

# Sedex Members Ethical Trade Audit (SMETA) Report

(Version 4.0 May 2012, 2/4 Pillar Audit; replaces version 2.4. Sept 2010)

Supplier name:	NINGBO VLITA BAGS & CASE CO.,LTD.	
Site country:	China	
Site name:	NINGBO VLITA BAGS & CASE CO.,LTD.	
SMETA Audit Type:	<input type="checkbox"/> 2-Pillar	<input checked="" type="checkbox"/> 4-Pillar

## Audit Content:

(1) A SMETA audit was conducted which included some or all of Labour Standards, Health and Safety Business Practices and Environment. The SMETA Best Practice Methodology v.4.0 May 2012 was applied. 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:

Please check appropriate SMETA Audit Type in the above box:

### 2-Pillar SMETA Audit

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

### 4-Pillar SMETA Audit

- o 2-Pillar requirements plus
- o Additional Pillar assessment of Environment
- o Additional Pillar assessment of Business Practices

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.





<b>Audit Company Name:</b> SGS-CSTC	<b>Report Owner (payee):</b> NINGBO VLITA BAGS & CASE CO.,LTD.
Sedex Company Reference: <i>(only available on Sedex System):</i>	<b>S</b> No information The factory was not Sedex member
Sedex Site Reference: <i>(only available on Sedex System)</i>	<b>P</b> No information The factory was not Sedex member

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

Auditor Reference Number: (If applicable)	N/A
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## SMETA Declaration

I declare that the audit underpinning the following report was conducted in accordance with SMETA best practice guidance.

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

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

Role: Silver Wang/ Leader Auditor; Sun Sun/ Member Auditor

Date: Dec 4, 2013

## Audit Details

Audit Details	
A: Report #:	SZXWT00734500
B: Date of audit:	Dec 4, 2013
C: Time in and time out:	Time in: 8:30 am Time out: 15:00 pm
D: Number of Auditor Days Used: <i>(number of auditor x number of days)</i>	1.5 MD
E: Audit type:	<input checked="" type="checkbox"/> Full Initial <input type="checkbox"/> Periodic <input type="checkbox"/> Full Follow-up <input type="checkbox"/> Partial Follow-Up <input type="checkbox"/> Partial Other - Define
F: Was the audit announced?	<input checked="" type="checkbox"/> Announced <input type="checkbox"/> Semi – announced <input type="checkbox"/> Unannounced
G: Was the Sedex SAQ available for review?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If no, why not?	No SAQ provided by the factory.
I: Auditor name(s) and role(s):	Silver Wang/ Leader Auditor; Sun Sun/ Member Auditor
J: Report written by:	Silver Wang
K: Report reviewed by:	Emma Zhao
L: Report issue date:	Dec. 10, 2013
M: Supplier name:	NINGBO VLITA BAGS & CASE CO.,LTD.
N: Site name:	NINGBO VLITA BAGS & CASE CO.,LTD.
O: Site country:	China
P: Site contact and job title:	Mr. Huang Chengtai/ Chairman
Q: Site address:	No. 328 Ying Chun Road, Yinzhou District, 315000, Ning Bo, Zhejiang Province, China
Site phone:	86-574-87311160
Site fax:	86-574-27951699

Site e-mail:	bedear@welltopgroup.com			
R: Applicable business and other legally required licence numbers: for example, business license no, and liability insurance	Business license number: 330203671241235 Valid from May 19, 2004 to May 18, 2024			
S: Products/Activities at site, for example, garment manufacture, electricals, toys, grower	Bags			
T: Audit results reviewed with site management?	Yes			
U: Who signed and agreed CAPR (Name and job title)	Mr. Huang Chengtai/ Chairman			
V: Did the person who signed the CAPR have authority to implement changes?	Yes			
W: Previous audit date:	NA			
X: Previous audit type:	NA	SMETA 2-pillar	SMETA 4-pillar	Other
	Full Initial	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Periodic	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Full Follow-Up Audit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Partial Follow-Up	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Partial Other*	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	*If other, please define:			

## Audit Scope

<b>Local Law</b>	
(Please state legal requirement)	
A: Standard work week: <i>(total hours excluding overtime)</i>	8 hours per day and 40 hours per week
B: Maximum allowed overtime hours: <i>(please state per day, week, month)</i>	Not exceed 3 hours per day and 36 hours per month
C: Minimum work age:	16 years old
D: Minimum legal wage for standard hours: <i>(please state per day, week, month)</i>	The local minimum wage standard was set at RMB 1310 per month equivalent to RMB7.53(1310/21.75/8) per hour since 1 <sup>st</sup> Apr.2011 and RMB 1470 per month equivalent to RMB8.45 (1470/21.75/8) per hour since 1 <sup>st</sup> Jan.2013
E: Minimum legal overtime wage: <i>(please state per day, week, month)</i>	The employing unit shall, according to the following standards, pay labourers remuneration higher than those for normal working hours under any of the following circumstances: 1) to pay no less than 150%of the normal wages if the extension of working hours is arranged; 2) to pay no less than 200% of the normal wages if the extended hours are arranged on days of rest and no deferred rest can be taken; and 3) To pay no less than 300% of the normal wages if the extended hours are arranged on statutory holidays.

<b>Audit Scope</b>	
(Please select the code and additional requirements that were audited against during this audit)	
2-Pillar Audit	<input checked="" type="checkbox"/>
10B4: Environment 4-Pillar	<input checked="" type="checkbox"/>
10C: Business Practices	<input checked="" type="checkbox"/>

*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.*

## Non-Compliance Table

Issue	Area of Non-Conformity <i>(Only check box when there is a non-conformity)</i>			Record the number of issues by line*:			
	ETI Base Code	Local Law	Additional Elements	NC	Obs	GE	
0	Management systems and code implementation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	0	0	0
1	Employment Freely Chosen	<input type="checkbox"/>	<input type="checkbox"/>		0	0	0
2	Freedom of Association	<input type="checkbox"/>	<input type="checkbox"/>		0	0	0
3	Safety and Hygienic Conditions	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		2	0	0
4	Child Labour	<input type="checkbox"/>	<input type="checkbox"/>		0	0	0
5	Wages and Benefits	<input type="checkbox"/>	<input type="checkbox"/>		0	0	0
6	Working Hours	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		1	0	0
7	Discrimination	<input type="checkbox"/>	<input type="checkbox"/>		0	0	0
8	Regular Employment	<input type="checkbox"/>	<input type="checkbox"/>		0	0	0
8A	Sub-Contracting and Homeworking		<input type="checkbox"/>	<input type="checkbox"/>	0	0	0
9	Harsh or Inhumane Treatment	<input type="checkbox"/>	<input type="checkbox"/>		0	0	0
10A	Entitlement to Work		<input type="checkbox"/>	<input type="checkbox"/>	0	0	0
10B2	Environment 2-Pillar		<input type="checkbox"/>	<input type="checkbox"/>	0	0	0
10B4	Environment 4-Pillar		<input type="checkbox"/>	<input type="checkbox"/>	0	2	0
10C	Business Practices		<input type="checkbox"/>	<input type="checkbox"/>		0	0

\*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.

## Audit Overview

Audit Overview															
				Management				Worker Representatives							
Audit attendance				Senior management				Worker Committee representatives				Union representatives			
A: Present at the opening meeting?				<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No				<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No				<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
B: Present at the audit?				<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No				<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No				<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
C: Present at the closing meeting?				<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No				<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No				<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
D: If Worker Representatives not present please explain reasons why				NA											
E: If Union Representatives not present please explain reasons why:				There was no trade union in the factory.											
<b>F: Site description:</b> (Include size, location and age of site. Also include structure and number of buildings)				NINGBO BEDEAR BAGS & DRESS MANUFACTURING CORP., LTD. was located at 288 Huimao Road, Economical & Technological Development Zone, Fenghua, Ningbo, China. The factory used part of one 3-stroey production building as workshop and warehouse. And one 4-stroey building as canteen and dormitory. And the factory started operation on May 19, 2004 based on business licence of the factory.  A total of 43 workers worked in the factory. Workers worked for 8 hours per day and 5 days a week in one shift. Workers' wages were calculated on hourly rate based on payrolls reviewing and management interview. The peak season was not obvious according to management interview and workers interview.											
G: Site function:				<input type="checkbox"/> Agent <input checked="" type="checkbox"/> Factory Processing/Manufacturer <input type="checkbox"/> Finished Product Supplier <input type="checkbox"/> Grower <input type="checkbox"/> Homeworker <input type="checkbox"/> Labour Provider <input type="checkbox"/> Pack House <input type="checkbox"/> Primary Producer <input type="checkbox"/> Service Provider <input type="checkbox"/> Sub-Contractor											
H: Month(s) of peak season: <i>(if applicable)</i>				Not obvious											
<b>I: Typical production level as a % of the total capacity by month (record below):</b> <i>Site declaration only – this has not been verified by auditor.</i>															
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec				



7.3	6.5	8.6	8.3	8.8	8.4	8.5	9	8.7	8.3	8.9	8.7
<p><b>J: Process overview:</b> (Include products being produced, main operations, number of production lines, main equipment used)</p> <p>The factory was manufacturing bags. The main production processes were listed as below: Raw material → Cutting-Sewing → Finishing → Packing etc. The main equipments used in the factory were listed as below: Sewing machines</p>											
<p><b>K: Attitude of workers:</b> (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</p> <p>The factory agreed that SGS auditor conducted confidential interviews with workers who are chosen freely without any influence by the factory management; 10 workers were randomly selected from different workshops for individual or group interviews; The workers interviews were conducted at an independent room that located at the workshop. The workers showed a cooperative attitude during the interview process. Based on the workers interview, workers expressed their positive attitude to management and workplace. All workers said that they were satisfied with working condition and the wage in the factory.</p> <p>The information of interviewed workers as follows:</p> <ol style="list-style-type: none"> <li>1. For child labor issues, all interviewed workers said that the factory checked their ID cards to verify their ages and kept their ID copies during recruitment. No child labour and young worker was identified during the audit.</li> <li>2. For forced labor issues, they said they were not required the “deposit” or deposited their personal ID cards; the employees could resign at their option and should notice the factory in advance in 30 days. All interviewees said they can leave factory freely after work-off during the lunch break and dinner break.</li> <li>3. For discrimination issues, they said they could obtain the job based on their working experiences and abilities, the female worker or male workers’ wages were calculated at the same rate if they engaged for the same work. All interviewees confirmed that no discrimination occurred in the factory.</li> <li>4. For discipline practice issues, the interviewees said they would be warned if they broke the factory rules.</li> <li>5. For safety and health issues, the workers were satisfied with the working condition and the factory regularly provided safety training to workers. The new employed workers would be trained before they engaged their work. Fire drills were conducted twice per year, the last fire drill which included the evacuation exercise and the use of the fire extinguishing facilities at production area and dormitory area was conducted on Oct 31, 2013.</li> <li>6. For working hour’s issues, all interviewed worker said they normally worked 5 days per week and 8 hours per day. Some interviewees said that they normally overtime worked 8 hours on Saturdays and sometimes OT worked for 2 hours on weekdays.</li> <li>7. For wages issues, all interviewees said that their wages were calculated by hourly rate and the overtime premium were 150% and 200% of normal wage for OT work on weekdays and Saturdays respectively, the wages were paid by cash on 30th of each month. Paid annual leave and statutory holiday wage was available for them.</li> <li>8. For freedom of association issue, most interviewees said they had elected workers representatives and knew who representatives are. They confirmed that they could complain to their supervisors directly or through suggestion boxes.</li> <li>9. For Regular Employment issue, all interviewees said that the factory had signed contracts with them and kept the copies.</li> </ol>											
<p><b>L: Attitude of managers:</b> (Include attitude to audit, and audit process. Both positive and negative information should be included)</p>											

The management was cooperative throughout the process of the audit. All requested documents were provided in a timely manner, all necessary areas were allowed access for tour, and a private meeting room was arranged for worker interview.

**M: Summary of main findings: (positive and negative)**

*(This is a summary not a repeat of the section detail)*

The audit findings were based upon factory tour, interview with workers & management and documents & records review.

**Summary of Findings (positive and negative):**

**Compliance Status:**

1. Social responsibility management policy had established in the factory.
2. Mr. Su Chengji/ Factory Manager was responsible for compliance with the Code.
3. No child labor was identified during the audit. The youngest worked found was above 18 years old born on Sep 24, 1995 and hired on Oct 10, 2013.
4. No forced labor was identified during the audit.
5. No discrimination was identified during the audit.
6. The workers could complain to their supervisors directly or through suggestion box or meeting to them directly.
7. Adequate fire extinguishers were installed at the factory.
8. The factory paid the wages to all workers on time, payrolls were provided to workers.
9. The normal working hours were 8 hours per day and 40 hours per week. Fingerprint attendance system was used to record the attendance of workers.
10. First aid kits were available at each workshop. All of the injuries were well recorded.
11. Adequate fire fight facilities were installed in the factory. Regular inspection was taken by the factory.
12. The factory signed the employment contracts with all workers. A copy had provided to them.
13. Drinking water and toilets were adequate and available for workers at workshop.
14. Safety training was provided to workers when they were employed. And they will be retrained irregularly.
15. The factory had provided the building structure safety certificate and fire safety certificate for all factory buildings.
15. Minimum wages of workers were guaranteed.

**Best Practices Observed:**

Nil

**Negative Findings:**

In view of the findings raised, below non-compliances were found in the areas of Safety and Hygienic Conditions, working hours and Wages. For other areas, no violations were noted.

1. Based on observation on site, it was noted that some extinguishers were blocked by products, such as one extinguisher blocked at packing workshop on 2<sup>nd</sup> floor and auxiliary material warehouse on 1<sup>st</sup> floor respectively.
2. Based on observation on site, it was noted that safeguards for belt of 20% sewing machines were missed. And the needle guards for all high speed sewing machines were missed
3. It was noted that the overtime hours did not comply with legal requirement

**Observation observed:**

1. It was suggested that the factory should measure its impacts, including continuous recording and regular reviews of use and discharge of natural resources e.g. energy use, water use, and establish the procedure on energy conservation and emission reduction.
2. It was suggested that the factory should seek to make continuous improvements in their environmental performance.

**Remark:**

1. Part area of one 3-storey production building was rented to Ningbo Xin Ling Embroidery Co.,Ltd and Ningbo AT &

AT Leatherware Co.,Ltd. And the 4<sup>th</sup> floor of one 4-storey dormitory building was rented to Ningbo Xin Ling Embroidery Co.,Ltd as the dormitory. And one 4-storey building was vacancy. As factory requirement, this audit only covered the audited factory.

2. There was one canteen which was not used, it was only used as the rest room where workers could had dinner there.

## Key Information

Key Information	
A: Do all workers (including migrant workers) have contracts of employment?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
B: Were appropriate records available to verify hours of work and wages?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
C: Were any inconsistencies found? (if yes describe nature)	<input type="checkbox"/> Yes <input type="checkbox"/> Poor record keeping <input checked="" type="checkbox"/> No <input type="checkbox"/> Isolated incident <input type="checkbox"/> Repeated occurrence
D: For the lowest paid production worker, are wages paid for standard hours (excluding overtime) below or above the legal minimum?	Wages found:
	<input type="checkbox"/> Below legal min <input type="checkbox"/> Meet <input checked="" type="checkbox"/> Above
	Please indicate the breakdown of workforce according to earnings:
	_____% of workforce earning under min wage _____% of workforce earning min wage __100__% of workforce earning above min wage
E: % of piece rate workers: (if applicable)	0%
F: Combined hours (standard and overtime) over 60 per week found?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
G: Are the correct overtime premiums paid?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
H: Is there any night production work at the site?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
I: % of workers living in site provided accommodation (if applicable):	30%
J: Age of youngest worker found:	18 years
K: Workers under 18 subject to hazardous work assignments?	<input type="checkbox"/> Yes      _____% of under 18's at this site (out of total workers) <input type="checkbox"/> No NA
L: What form of worker representation / union is there on site?	<input type="checkbox"/> Union (name) <input type="checkbox"/> Worker Committee <input checked="" type="checkbox"/> Other (specify) <input type="checkbox"/> None Two worker representatives were available in the factory.
M: Is it a legal requirement to have a union?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

N: Is it a legal requirement to have a workers committee?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
O: Is there any other form of effective worker/management communication channel? <i>(Other than union/worker committee)</i>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Describe: The mainly communication channel was according to suggestion box or supervisors directly.
P: Are there any External Processes?	<input type="checkbox"/> Sub-Contracting <input type="checkbox"/> Homeworking <input type="checkbox"/> Other External Process (detail) <input checked="" type="checkbox"/> No external processes
Management Systems:	
Q: Nationality of Management	China
R: Majority nationality of workers	China
S: Number of workers leaving in last 12 months as a % of average total number of workers on site over the year (annual worker turnover)	__20__ %
T: Were accurate records shown at the first request?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
If not, why not?	NA
In the last 12 months, has the site been subject to any fines/prosecutions for non-compliance to any regulations?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please describe:

## Worker Analysis

Worker Analysis								
	Local			Migrant			Home workers	Total
	Permanent	Temporary	Agency	Permanent	Temporary	Agency		
Worker numbers – male	1	0	0	8	0	0	0	9
Worker numbers – female	12	0	0	22	0	0	0	34
Total	13	0	0	30	0	0	0	43
Number of Workers interviewed	1	0	0	9	0	0	0	10

### Contractors:

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

A: Any contractors on site?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
B: If yes, how many workers supplied by contractors	NA
C: Are all contractor workers paid according to law: <i>(please record evidence)</i>	NA

### Migrant Workers:

*Please see SMETA Best Practice Guidance - Page 37*

D: Originating Locations/Countries:	Hunan; Jiangxi; Guizhou
E: Work undertaken by migrant workers:	All positions in the factory
F: Were migrant workers recruited through an agency?	No
If yes, is there a contract with the agency? Provide details of agencies and contractual arrangements	NA

G: Percentage of migrant workers in company provided accommodation:	50%
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## Audit Results by Clause

<b>0: Management systems and code implementation:</b>
<p>0.1 Suppliers are expected to implement and maintain systems for delivering compliance to this Code.</p> <p>0.2 Suppliers shall appoint a senior member of management who shall be responsible for compliance with the Code.</p> <p>0.3 Suppliers are expected to communicate this Code to all employees.</p> <p>0.4 Suppliers should communicate this code to their own suppliers and, where reasonably practicable, extend the principles of this Ethical Code through their supply chain.</p>

<b>Evidence of Compliance and Current Status</b>
<i>Please Note: include evidence examined &amp; description of current status.</i>
<p>Documents checked &amp; comments:</p> <ol style="list-style-type: none"> <li>Mr. Huang Chengtai/ Management Representative was appointed to be responsible for compliance with the local laws and Codes.</li> <li>The factory had established an internal audit and supplier assessment program on social responsibility.</li> <li>The factory had provided the internal audit records for reviewing.</li> </ol> <p>Description of Current Status:</p> <ol style="list-style-type: none"> <li>The factory had appointed a senior member of management to response for compliance with the code.</li> <li>The factory had communicated this Code to all employees and to their suppliers.</li> <li>The factory had established the social accountability management system. And the factory had conducted internal audit on social accountability.</li> <li>Based on talking with factory management, they were familiar with local laws and ETI Base Codes.</li> <li>The factory had conducted audit on their supplies.</li> </ol>

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

Observation	
<b>Description of observation:</b> Nil <b>Local law or ETI requirement:</b> Nil <b>Comments:</b> Nil	<b>Objective evidence observed:</b> Nil

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



**1: Employment is Freely Chosen**

**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.

**Evidence of Compliance and Current Status**

*Please Note: include evidence examined & description of current status.*

**Documents checked & comments:**

- 1. The factory rules and policies showed that employees could be freely resignation after communication with management in advance 30 days. No deposit would be required.

**Description of current status:**

- 1. Based on interview with the management and workers, employees could be freely resignation after communication with management in advance. They did not require lodging their identity papers to the factory. And no deposit was required during the requirement.
- 2. Based on the workers and management interviews, the workers were free to leave after work shift, and there was no forced, bonded or involuntary prison labour identified.

**Non-compliance:**

**1. Description of non-compliance:**

- NC against ETI       NC against Local Law:
- Nil

**Local law or ETI requirement**

Nil

**Recommended corrective action:**

Nil

**Objective evidence observed:**

Nil

**Observation**

**Description of observation:**

Nil

**Local law or ETI requirement:**

Nil

**Comments:**

Nil

**Objective evidence observed:**

Nil

**Good Examples observed:**

Description of Good Example (GE):  
Nil

**Objective evidence observed:**  
Nil

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

**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.

**Evidence of Compliance and Current Status:**

*Please Note: include evidence examined & description of current status.*

Documents checked & comments:

- 1. Based on documents review, the factory had established a Worker Committee Management Procedure. It was identified that employee representatives should be elected by employees freely.
- 2. The election records showed that 2 employee representative was elected by employees freely. Mr. Peng Qing/Sewing workshop.
- 3. The procedure and meeting records showed that the committee communicated with factory management quarterly. And relevant records were kept by the factory.

Description of current status:

- 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. Workers representative was selected by employees themselves freely, regularly meeting between employee representative was carried out monthly. And all interviewed workers knew who workers representatives are.
- 3. Suggest boxes are available at the workshop and all workers can appeal through suggestion box.
- 4. Workers confirmed that the factory management done well.

**Non-compliance:**

**1. Description of non-compliance:**

- NC against ETI       NC against Local Law

Nil

**Local law or ETI requirement:**

Nil

**Recommended corrective action:**

Nil

**Objective evidence observed:**

Nil

Nil

Observation	
<b>Description of observation:</b> Nil <b>Local law or ETI requirement:</b> Nil <b>Comments:</b> Nil	<b>Objective evidence observed:</b> Nil

A: Name of union and union representative, if applicable:	NA, No trade union was available in the factory.	
If no union what is parallel means of consultation with workers e.g. worker committees?	Two worker representatives available in the factory.	
B: Is there any evidence that this is effective? <i>Specify date of last meeting; topics covered; how minutes were communicated etc.</i>	Yes. Workers representative was selected by employees themselves freely, regularly meeting between employee representative was carried out monthly.	
C: Are any workers covered by Collective Bargaining Agreement (CBA)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
If yes what percentage by trade Union/worker representation	_____% workers covered by Union CBA NA	_____% workers covered by worker rep CBA NA
D: Does the Collective Bargaining Agreement (CBA) include rates of pay	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> No CBA NA	

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

**3: Working Conditions are Safe and Hygienic**

**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.

**Evidence of Compliance and Current Status**

*Please Note: include evidence examined & description of current status.*

Documents checked & comments:

1. The factory established a health and safety policy, and a health and safety committee was established in the factory also.
2. The certificates of first aiders were kept by the factory, and it was identified that there were two first aiders in the factory. It was adequate. The first aiders were trained and qualified on Oct 25, 2013.
3. Check records of fire fighting equipments were available on site, it was identified that all fire fighting equipments were checked by safety guards monthly.
4. Fire drill records with photos showed that the factory conducted fire drill twice per year. The latest one was conducted on Oct 31, 2013.
5. There was an electrician in the factory. His certificate was provided by the factory for review during the audit. The certificate was issued on May 10, 2012 and valid till May 10, 2018.
6. Accident records were kept and provided for review. It was identified that no significant accident was occurred in the factory. For any accident, the factory had conducted root cause analysis / corrective actions / preventive actions.
7. A chemicals list was available in the factory. Relevant MSDSs were obtained by the factory also. Relevant workers were provided with training on chemicals handling and storing. Training records were kept by the factory.

Description of current status:

1. Based on observation on site, production buildings were secure.
2. Based on observation on site, adequate fire fighting equipments were available on site.
3. Based on observation on site, first aid kit with adequate medicines was available at each workshop.
4. Based on observation on site, potable water was provided for workers at each workshop. Based on workers interview, they could access the potable water freely during working time.
5. Based on observation on site, toilets were adequate and clean..
6. Based on observation on site, the air quality and lighting was acceptable at each workshop.
7. Based on workers interview, the factory conducted fire drills twice per year.

**Non-compliance:**

**1. Description of non-compliance:**

NC against ETI       NC against Local Law

Based on observation on site, it was noted that some extinguishers were blocked by products, such as one extinguisher blocked at packing workshop on 2<sup>nd</sup> floor and auxiliary material warehouse on 1<sup>st</sup> floor respectively.

**Local law or ETI requirement:**

**Code for Design of Extinguisher Distribution in Buildings (50140–2005), Article**

**5.1.1**

Fire extinguishers shall be installed in a distinct and easily accessible location, and shall not hinder safe evacuation.

**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:**

Factory should make sure all fire extinguishers are easily accessible at any time.

**2. Description of non-compliance:**

NC against ETI       NC against Local Law

Based on observation on site, it was noted that safeguards for belt of 20% sewing machines were missed. And the needle guards for all high speed sewing machines were missed.

**Local law or ETI requirement:**

**General rules of design on health and safety of production facility (GB5083-1999), Article 6.1.2**

Necessary safeguard must be installed for all moving parts that can be accessed by the operator during machine operation

**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:**

The factory should install the safeguards for belt for all sewing machines and the needle guards for all high speed sewing machines.

**Objective evidence observed:**

Based on observation on site, it was noted that some extinguishers were blocked by products, such as one extinguisher blocked at packing workshop on 2<sup>nd</sup> floor and auxiliary material warehouse on 1<sup>st</sup> floor respectively.

**Objective evidence observed:**

Based on observation on site, it was noted that safeguards for belt of 20% sewing machines were missed. And the needle guards for all high speed sewing machines were missed

**Observation**

**Description of observation:**

Nil

**Local law or ETI requirement:**

**Objective evidence observed:**

Nil

<p>Nil</p> <p><b>Recommended corrective action:</b> Nil</p>	
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Good Examples observed:	
<p>Description of Good Example (GE): Nil</p>	<p><b>Objective Evidence Observed:</b> Nil</p>

**4: Child Labour Shall Not Be Used**

**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.

**Evidence of Compliance and Current Status**

*Please Note: include evidence examined & description of current status.*

**Documents checked & comments:**

- 1. The factory had established policy and procedure on prohibiting child labour.
- 2. Based on recruiting instruction review, all applicants should write register sheets during recruiting, and all information identified in the register sheets should be verified. And HR staff should interview with applicants and check ID cards to verify ages.
- 3. Based on documents review, the factory kept valid and sufficient age information such as copies of ID card, education certificate or other documents with employment history. And personal files showed that no child labour or young worker was identified in the factory. The youngest worker was 18 years old who was born on Sep 24, 1995.

**Description of current status:**

- 1. Based on observation on site and workers interview, no child labour or young workers were found in the factory, and the youngest worker was 18 years old who was born on Sep 24, 1995.
- 2. Based on workers interview, HR staff interviewed with them and checked their ID cards.

**Non-compliance:**

**1. Description of non-compliance:**

- NC against ETI       NC against Local Law
- Nil

**Local law or ETI requirement:**

Nil

**Recommended corrective action:**

Nil

**Objective evidence observed:**

Nil

**Observation**

**Description of observation:**

Nil

**Local law or ETI requirement:**

**Objective evidence observed:**

Nil



Nil <b>Comments:</b> Nil	
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Good Examples observed:	
Description of Good Example (GE): Nil	<b>Objective Evidence Observed:</b> Nil

**5: Living Wages are Paid**

**ETI**

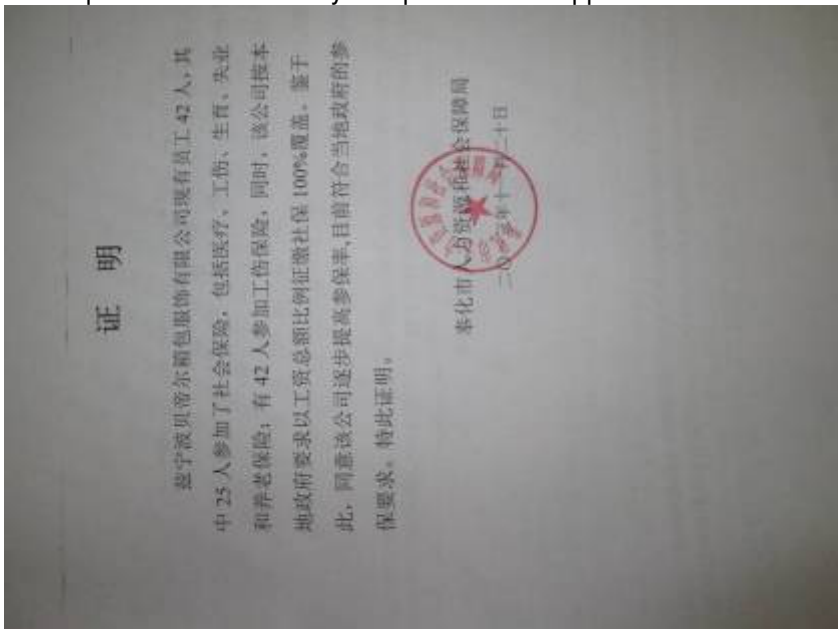
- 5.1 Wages and benefits paid for a standard working week meet, at a minimum, national legal standards or industry benchmark standards, whichever is higher. In any event wages should always be enough to meet basic needs and to provide some discretionary income.
- 5.2 All workers shall be provided with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

**Evidence of Compliance and Current Status**

*Please Note: include evidence examined & description of current status.*

Documents checked & comments:

1. The factory had established policy and procedure on wages and benefits, and it was legal and acceptable.
2. The factory kept and provided payrolls from Nov 2012 to Oct 2013 for review during the audit. All workers were paid by hour rate based on payrolls reviewing, and the minimum wage was RMB1600/month which was above the legal requirement (RMB1470 month and RMB8.45/hour).
3. The wages were paid by cash on 30<sup>th</sup> every month. And the factory paid 150% and 200% of normal wage for overtime worked on regular weekdays and weekend respectively based on payrolls reviewing. Workers did not work overtime on statutory holidays.
4. Based on factory rules review, if the factory rules were broken, relevant workers would be warned, fired and trained.
5. Paid annual leave, marriage & funeral leave and maternity leave were provided for workers.
6. The factory provided medical, accident, unemployment, retired and maternity insurances to workers as per legal requirement. The factory had provided the approval from local Social Insurance Department.



Description of current status:

1. Based on workers interview and payrolls reviewing, they were paid by hour rate, and the wages were paid by cash on 30<sup>th</sup> every month.

2. Based on workers interview, the minimum wage in the factory was RMB1600/month.
3. Workers said they would be warned, fired and trained if the factory rules were broken by them.
4. Based on workers interview, the factory provided paid annual leave, social insurance and other legal benefits for most of them.

**Non-compliance:**

**1. Description of non-compliance:**

NC against ETI       NC against Local Law  
 Nil

**Local law or ETI requirement:**

Nil

**Recommended corrective action:**

Nil

**Objective evidence observed:**

Nil

**Observation**

**Description of observation:**

Nil

**Local law or ETI requirement:**

Nil

**Comments:**

Nil

**Objective evidence observed:**

Nil

**Good Examples observed:**

**Description of Good Example (GE):**

Nil

**Objective Evidence Observed:**

Nil

**Wages analysis:**

**A: Sample size:**

*(number of wages checked and which weeks or months – please see BPG)*

10 workers wages from Nov 2012 to Oct 2013 were reviewed during the date of audit.

**B: Legal minimum wage for standard time:**

*(excluding OT - please include time period e.g. hour/week/month)*

The local minimum wage was RMB1310/month i.e. RMB7.53/hour before Jan 2013 and RMB1470/month i.e. RMB8.45/hour since Jan 2013

<b>C: Are there different legal minimum wage grades? If yes, please specify all.</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If yes, please give details:
<b>D: Where there are different legal minimum wage grades are all workers graded correctly?</b>	<input type="checkbox"/> Yes <input type="checkbox"/> No NA	If no, please give details:
<b>E: What deductions are required by law:</b>	Social insurance and tax	
<b>F: Have all of these deductions been made?</b>	Yes	
<b>G: Industry norm for this region:</b> <i>(please include time period e.g. hour/week/month)</i>	No information	
<b>H: Legal overtime premium for weekdays:</b> <i>(please include time period e.g. hour/week/month)</i>	150% of normal rate	
<b>I: Legal overtime premium for rest days:</b> <i>(please include time period e.g. hour/week/month)</i>	200% of normal rate	
<b>J: Legal overtime premium for holidays:</b> <i>(please include time period e.g. hour/week/month)</i>	300% of normal rate	

Worker Type	Process Operator (Highest paid)	Process Operator (Average paid)	Process Operator (Lowest paid)
<p>Select one worker's records from each "Worker Type" and populate the boxes. Ensure comparison is made for same pay period (peak) and only uses full-time workers. See SMETA Best Practice Guidance for completing this:</p>			
A: Pay period <i>(please include time period e.g. hour/week/month):</i>	Oct 2013	Oct 2013	Oct 2013
B: Anonymous Employee Reference/Dept.	Sewing	Sewing	Packing
C: Employee Gender	Male	Female	Female
D: Contracted wage <i>( please include time period e.g. hour/week/month):</i>	RMB1900/ month	RMB1800/ month	RMB 1600/ month
E: Standard working hours <i>(excluding OT - please include time period e.g. hour/week/month):</i>	160 hours	160 hours	160 hours
F: Standard work pay rate <i>(excluding OT - please include time period e.g. hour/week/month):</i>	RMB1900/ month	RMB1800/ month	RMB 1600/ month
G: Standard day overtime – hours <i>(please include time period e.g. hour/week/month):</i>	4 hours	4 hours	4 hours
H: Standard day overtime – wage <i>(please include time period e.g. hour/week/month):</i>	RMB 65.52	RMB 62.07	RMB 55.17
I: Rest day overtime – hours <i>(please include time period e.g. hour/week/month):</i>	32 hours	32 hours	32 hours
J: Rest day overtime – wage <i>(please include time period e.g. hour/week/month):</i>	RMB 698.85	RMB662.07	RMB 588.51
K: Statutory Holiday overtime – hours <i>(please include time period e.g. hour/week/month):</i>	0	0	0
L: Statutory holiday OT - wages <i>(please include time period e.g. hour/week/month):</i>	0	0	0

M: Total overtime hours <i>(please include time period e.g. hour/week/month):</i>	36 hours	36 hours	36 hours
N: Incentives/Bonus/ Allowances etc. <i>(please include time period e.g. hour/week/month):</i>	RMB 0	RMB 0	RMB 0
O: Gross wages <i>(please include time period e.g. hour/week/month):</i>	RMB 2664.37	RMB 2524.14	RMB 2243.68
P: Social insurance and other deductions	RMB 0	RMB 0	RMB 0
Q: Actual wage paid after deduction <i>(please include time period e.g. hour/week/month):</i>	RMB 2664.37	RMB 2524.14	RMB 2243.68
Comments: (Please state here any specific reasons/circumstances that explain the lowest and highest gross wages)			
The wage was based on their positions.			
R: Is there a defined living wage: <i>This is not normally legal wage. If answered Y please state amount and source of info: Please see BPG)</i>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please specify amount/time period:		
S: Are workers paid in a timely manner in line with local law?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
T: Is there evidence that equal rates are being paid for equal work?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: Through factory rules review, payroll records review and workers' interview, it was confirmed that equal rates are being paid for equal work		
U: How are workers paid:	<input checked="" type="checkbox"/> Cash <input type="checkbox"/> Cheque <input type="checkbox"/> Bank Transfer If not explain:		
Actual overtime premium paid in sample for...			
V: Weekdays:	150% of workers' normal rate		
W: Rest days:	200% of workers' normal rate		
X: Holidays:	No OT was arranged on holidays.		

**6: Working Hours are not Excessive**

**ETI**

6.1 Working hours comply with national laws and benchmark industry standards, whichever affords greater protection.  
 6.2 In any event, workers shall not on a regular basis be required to work in excess of 48 hours per week and shall be provided with at least one day off for every 7 day period on average. Overtime shall be voluntary, shall not exceed 12 hours per week, shall not be demanded on a regular basis and shall always be compensated at a premium rate.

**Evidence of Compliance and Current Status**

*Please Note: include evidence examined & description of current status.*

**Documents checked & comments:**

1. Working hour policy showed there was only one shift in the factory currently. The workers working hour's arrangement as follows: 7:30~11:30, 13:00~17:00.
2. Working hour records from Nov, 2012 to Dec 3, 2013
3. The attendance records showed that workers worked overtime on Saturdays contingently and rested on Sundays fixed.

**Description of current status:**

1. The factory used Fingerprint attendance system to record employees' working hours.
2. Working hour records from Nov, 2012 to Dec 3, 2013 were provided for review.
3. There was only one shift in the factory currently. The workers working hour's arrangement as follows: 7:30~11:30, 13:00~17:00.
4. The normal working hours were 8 hours per day and 40 hours per week.
5. Through workers' interview, overtime is voluntary.

**Non-compliance:**

**1. Description of non-compliance:**

NC against ETI       NC against Local Law  
 It was noted that the overtime hours did not comply with legal requirement.

**Local law or ETI requirement:  
 China Labor Law, Article 41**

The employing unit may extend working hours due to the requirements of its production or business after consultation with the trade union and 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

**ETI Base Code**

**6.1** Working hours comply with national laws and benchmark industry standards, whichever affords greater protection.

**Objective evidence observed:**

Based on the attendance records from Nov 2012 to Dec 3, 2013 reviewing, it was noted that the max monthly overtime hours was 44 hours, which had exceeded the legal requirement.

<b>Recommended corrective action:</b> The factory should ensure the overtime hours comply with legal requirement.	
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Observation	
<b>Description of observation:</b> Nil <b>Local law or ETI requirement:</b> Nil <b>Comments:</b> Nil	<b>Objective evidence observed:</b> Nil

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

Working hours analysis	
<i>Please include time period e.g. hour/week/month</i>	
A: What timekeeping systems are used: time card etc.	Fingerprint attendance recorder
B: Sample size checked (number of workers): <i>Please see BPG</i>	10 workers from Nov 1. 2012 to Dec 3, 2013
C: Legal standard work week (hours): <i>(Excluding OT - please include time period e.g. hour/week/month).</i>	8 hours per day and 40 hours per week
D: Contracted standard work week this site (hours) <i>(excluding OT - please include time period e.g. hour/week/month)::</i>	8 hours per day and 40 hours per week
E: Actual standard work week averaged over sample for full time workers: <i>(excluding OT - please include time period e.g. hour/week/month)</i>	8 hours per day and 40 hours per week
F: Lowest standard hours worked <i>(excluding OT - please include time period e.g. hour/week/month)</i>	8 hours per day and 40 hours per week



G: Highest standard hours worked <i>(excluding OT - please include time period e.g. hour/week/month)</i>	8 hours per day and 40 hours per week
H: Percentage workers on part-time contracts	_0_ % age
I: Legal permitted overtime hours <i>(please include time period e.g. hour/week/month)</i>	3 hours per day and 36 hours per month
J: Any local waivers or permission for annualised hours for this site:	No
K: Actual overtime hours: (averaged over sample) <i>(please include time period e.g. hour/week/month)</i>	2 hours per day, 8 hours per week, 34 hours per month
L: Range of overtime hours over all workers: <i>(quote highest and lowest please include time period e.g. hour/week/month)</i>	0-2 hours per day, 0-10 hours per week, 0-44 hours per month
M: approx % of workers on highest overtime hours:	_90_ %
N: Peak season(s): <i>months</i>	Not obvious
Comments: (Please state here any specific reasons/circumstances that explain the highest working hours)	
Nil	

**7: No Discrimination is Practiced**

**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.

**Evidence of Compliance and Current Status**

*Please Note: include evidence examined & description of current status.*

Documents checked & comments:

1. The factory had established policy and procedure on prohibiting discrimination. No evidence of discrimination was found in factory policies, rules, procedures and operation records.

Description of current status:

1. According to management interview and worker 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; promotion was based on workers' ability and skill; training was based on working requirement; migrant workers had the same pay for same work and working conditions as the local workers.
2. According to payrolls, attendance records, termination records and training records review, no evidence showed that discrimination existed in the factory.

**Non-compliance:**

**1. Description of non-compliance:**

NC against ETI       NC against Local Law  
Nil

**Local law or ETI requirement:**

Nil

**Recommended corrective action:**

Nil

**Objective evidence observed:**

Nil

**Observation**

**Description of observation:**

Nil

**Local law or ETI requirement:**

Nil

**Objective evidence observed:**

Nil

<b>Comments:</b> Nil	
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<b>Good Examples observed:</b>	
Description of Good Example (GE): Nil	<b>Objective Evidence Observed:</b> Nil

**8: Regular Employment Is Provided**

**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.

**Evidence of Compliance and Current Status**

*Please Note: include evidence examined & description of current status.*

**Documents checked & comments:**

1. Based labour contracts review, the factory had signed labour contract with all workers.
2. The factory had documented disciplinary rules and communicates to all workers. And the disciplinary rules were fair, reasonable and they met law requirements.

**Description of current status:**

1. Work performed was on the basis of recognized employment relationship established through national law and practice.
2. The factory signs labour contracts with workers within 30 days after employment. According to worker interview, they had the copies of labour contracts.
3. There was no home working from the site.

**Non-compliance:**

**1. Description of non-compliance:**

NC against ETI       NC against Local Law

Nil

**Local law or ETI requirement:**

Nil

**Recommended corrective action:**

Nil

**Objective evidence observed:**

Nil

**Observation**

**Description of observation:**

**Objective evidence**

<p>Nil  <b>Local law or ETI requirement:</b>          Nil  <b>Comments:</b>          Nil</p>	<p><b>observed:</b>          Nil</p>
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<p align="center"><b>Good Examples observed:</b></p>	
<p>Description of Good Example (GE):          Nil</p>	<p><b>Objective Evidence Observed:</b>          Nil</p>

**8A: Sub-Contracting and Homeworking:**

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.*

**Evidence of Compliance and Current Status**

*Please Note: include evidence examined & description of current status.*

Documents checked & comments:

1. Nil

Description of current status:

1. It was verified through document review, factory tour, management interview and workers interview that no home-working was used by this factory.
2. No processes were subcontracted in the factory.

**Non-compliance:**

**1. Description of non-compliance:**

NC against ETI/Additional Elements  
Nil

NC against Local Law

**Objective evidence observed:**

Nil

**Local law or ETI /Additional Elements requirement:**

Nil

**Recommended corrective action:**

Nil

**Observation**

**Description of observation:**

Nil

**Local law or ETI/Additional elements requirement:**

Nil

**Comments:**

Nil

**Objective evidence observed:**

Nil

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

Summary of sub-contracting – if applicable	
A: Number of sub-contractors/agents used	NA
B: Is there a site policy on sub-contracting?	<input type="checkbox"/> Yes <input type="checkbox"/> No If yes, summarise details: NA
C: What checks are in place to ensure no child labour is being used and work is safe?	NA
D: What processes are sub-contracted?	NA

Summary of homeworking – if applicable			
E: Number of homeworkers	Male: 0	Female: 0	Total: 0
F: Are homeworkers employed direct or through agents?	<input type="checkbox"/> Directly <input type="checkbox"/> Through Agents NA		
G: If through agents, number of agents	NA		
H: Is there a site policy on homeworking?	<input type="checkbox"/> Yes <input type="checkbox"/> No NA		
I: How does site ensure worker hours and pay meet local laws for homeworkers?	NA		
J: What processes are carried out by homeworkers?	NA		
K: Are written agreements in place for homeworkers that include regular employment?	<input type="checkbox"/> Yes <input type="checkbox"/> No NA		
L: Are full records available at the site?	<input type="checkbox"/> Yes <input type="checkbox"/> No NA		



**9: No Harsh or Inhumane Treatment is Allowed**

**ETI**

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

**Evidence of Compliance and Current Status**

*Please Note: include evidence examined & description of current status.*

Documents checked & comments:

1. Security guard working regulation

Description of current status:

1. The duties of security guards were to protect safety of factory's property, to regularized entrance/exit of goods/ vehicles/ employees/ visitors. No negative evidence of mental/ physical coercion was identified.
2. There was no evidence of sexual harassment.

**Non-compliance:**

**1. Description of non-compliance:**

- NC against ETI       NC against Local Law  
Nil

**Local law or ETI requirement:**

Nil

**Recommended corrective action:**

Nil

**Objective evidence observed:**

Nil

**Observation**

**Description of observation:**

Nil

**Local law or ETI requirement:**

Nil

**Comments:**

Nil

**Objective evidence observed:**

Nil

**Good Examples observed:**

**Description of Good Example (GE):**

Nil

**Objective Evidence Observed:**

Nil



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

**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.

**Evidence of Compliance and Current Status**

*Please Note: include evidence examined & description of current status.*

Documents checked & comments:

1. Recruitment policy

Description of current status:

1. No employment agency was used by the factory.
2. The factory recruited the new workers by the advertisements or the employees' recommendation.

**Non-compliance:**

**1. Description of non-compliance:**

NC against ETI/Additional Elements       NC against Local Law  
 Nil

**Local law or ETI /Additional Elements requirement:**

Nil

**Recommended corrective action:**

Nil

**Objective evidence observed:**

Nil

Observation	
<b>Description of observation:</b> Nil <b>Local law or ETI/Additional Elements requirement:</b> Nil <b>Comments:</b> Nil	<b>Objective evidence observed:</b> Nil

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

**10. Other issue areas 10B4: Environment 4-Pillar**

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

**B.4. Compliance Requirements**

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

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

10B4.3. The supplier shall be aware of their end client's environmental standards/code requirements and have a system in place to monitor their performance against these.

**B4. Guidance for Observations**

10B4.4. Suppliers should have completed the appropriate section of the SAQ and made it available to the auditor.

10B4.5. Suppliers should have an environmental policy, covering their environmental impact, which is communicated to all appropriate parties, including its own suppliers.

10B4.6. Suppliers shall be aware of the significant environmental impact of their site and its processes.

10B4.7. The site should measure its impacts, including continuous recording and regular reviews of use and discharge of natural resources e.g. energy use, water use (see 4-pillar audit report and audit checks for details).

10B4.8. Suppliers shall seek to make continuous improvements in their environmental performance.

10B4.9. Suppliers shall have available for review any environmental certifications or any environmental management systems documentation

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

10B.4.11. Has the site recently been subject to (or pending) any fines/prosecutions for noncompliance to environmental regulations.

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

**Evidence of Compliance and Current Status**

*Please Note: include evidence examined & description of current status.*

Documents checked & comments:

1. The factory had established basic environmental protection policy.
2. The pollutant discharging license was obtained.
3. The chemicals waste was stored and disposing by qualified 3<sup>rd</sup> party

Description of current status:

1. Mr. Su Chengji was nominated to responsible for co-ordinating the site's efforts to improve environmental performance.

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

Observation	
<p><b>Description of observation 1:</b>                      It was suggested that the factory should measure its impacts, including continuous recording and regular reviews of use and discharge of natural resources e.g. energy use, water use, and establish the procedure on energy conservation and emission reduction.</p> <p><b>Local law or ETI/Additional elements requirements:</b>  <b>ETI Additional Elements 10B4.7.</b>                      The site should measure its impacts, including continuous recording and regular reviews of use and discharge of natural resources e.g. energy use, water use</p> <p><b>Comments:</b>                      Nil</p> <p><b>Description of observation 2:</b>                      It was suggested that the factory should seek to make continuous improvements in their environmental performance.</p> <p><b>Local law or ETI/Additional elements requirements:</b>  <b>ETI Additional Elements 10B4.8.</b>                      Suppliers shall seek to make continuous improvements in their environmental performance.</p> <p><b>Local law or ETI/Additional elements requirements:</b>                      NA  <b>Comments:</b>                      Nil</p>	<p><b>Objective evidence observed 1:</b>                      Based on document review.</p> <p><b>Objective evidence observed 2:</b>                      Based on document review.</p>

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

<b>Environmental Analysis</b>		
<i>(Site declaration only – this has not been verified by auditor. Please state units in all cases below.)</i>		
Criteria	Current year: Please state period: _____2013_____	Previous Year: Please state period: __2012_____
Electricity Usage: <i>Kw/hrs</i>	100,000	120,000
Gas Usage: <i>Kw/hrs</i>	0	0
Renewable Energy Usage: <i>Kw/hrs</i>	0	0
Has site completed any carbon Footprint Analysis?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Water Sources <i>Please list all places.</i>	<ul style="list-style-type: none"> <li>• Water Factory</li> <li>•</li> <li>•</li> </ul>	<ul style="list-style-type: none"> <li>• Water Factory</li> <li>•</li> <li>•</li> </ul>
Water Volume Used <i>(m<sup>3</sup>)</i>	1800	2000
Water Discharged : <i>Please list all places.</i>	<ul style="list-style-type: none"> <li>• Sewage station</li> <li>•</li> <li>•</li> </ul>	<ul style="list-style-type: none"> <li>• Sewage station</li> <li>•</li> <li>•</li> </ul>
Water Volume Discharged: <i>(m<sup>3</sup>)</i>	1800	2000
Water Volume Recycled: <i>(m<sup>3</sup>)</i>	No information	No information
Total waste Produced <i>(please state units)</i>	No information	No information
Waste to Landfill: <i>(please state units)</i>	No information	No information
Total Product Produced <i>(please state units)</i>	No information	No information

**10C: Business Practices – 4-Pillar Audit**  
*To be completed for a 4-Pillar SMETA Audit*

**10C. Guidance for “Observations”**

- 10C.1. Suppliers should have completed the appropriate section of the SAQ and have made it available to the auditor.
- 10C.2. The supplier should have received and acknowledged- preferably in writing – the Business Practices policy of the auditor/audit company.
- 10C.3. Suppliers shall seek to conduct their business ethically without bribery, corruption, or any type of fraudulent Business Practice.
- 10C.4. Suppliers shall be aware of any applicable laws, their end client’s Business Practices standards/code requirements and have a system in place to monitor their performance against these.
- 10C.5. Supplier should have a Business Practices policy concerning bribery, corruption, or unethical Business Practice. This should be clearly communicated to all relevant parties.
- 10C.6. Suppliers should have a designated person responsible for implementing standards concerning Business Practices
- 10C.7. Suppliers should have a transparent system in place for confidentially reporting, and dealing with unethical Business Practices without fear of reprisals towards the reporter
- 10C.8. Suppliers should ensure that the staff whose job roles carry a higher level of risk in the area of ethical Business Practice e.g. sales, purchasing, logistics are trained on what action to take in the event of an issue arising in their area.

*Note for auditors and readers. This business practices section is intended to take not more than 0.25 auditor days. It is an assessment not an audit and the main requirement is to gather information on the relevant business practices issues in a supply chain. All findings will be recorded as observations not Non- Compliances and the data collected will allow the membership to define appropriate standards over time as part of a continuous review process.*

**Evidence of Compliance and Current Status**

*Please Note: include evidence examined & description of current status.*

Documents checked & comments:

- 1. The Business Ethics policy and procedure were established.
- 2. The commitment letter of suppliers for business ethics
- 3. The training records of business ethics.

Description of current status:

- 1. The factory had appointed Mr. Su Chengji to deal with business ethics issue.
- 2. All suppliers were required to sign the commitment letter of business ethics
- 3. The regular training for business ethics were conducted for relevant department, such purchase, sales etc.

**Observation**

**Description of observation:**

Nil

**Objective evidence observed:**

Nil

**Local law or ETI/Additional elements requirement:**

Nil



<b>Comments:</b> Nil	
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<b>Good examples observed:</b>	
<b>Description of Good Example (GE):</b> Nil	<b>Objective Evidence Observed:</b> Nil

## Worker Interview Summary

Worker Interview Summary	
A: Were workers aware of the audit?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
B: Were workers aware of the code?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
C: Number of group interviews: <i>Please specify number and size of groups. Please see BPG</i>	1 group with 4 workers
D: Number of individual interviews <i>Please see BPG</i>	Male: 2 Female: 4
E: Number of interviewed workers <i>Please see BPG</i>	Male: 2 Female: 8
F: Interviews were done in private and the confidentiality of the interview process was communicated to the workers?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
G: In general, what was the attitude of the workers towards their workplace?	<input checked="" type="checkbox"/> Favourable <input type="checkbox"/> Non-favourable <input type="checkbox"/> Indifferent
H: What was the most common worker complaint?	No any negative issue raised. They were satisfied with the factory
I: What did the workers like the most about working at this site?	Mostly workers said they were satisfied with the working condition and benefit.
J: Any additional comment(s) regarding interviews:	Nil

Agency Workers (workers sourced from a local agent who are not directly paid by the site)	
A: Number of agencies used (average):	NA And names if available:
B: Were agency workers' age/pay/hours included within scope of this audit	<input type="checkbox"/> Yes <input type="checkbox"/> No NA

## Other findings

Other Findings Outside the Scope of the Code
Nil

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)
Nil

## Photo Form

Best Practice Photos:










<i>Nil</i>	<i>Nil</i>	<i>Nil</i>










Non compliance Photos:










		
No safeguard for belt for the sewing machine	The fire extinguishers were blocked.	No needle safeguard for the high speed sewing machine

General Site Tour Photos:

		
Factory gate	Factory address plate	Another factory in the same factory area

		
<p>Factory overall</p>	<p>The 4-storey production building was vacancy.</p>	<p>The 2-storey production building was rented to another factory.</p>
		
<p>The 3-storey production building, the area with red line belonged to the audited factory</p>	<p>The 4-storey dormitory building</p>	<p>Exit sign and emergency lighting</p>
		
<p>Extinguisher and hydrant</p>	<p>Fire alarm</p>	<p>Cutting workshop</p>

		
Sewing workshop	Packing workshop	Evacuation plan
		
Drinking water	Toilet	Eye wash facility
		
Suggestion box	First aid kit	No smoking sign

		
<p>Attendance recorder</p>	<p>PPE sign</p>	<p>The canteen was not used.</p>
		
<p>Dormitory room</p>	<p>Dormitory Aisle</p>	<p>Exit sign and emergency lighting in dormitory</p>
		
<p>Evacuation plan in dormitory</p>	<p>Fire fighting facilities in dormitory</p>	<p>Toilet in dormitory</p>

**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=riPsbE0PQ52ehCo3Inq5lw\\_3d\\_3d](http://www.surveymonkey.com/s.aspx?sm=riPsbE0PQ52ehCo3Inq5lw_3d_3d)

[Click here for B members:](#)

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For more information on Sedex please go to [www.sedexglobal.com](http://www.sedexglobal.com)  
or email [auditing@sedexglobal.com](mailto:auditing@sedexglobal.com)

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