 environment 4 pillar*
10B2. 1 Suppliers must comply with the requirements of local and international laws and regulations including having necessary permits. 10B2. 2 The supplier should be aware of and comply with their end clients' environmental requirements. *Note for auditors and readers, This is not a full environmental assessment but a check on basic systems and management approach.*

Current Systems and Evidence Examined *To complete 'current systems' Auditors examine policies and written procedures in conjunction with relevant managers, to understand, and record what controls and processes are currently in place e.g. record what policies are in place, what relevant procedures are carried out, who is /are responsible for the management of this item of the code. Evidence checked should detail any documentary or verbal evidence shown to support the systems.*
Current systems: 1. Solid waste was delivered to qualified supplier to handle. 2. The factory established the document protection of environmental policy. 3. The factory compiled environmental impact document, which was approved by the Authority. **Evidence examined – to support system description (Documents examined & relevant comments. Include renewal/expiry date where appropriate):** -Environmental policy -Solid waste transfer documentation -Environmental impact Assessment report

Non–compliance:	
1. Description of non–compliance: ☐ NC against ETI/Additional Elements ☐ NC against Local Law None observed **Local law and/or ETI/Additional Elements requirement:** N/A **Recommended corrective action:** N/A	**Objective evidence observed:** *(where relevant please add photo numbers)* N/A

Observation:	
Description of observation:	**Objective evidence**

None observed **Local law or ETI/additional elements requirement:** N/A **Comments:** N/A	**observed:** N/A

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

Worker Interview Summary

Worker Interview Summary		
A: Were workers aware of the audit?	☒ Yes ☐ No	
B: Were workers aware of the code?	☒ Yes ☐ No	
C: Number of group interviews: *(Please specify number and size of groups. Please see SMETA Best Practice Guidance and Measurement Criteria)*	1 groups with 4 employees	
D: Number of individual interviews *(Please see SMETA Best Practice Guidance and Measurement Criteria)*	Male: 2	Female: 4
E: Total number of interviewed workers *(Please see SMETA Best Practice Guidance and Measurement Criteria)*	Male: 4	Female: 6
F: Interviews were done in private and the confidentiality of the interview process was communicated to the workers?	☒ Yes ☐ No	
G: In general, what was the attitude of the workers towards their workplace?	☒ Favourable ☐ Non–favourable ☐ Indifferent	
H: What was the most common worker complaint?	Nil	
I: What did the workers like the most about working at this site?	Wages were always paid on time.	
J: Any additional comment(s) regarding interviews:	Nil	
K: Attitude of workers to hours worked:	Positive	

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

B: Were agency workers' age/pay/hours included within scope of this audit	☐ Yes ☐ No N/A
C: Were sufficient documents for agency workers available for review?	☐ Yes ☐ No N/A

Other findings

Other Findings Outside the Scope of the Code
None

Community Benefits *(Please list below any specific community benefits that the site management stated that they were involved in, for example, HIV programme, education, sports facilities)*
None

Photo Form

		
Packing process	Finished goods	Material storage area
		
Fire extinguishers	Fire hydrant	Emergency light and exit sign
		
Evacuation plan displayed	Fire alarm	First aid kit

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

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

Click here for A & AB members:
http://www.surveymonkey.com/s.aspx?sm=riPsbE0PQ52ehCo3lnq5Iw_3d_3d

Click here for B members:
http://www.surveymonkey.com/s.aspx?sm=d3vYsCe48fre69DRgIY_2brg_3d_3d



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