



Sedex Members Ethical Trade Audit Report

Version 6.1



Audit Details			
Sedex Company Reference: <i>(only available on Sedex System)</i>	ZC5000006443	Sedex Site Reference: <i>(only available on Sedex System)</i>	ZS1000006637
Business name (Company name):	Qingdao Toposh International Trade Co Ltd		
Site name:	Qingdao Toposh Jewelry Co Ltd		
Site address:	Room201,Floor2,Building23,No.6ChangchengSouth Road,Chengyang District,Qingdao,Shandong Qingdao 266109 CN	Country:	CN
Site contact and job title:	Wang Yumei / HR Manager		
SMETA Audit Pillars:	<input checked="" type="checkbox"/> Labour Standards	<input checked="" type="checkbox"/> Health and Safety (plus Environment 2-Pillar)	<input checked="" type="checkbox"/> Environment 4-pillar <input checked="" type="checkbox"/> Business Ethics
Date of Audit:	2023-07-21		

Audit Company Name:
BUREAU VERITAS CPS - ASIA

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

Audit Content:

- (1) A SMETA audit was conducted which included some or all of Labour Standards, Health & Safety, Environment and Business Ethics. The SMETA Best Practice Version 6.1 (March 2019) was applied. The scope of workers included all types at the site e.g. direct employees, agency workers, workers employed by service providers and workers provided by other contractors. Any deviations from the SMETA Methodology are stated (with reasons for deviation) in the SMETA Declaration.
- (2) The audit scope was against the following reference documents
2-Pillar SMETA Audit
 - ETI Base Code
 - SMETA Additions
 - Universal rights covering UNGP
 - Management systems and code implementation,
 - Responsible Recruitment
 - Entitlement to Work & Immigration,
 - Sub-Contracting and Home working,**4-Pillar SMETA**
 - 2-Pillar requirements plus
 - Additional Pillar assessment of Environment
 - Additional Pillar assessment of Business Ethics
 - The Customer's Supplier Code (Appendix 1)
- (3) Where appropriate non-compliances were raised against the ETI code / SMETA Additions & local law and recorded as non-compliances on both the audit report, CAPR and on Sedex.
- (4) Any Non-Compliance against customer code shall not be uploaded to Sedex. However, in the CAPR these 'Variances in compliance between ETI code / SMETA Additions/ local law and customer code' shall be noted in the observations section of the CAPR.

SMETA Declaration

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

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

Auditor Team			
Lead Auditor:	Jason Teng	APSCA Number:	21701231
Additional Auditors:	Jordan Li		
Date of declaration:	2023-07-21		

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

Site Representation	
Full Name:	Wang Yumei
Title:	HR Manager
Date of declaration:	2023-07-21
Comments:	<p><i>Any exceptions to this must be recorded here (e.g. different sample size):</i> <i>Sampled wage records from the past 5 months were provided for review (5 months only since the operation for digital thermometer just started last Sep 2020).</i> <i>The audit took 2.0 man-days (9AM-6PM per day). Audit time was extended until 8PM due to the extent of documentation; this was agreed upon with the factory representatives</i></p>
Nil	

Summary of Findings

Issue <i>(please click on the issue title to go direct to the appropriate audit results by clause)</i>	Area of Non-Conformity		Number of issues			Findings
	ETI	Local Law	NC	Obs	GE	
0A - Universal rights covering UNGP			0	0	0	
0B - Management systems and code implementation			0	0	0	
1 - Freely chosen employment			0	0	0	
2 - Freedom of association and right to collective bargaining are respected			0	0	0	
3 - Working conditions are safe and hygienic	3.1 3.1 3.1 3.1	§1 §2 §3 §4	4	0	0	NC - ZAF600114995 NC - ZAF600114996 NC - ZAF600114997 NC - ZAF600114998
4 - Child labour shall not be used			0	0	0	
5 - Living wages are paid	5.1	§5	1	0	0	NC - ZAF600114999
6 - Working hours are not excessive	6.1	§6	1	0	0	NC - ZAF600115000
7 - No discrimination is practiced			0	0	0	
8 - Regular employment is provided			0	0	0	
8A - Subcontracting and homeworking			0	0	0	
9 - No harsh or inhumane treatment is allowed			0	0	0	
10A - Entitlement to work and immigration			0	0	0	
10B2 - Environment 2-pillar			0	0	0	
10B4 - Environment 4-pillar			0	0	0	
10C - Business ethics 4-pillar	10.C.8		1	0	0	NC - ZAF600115001

Local Law Issues

Issue	Description
§1	<p>In accordance with Article 27 of the Regulation For Chemical Usage Safety in Work Place: Staff and workers are entitled to receive: (1) Date and information in description of the specific characteristics, hazardous ingredients, and safety precaution marks of the chemicals to be used in the working premises, and instructions upon safety techniques, etc. (2) Information concerning the probability of occurrence of harm against safety and health of staff and workers caused by hazardous chemicals in the working process. (3) Trainings upon safety techniques, including trainings with regard to prevention and control, and danger-avoiding methods, handling of emergency cases, or emergency measures. (4) Labor protection articles in conformity to State stipulations.</p> <p>根据《工作场所安全使用化学品规定》第27条：职工有权获得：(1)工作场所使用化学品的特性、有害成分、安全标签以及安全技术说明书等资料；(2)在其工作过程中危险化学品可能导致危害安全与健康的信息；(3)安全技术的培训，包括预防、控制、及防止危险方法的培训和紧急情况处理或应急措施的培训；(4)符合国家规定的劳动防护用品。</p>

<p>§2</p>	<p>In accordance with Article 42 of Law of the People's Republic of China on Production Safety, business entities must provide their employees with labor protection products meeting the national or industry standards, and supervise and educate their employees on wearing or using such products in accordance with the rules of use.</p> <p>根据《中华人民共和国安全生产法》第42条：生产经营单位必须为从业人员提供符合国家标准或者行业标准的劳动防护用品，并监督、教育从业人员按照使用规则佩戴、使用。</p>
<p>§3</p>	<p>In accordance with Article 35 Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases, for the laborers that are engaged in the operations contacting the harm of occupational diseases, the employing work unit shall organize the occupational health examination of the laborers before they take the posts, when they are at the posts and when they leave the posts, the employing work unit shall inform the laborers of the examination results. The employing work unit shall afford the expenses needed for the occupational health examination. The employing work unit may not assign the laborers that haven't gone through the pre-post occupational health examination to undertake the operations involving the harm of occupational diseases; may not assign the laborers that have occupational contraindications to undertake the operations that they shall avoid; the laborers that are found to have the health injuries related to their posts during the occupational health examination shall be transferred from their former posts and be settled appropriately; and the employing work unit may not cancel or terminate the labor contacts signed with the laborers that haven't gone through the occupational health examination before they leave their posts. The occupational health examination shall be undertaken by the medical health institutions which have obtained Practicing License of Medical Institution. Administrative Departments of Health should strengthen the regulation on occupational health checks. Specific administrative measures are established by Health Administration Department of the State Council.</p> <p>根据《中华人民共和国职业病防治法》第35条：根据《中华人民共和国职业病防治法》第35条：从事接触职业病危害的作业的劳动者，用人单位应当按照国务院卫生行政部门的规定组织上岗前、在岗期间和离岗时的职业健康检查，并将检查结果书面告知劳动者。职业健康检查费用由用人单位承担。用人单位不得安排未经上岗前职业健康检查的劳动者从事接触职业病危害的作业；不得安排有职业禁忌的劳动者从事其所禁忌的作业；对在职业健康检查中发现有与所从事的职业相关的健康损害的劳动者，应当调离原工作岗位，并妥善安置；对未进行离岗前职业健康检查的劳动者不得解除或者终止与其订立的劳动合同。职业健康检查应当由取得《医疗机构执业许可证》的医疗卫生机构承担。卫生行政部门应当加强对职业健康检查工作的规范管理，具体管理办法由国务院卫生行政部门制定。</p>
<p>§4</p>	<p>In accordance with Article 18 of Rules for Storage Fire Prevention Safety Management: The goods in storage should be classified for storage. The area occupied by any single stack shall preferably not be greater than 100 square meters. Space shall be at least 1 meter between stacks; Space shall be at least 0.5 meter between stacks and the wall; Space shall be at least 0.3 meter between stacks and beams or posts. The width of main passages shall be at least 2 meters.</p> <p>根据《仓库防火安全管理规则》第18条：库存物品应当分类、分类储存，每垛占地面积不宜大于100平方米，垛与垛间距不小于1米，垛与墙间距不小于0.5米，垛与梁、柱的间距不小于0.3米，主要通道的宽度不小于2米。</p>

<p>§5</p>	<p>In accordance with Article 73 of the Labor Law of the People's Republic of China, employees shall, in accordance with the law, be entitled to social insurance benefits under the following circumstances: (1) retirements; (2) illness or injury; (3) disability caused by work-related injury or occupational disease; (4) unemployment; and (5) maternity. The survivors of the insured laborers shall be entitled to subsidies for survivors in accordance with the law. The conditions and standards for laborers to enjoy social insurance benefits shall be stipulated by laws, rules and regulations. The social insurance amount that laborers and entitled to, must be timely paid in full amount.</p> <p>根据《中华人民共和国劳动法》第73条：劳动者在下列情形下，依法享受社会保险待遇：(一)退休；(二)患病、负伤；(三)因工伤残或者患职业病；(四)失业；(五)生育。劳动者死亡后，其遗属依法享受遗属津贴。劳动者享受社会保险待遇的条件和标准由法律、法规规定。劳动者享受的社会保险金必须按时足额支付。</p>
<p>§6</p>	<p>In accordance with Article 41 of the Labor Law of the PRC, after consultation with the trade union and employees, the employer may extend working hours due to its production or business needs, but the extended working hours shall not generally exceed one hour a day; in special circumstances that require an extension of working hours, the extended working hours shall not exceed 3 hours a day and 36 hours a month on condition that the health of employees is guaranteed.</p> <p>根据《中华人民共和国劳动法》第41条：用人单位由于生产经营需要，经与工会和劳动者协商后可以延长工作时间，一般每日不得超过一小时；因特殊原因需要延长工作时间的，在保障劳动者身体健康的条件下延长工作时间每日不得超过三小时，但是每月不得超过三十六小时。</p>

Site Details

Site Details			
Company Name	Qingdao Toposh International Trade Co Ltd		
Site Name	Qingdao Toposh Jewelry Co Ltd		
GPS location (if available)	GPS Address:	Latitude: 36°16'2" N	
	Coordinates:	Longitude: 120°23'14" E	
Applicable business and other legally required licence numbers and documents, for example, business license number, liability insurance, any other required government inspections	Business License: 91370214MAC5QJFM2F ; Valid from November 30, 2022 to long date		
Products/Activities at site, for example, garment manufacture, electricals, toys, grower, cutting, sewing, packing etc	Imitation jewelry		
Site description: (Include size, location, and age of site. Also, include structure and number of buildings)	<p>The factory was established on November 30, 2022. The factory consisted of one 7-storey building used as office, warehouse and workshop. The total building area occupied was approximately 2557 square meters. There were total 80 employees (7 males and 73 females) with 58 production workers (5 male and 53 female) and 22 non-production employees. According to the document review, management review and employee interview, no juvenile workers worked in the factory. The factory was specialized in manufacture of imitation jewelry. Production processes included cutting, drilling, polishing, gluing, assembling, inspecting and packing. The peak month was not obvious. Remark: This audit was paid by the factory. There was no specific customer for this audit.</p>		
Structure and number of buildings	Building Name:	Production Building 1	
	Floor	Description	Remark
	-1	Workshop and warehouse	Nil
	1	Workshop and warehouse	Nil
	2	Workshop and warehouse	Nil
	3	Office	Nil
	4	Office	Nil
	5	Office	Nil
6	Rest room	Nil	
Visible structural integrity issues (large cracks) observed?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: N/A		
Does the site have a structural engineer evaluation?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: N/A		

Site function	<input type="checkbox"/> Agent <input checked="" type="checkbox"/> Factory Processing/Manufacturer <input type="checkbox"/> Finished Product Supplier <input type="checkbox"/> Grower <input type="checkbox"/> Homeworker <input type="checkbox"/> Labour Provider <input type="checkbox"/> Pack house <input type="checkbox"/> Primary Producer <input type="checkbox"/> Service Provider <input type="checkbox"/> Sub-contractor
Months of peak season	
Process overview	Products: Imitation jewelry; Main operations: cutting, drilling, polishing, gluing, assembling, inspecting and packing; Number of production lines: 1; Main equipment used: polishing machine, cutting machines, drilling machines etc.
What form of worker representation is there on site?	<input type="checkbox"/> Union <input checked="" type="checkbox"/> Worker Committee <input type="checkbox"/> Other <input type="checkbox"/> None
Please give details:	Ms. Lv
Is there any night production work at the site?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Are there any on site provided worker accommodation buildings	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details:
Are there any off site provided worker accommodation buildings	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details:
Were all site provided accommodation buildings included in this audit	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: No accommodation was provided in the factory.

Audit Parameters		
Time in and time out	Day 1	
	In	08:30
	Out	16:30
Audit type:	FULL_INITIAL	
Was the audit announced?	ANNOUNCED	
Was the Sedex SAQ available for review?	Yes	
Any conflicting information SAQ/Pre-Audit Info to Audit findings?	No	
Who signed and agreed CAPR	Wang Yumei / HR Manager	
Is further information available	No	

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

Worker Analysis

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

Worker Analysis								
	Local			Migrant*			Home workers	Total
	Permanent	Temporary	Agency	Permanent	Temporary	Agency		
Worker numbers – male	5	0	0	0	0	0	0	5
Worker numbers – female	53	0	0	0	0	0	0	53
Total	58	0	0	0	0	0	0	58
Number of Workers interviewed – male	3	0	0	0	0	0	0	3
Number of Workers interviewed – female	7	0	0	0	0	0	0	7
Total – interviewed sample size	10	0	0	0	0	0	0	10

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

Worker Interview Summary	
Were workers aware of the audit?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Were workers aware of the code?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Number of group interviews:	1 group of 4 employees
Number of individual interviews:	Male: 1 Female: 5
All groups of workers are included in the scope of this audit such as; Direct employees, Casual and agency workers, Workers employed by service providers such as security and catering staff as well as workers supplied by other contractors.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details:
Interviews were done in private and the confidentiality of the interview process was communicated to the workers?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
In general, what was the attitude of the workers towards their workplace?	<input checked="" type="checkbox"/> Favorable <input type="checkbox"/> Non-favourable <input type="checkbox"/> Indifferent
What was the most common worker complaint?	Nothing to report
What did the workers like the most about working at this site?	Wages were issued timely.
Any additional comment(s) regarding interviews:	Nil
Attitude of workers to hours worked:	Favourable
Is there any worker survey information available?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details:

Attitude of workers:
10 workers (3 male workers and 7 female workers) were interviewed, 4 workers were interviewed in one group and 6 workers were interviewed individually. In addition, another 2 employees were interviewed for business ethics and 2 employees for environment. In the interview process, they were frank and no hint or coaching by management was noted. The workers' attitudes to factory management were favorable. They were satisfied with the working condition and the management's behaviors. No negative information was raised.
Attitude of worker's committee/union reps:
In general, the attitude of workers committee representative was favourable. They said that the factory management treated them friendly, and they were satisfied with their working environment, payment and working time. The interview responses were coincident with the management interview and what the records showed.
Attitude of managers:
The factory management was positive towards auditors, they provided relevant documents to auditor for review, showed auditor the production process during factory tour, and provided auditor an independent room for workers interview. The managers were open with the auditors on all audit area. Ms. Wang Yumei/HR manager who was responsible for implementing legal and code standards was in charge of the independent and internal audits. At the closing meeting, auditor provided the factory representative a general overview, and explained all findings to them. Meantime, auditor made the corrective suggestions corresponding to findings to the factory representative.

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

0A: Compliance Requirements

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

Current Systems and Evidence Examined

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

Current Systems:

- Policy, endorsed at the highest level, covering human rights impacts and issues.
- Designated person Wang Yumei/QC Manager was responsible for implementing standards concerning Human rights
- Transparent system in place for confidentially reporting, and dealing with human rights impacts without fear of reprisals towards the reporter

Evidence examined:

Details: web site with human rights statement, and employee handbook, some anonymous grievance material from the confidential e-mail

Any other comments:

Nil

Policy statement that expresses commitment to respect human rights?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: There was a focus on labour right and also aimed to address the responsibility of businesses to understand their broader human rights impacts, including the need to recognise community human rights impact(e.g. in the form of grievance mechanisms and Freedom of Association).
Are the policies included in workers' manuals?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The policies were included in the workers' manuals.
Does the business have a designated person responsible for implementing standards concerning Human Rights?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: Ms. Wang Yumei/HR manager

Does the business have a transparent system in place for confidentially reporting, and dealing with human rights impacts without fear of reprisals towards the reporter?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The businesses had a transparent system in place for confidentially reporting, and dealing with human rights impacts without fear of reprisals towards the reporter.				
Does the grievance mechanism meet UNGP expectations? (Legitimate, Accessible, Predictable, Equitable, Transparent, Rights-compatible, a source of continuous learning and based on stakeholder engagement)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No				
Does the business demonstrate effective data privacy procedures for workers' information, which is implemented?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The business demonstrated effective data privacy procedures for workers' information, which was implemented.				
Measuring Workplace Impact					
Annual worker turnover(Number of workers leaving in last 12 months as a % of average total number of workers on site over the year (annual worker turnover))	<table border="0"> <tr> <td>Last year</td> <td style="text-align: right;">2.0%</td> </tr> <tr> <td>This year</td> <td style="text-align: right;">2.0%</td> </tr> </table>	Last year	2.0%	This year	2.0%
Last year	2.0%				
This year	2.0%				
Current % quarterly (90 days) turnover(Number of workers leaving from the first of the 90 day period through to the last day of the 90 day period / [(number of employees on the 1st day of 90 day period + number of employees on the last day of the 90 day period) / 2])	2.0%				
Annual % absenteeism(Number of days lost through job absence in the year / [(number of employees on 1st day of the year + number employees on the last day of the year) / 2] * number available workdays in the year)	<table border="0"> <tr> <td>Last year</td> <td style="text-align: right;">15.0%</td> </tr> <tr> <td>This year</td> <td style="text-align: right;">15.0%</td> </tr> </table>	Last year	15.0%	This year	15.0%
Last year	15.0%				
This year	15.0%				
Quarterly (90 days) % absenteeism(Number of days lost through job absence in the period / [(Number of employees on 1st of the period + Number of employees on the last day of the period) / 2] * Number of available workdays in the month)	10.0%				
Are accidents recorded?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: Accidents records were provided to review and it showed no accident happened in past 12 months.				
Annual Number of work related accidents and injuries per 100 workers((Number of work related accidents and injuries * 100) / Number of total workers)	<table border="0"> <tr> <td>Last year</td> <td style="text-align: right;">0.0%</td> </tr> <tr> <td>This year</td> <td style="text-align: right;">0.0%</td> </tr> </table>	Last year	0.0%	This year	0.0%
Last year	0.0%				
This year	0.0%				

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

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

0B: Compliance Requirements

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

Current Systems and Evidence Examined

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

Current Systems:

Responsibility for meeting the legal and client code requirements is shared between the HR Manager and the Health & Safety Manager. Together they are responsible to the factory manager for ensuring the standards are met.

- Ensuring that licenses and business permissions are up to date is the responsibility of the HR department
- Overall responsibility for meeting the standards is taken by the factory HR Manager/ Ms. Wang Yumei.
- There is an internal audit team for quality who in addition take on the role for internal audit of the social standards of the factory and they report to the HR and Health & Safety manager jointly to report their findings.
- Implementation of any necessary changes is then given to the individual department heads after agreement with the factory manager.

Evidence examined:

Internal audit documents (the manager audits the personnel and wages systems of the factory) dated March 31, 2023.

- Client's code of conduct was posted in Chinese at the factory.
- A manual created by the factory which contained all required documents and all appropriate procedures for meeting the client's code of conduct and the legal requirements.

Any other comments:

Nil

Management Systems

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

Yes No

Please give details:

No fine was noted in the last 12 months.

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

Yes No

Please give details:

Policies and procedures existed to help reduce the risk of forced labour, child labour, discrimination, harassment & abuse.

If Yes, is there evidence (an indication) of effective implementation? Please give details.

Overtime was based on workers' free will, no child labour was hired due to strict recruitment procedure.

Have managers and workers received training in the standards for forced labour, child labour, discrimination, harassment & abuse?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: Training regarding to force labour, child labour, discrimination, harassment & abuse were held regularly.
If Yes, is there evidence (an indication) that training has been effective e.g. training records etc.? Please give details	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: Per document review, relevant training records were provided and confirmed by worker during interview.
Does the site have any internationally recognised system certifications e.g. ISO 9000, 14000, OHSAS 18000, SA8000 (or other social audits)?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The factory provided the ISO14001 certification for review.
Is there a Human Resources manager/department?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Ms. Wang Yumei /HR Manager was in charge of HR issue.
Is there a senior person /manager responsible for implementation of the code?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: Ms. Wang Yumei /HR Manager
Is there a policy to ensure all worker information is confidential?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The factory had established a policy to ensure that all worker information was confidential.
Is there an effective procedure to ensure confidential information is kept confidential?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: Only assigned responsible could have access to confidential information.
Are risk assessments conducted to evaluate policy and procedure effectiveness?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: Internal audit was held regularly.
Does the facility have a process to address issues found when conducting risk assessments, including implementation of controls to reduce identified risks?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: After risk assessment, the factory manager would correct and avoid these issues happening again.
Does the facility have a policy/code which require labour standards of its own suppliers?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The facility had a policy/code which required labour standards of its own suppliers.
Land Rights	

<p>Does the site have all required land rights licenses and permissions (see SMETA Measurement Criteria)?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Please give details:</p> <p>All required land rights licenses were provided, like planning permission of construction land of the factory.</p>
<p>Does the site have systems in place to conduct legal due diligence to recognize and apply national laws and practices relating to land title?</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>Please give details:</p> <p>N/A. No law requirement</p>
<p>Does the site have a written policy and procedures specific to land rights?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Please give details:</p> <p>The factory had a written policy and procedures specific to land rights.</p>
<p>Is there evidence that facility/site compensated the owner/lessor for the land prior to the facility being built or expanded?</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>Please give details:</p> <p>There was not evidence that the factory compensated the lessor for the land. Factory provided the land use permit for review.</p>
<p>Does the facility demonstrate that alternatives to a specific land acquisition were considered to avoid or minimize adverse impacts?</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>Please give details:</p> <p>N/A. No law requirement in China.</p>
<p>Is there any evidence of illegal appropriation of land for facility building or expansion of footprint?</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>Please give details:</p> <p>There was no evidence of illegal appropriation of land for facility building or expansion of footprint.</p>

1 - Freely chosen Employment
[Summary of Findings]

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

Current Systems and Evidence Examined

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

Current Systems:

Per the document review and workers' interview, all workers were not required to lodge "deposits". And no bonded or involuntary prison labour was noted in the factory.

- A policy which prohibits forced labour was available for review.
- A non-formalised application states that workers must present their ID's for proof of age but that only copies must be kept in the personnel files and the original given back to the workers.
- The employee handbook – given to new joiner's states that:
 - o Workers can leave with 3 days' notice with no penalty when in probation period but once permanent (this is out of probation) they must give one month written notice.
 - o They will be given their full wages on their last day of work
 - o The workers are free to leave the workplace outside of their working hours.
- Contracts for security guards say cannot prevent workers from leaving the premises outside of working hours, and no delay to workers leaving at the end of shift. The above was confirmed in management and worker interview.

Evidence examined:

Details:
 - Personnel files
 - Resignation records
 - Factory rules
 - Employee handbook
 - Management and worker interview
 - Contracts for security guards

Any other comments:

Nil

Is there any evidence of retention of original documents, e.g. passports/ID' (If yes, please give details and category of workers affected)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details:
Is there any evidence of a loan scheme in operation (If yes, please give details and category of workers affected)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details:
Is there any evidence of retention of wages / deposits (If yes, please give details and category of workers affected)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details:
Are there any restrictions on workers' freedom to terminate employment?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: No any restriction was noted on workers' freedom to terminate employment.

<p>If any part of the business is UK based or registered there & has a turnover over £36m, is there a published a 'modern day slavery statement'?</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not Applicable</p> <p>Please give details: No business in UK now.</p>
<p>Is there evidence of any restrictions on workers' freedoms to leave the site at the end of the work day?</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>Please give details: Employees can leave the factory at the end of the work day freely and not be restricted.</p>
<p>Does the site understand the risks of forced / trafficked / bonded labour in its supply chain</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable</p> <p>Please give details: Factory forbade its supply chain involving in any activity of forced / trafficked / bonded labour.</p>
<p>Is the site taking any steps taking to reduce the risk of forced / trafficked labour?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Please give details: Factory would terminate corporation with its supply chain if any forced / trafficked / bonded labour issue was noted.</p>

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

2: Compliance Requirements

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

Current Systems and Evidence Examined

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

Current Systems:

- There was employee committee in the factory. No union was noted in the factory.
- There was suggestion box in the factory.
- Workers expressed that they could join any legal union or committee without punishment.
- Workers expressed dissatisfaction at the lack of action taken by management on items raised through suggestion box or talk to the workshop leader directly.

Evidence examined:

Details:

- Minutes of the employee representative meeting
- Site policy on freedom of association
- Interview with workers and employee interview
- Interview with manager

Any other comments:

Nil

What form of worker representation/union is there on site? (Please add the name of the union or committee in the textbox)	<input type="checkbox"/> Union <input type="checkbox"/> Other	<input checked="" type="checkbox"/> Worker Committee <input type="checkbox"/> None
Other details:	Qingdao Toposh Jewelry Co., Ltd Worker Committee	
Is it a legal requirement to have a union?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Is it a legal requirement to have a worker's committee?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Is there any other form of effective worker/management communication channel? (Other than union/worker committee e.g. H&S, sexual harassment)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: Suggestion box	
Is there evidence of free elections?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Does the supplier provide adequate facilities to allow the Union or committee to conduct related business?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: Meeting room, rest room and relevant facilities	
Name of union and union representative, if applicable:	N/A. No union in the factory.	

Is there evidence of free elections?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable
If there is no union, is there a parallel means of consultation with workers e.g. worker committees?	Worker Committee
Is there evidence of free elections?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable
Are all workers aware of who their representatives are?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: All workers knew that the employee representative was Ms. Lv.
Were worker representatives freely elected?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Date of last election:	2022-12-23
Do workers know what topics can be raised with their representatives?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Were worker representatives/union representatives interviewed?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
If Yes, please state how many:	1.0
Please describe any evidence that union/worker's committee is effective? Specify date of last meeting; topics covered; how minutes were communicated etc.	Based on meeting record, the last meeting carried out by the worker committee was May 16, 2023. The topic was regarding to provide more recreational facilities.
Are any workers covered by Collective Bargaining Agreement (CBA)?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

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

3: Compliance Requirements

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

Current Systems and Evidence Examined

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

Current Systems:

1. General Health and Safety management

- Ms. Wang Yumei/ HR Manager was Health & Safety responsible person for the site
- Potable water was freely available in all areas and test certificates were up-to-date
- Sufficient clean toilets segregated by gender were available at all times to workers, the soap, towel and toilet paper were provided in the toilet.
- Ventilation, temperature and lighting were adequate for the production processes
- Minutes of meetings show monthly meetings between the H&S committee (workers) and the H&S manager, and each point was acted on.
- The factory provided on-job occupational health checks to all employees in production workshop who were in contact with hazardous material yearly.

2. Fire Safety

- There were 2 exits in the work area and these were clearly marked
- Fire-fighting equipment was adequate and checks were up-to-date
- Evacuation diagrams were posted in all areas and understood by all workers interviewed.
- Fire drills were organised and recorded every 6 months of in the production workshop.
- Training had been given by the local fire department and fire marshals selected for extra training.

3. Electrical safety

- All electrical equipment was in good condition such as sockets, plugs, switches and main fuse boards.
- There were competent electricians at the site and their training certificates were available for review.

4. Medical services

- There were adequate first aid kits in each production area and they were well stocked. There were sufficient first aider in the factory.

Evidence examined:

Details:

- Health and safety policy
- Health and safety manual
- Health and safety committee minutes
- Training records and certificates
- Fire equipment maintenance records
- Fire drill records
- Government licenses and checks on air quality and noise level
- Building structure safety certificate
- Trained first aider register
- Accident reports
- Sanitation permit for kitchen
- Potable water testing certificates
- Interviews with H&S manager
- Interviews with workers and H&S committee members

Any other comments:
Nil

Does the facility have general and occupational Health & Safety policies and procedures that are fit for purpose and are these communicated to workers?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The facility had general Health & Safety and occupational Health & Safety policies and procedures that were fit for purpose and were these communicated to workers.
Are the policies included in workers' manuals?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: These policies were included in worker's manual.
Are there any structural additions without required permits/inspections (e.g. floors added)?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: No structural addition was noted.
Are visitors to the site informed on H&S and provided with personal protective equipment?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: Visitors to the site were provided with personal protective equipment.
Is a medical room or medical facility provided for workers?(This section is to list evidence to support system description (Documents examined & relevant comments. Include renewal/expiry date where appropriate))	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: No medical room was provided in the factory
Is there a doctor or nurse on site or there is easy access to first aider/ trained medical aid?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: There was 2 trained first aid personnel in factory.
Where the facility provides worker transport – is it fit for purpose, safe, maintained and operated by competent persons e.g. buses and other vehicles?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: No worker transport was provided.
Is secure personal storage space provided for workers in their living space and is fit for purpose?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: N/A No dormitory was provided to employees in the factory.
Are H&S Risk assessments are conducted (including evaluating the arrangements for workers doing overtime e.g. driving after a long shift) and are there controls to reduce identified risk?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: H&S Risk assessments were conducted and relevant documents were provided for review.
Is the site meeting its legal obligations on environmental requirements including required permits for use and disposal of natural resources?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The site met its legal obligations on environmental requirements.

Is the site meeting its customer requirements on environmental standards, including the use of banned chemicals?




Yes No

Please give details:

The site met its customer requirements on environmental standards.

Non-Compliance		Evidence
[Back to findings summary]		
Non-Compliance		
Status	OPEN	
Reference	ZAF600114995	
Clause	3 - Working Conditions are Safe and Hygienic	
Issue Title	230 - No material safety data sheet (MSDS) obtained / available	
Subcategory	Chemicals	
New or carried over?	<input checked="" type="checkbox"/> New <input type="checkbox"/> Carried Over	
Root cause	<input checked="" type="checkbox"/> Training <input type="checkbox"/> System <input type="checkbox"/> Costs <input type="checkbox"/> Lack of workers <input type="checkbox"/> Other	
Root cause - Other		
Local law issue	<p>In accordance with Article 27 of the Regulation For Chemical Usage Safety in Work Place: Staff and workers are entitled to receive: (1) Date and information in description of the specific characteristics, hazardous ingredients, and safety precaution marks of the chemicals to be used in the working premises, and instructions upon safety techniques, etc. (2) Information concerning the probability of occurrence of harm against safety and health of staff and workers caused by hazardous chemicals in the working process. (3) Trainings upon safety techniques, including trainings with regard to prevention and control, and danger-avoiding methods, handling of emergency cases, or emergency measures. (4) Labor protection articles in conformity to State stipulations.</p> <p>根据《工作场所安全使用化学品规定》第27条：职工有权获得：(1)工作场所使用化学品的特性、有害成分、安全标签以及安全技术说明书等资料；(2)在其工作过程中危险化学品可能导致危害安全与健康的资料；(3)安全技术的培训，包括预防、控制、及防止危险方法的培训和紧急情况处理或应急措施的培训；(4)符合国家规定的劳动防护用品。</p>	
ETI code	3.1 - A safe and hygienic working environment shall be provided, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Adequate steps shall be taken to prevent accidents and injury to health arising out of, associated with, or occurring in the course of work, by minimising, so far as is reasonably practicable, the causes of hazards inherent in the working environment.	
Explanation to the non compliance	It was noted that no material safety data sheet for products (MSDS) was available for the chemical (e.g. glue) being used in the assembling workshop.	


	审核员发现组装车间使用的胶没有化学品安全技术说明书(MSDS)。	
Follow up method	<input type="checkbox"/> Follow up audit <input checked="" type="checkbox"/> Desktop audit	
Timescale	<input type="checkbox"/> Immediate <input type="checkbox"/> 30 days <input checked="" type="checkbox"/> 60 days <input type="checkbox"/> 90 days <input type="checkbox"/> 120 days <input type="checkbox"/> 180 days <input type="checkbox"/> 365 days <input type="checkbox"/> Other	
Actions	<p>It is recommended that management adopt practices and controls to ensure that all chemicals being used in the factory have complete material safety data sheet for products (MSDS) which are also provided to the relevant employees handling chemicals in the factory.</p> <p>建议所有在工厂使用的化学品都具备完整的化学品安全技术说明书(MSDS)，并提供给工厂内使用化学品的相关员工。</p>	

Non-Compliance		Evidence
[Back to findings summary]		
Non-Compliance		
Status	OPEN	
Reference	ZAF600114996	
Clause	3 - Working Conditions are Safe and Hygienic	
Issue Title	278 - Personal Protective Equipment (PPE) provided but incidents of workers not using PPE where appropriate	
Subcategory	Personal Protective Equipment/Clothing	
New or carried over?	<input checked="" type="checkbox"/> New <input type="checkbox"/> Carried Over	
Root cause	<input checked="" type="checkbox"/> Training <input type="checkbox"/> System <input type="checkbox"/> Costs <input type="checkbox"/> Lack of workers <input type="checkbox"/> Other	
Root cause - Other		
Local law issue	<p>In accordance with Article 42 of Law of the People's Republic of China on Production Safety, business entities must provide their employees with labor protection products meeting the national or industry standards, and supervise and educate their employees on wearing or using such products in accordance with the rules of use.</p> <p>根据《中华人民共和国安全生产法》第42条：生产经营单位必须为从业人员提供符合国家标准或者行业标准的劳动防护用品，并监督、教育从业人员按照使用规则佩戴、使用。</p>	 not wearing protection finger gloves.JPG
ETI code	3.1 - A safe and hygienic working environment shall be provided, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Adequate steps shall be taken to prevent accidents and injury to health arising out of, associated with, or occurring in the course of work, by minimising, so far as is reasonably practicable, the causes of hazards inherent in the working environment.	 not wearing mask and gloves.JPG
Explanation to the non compliance	<p>It was noted that 1 out of 1 employee in the cutting workshop did not wear ear plugs provided by the factory. It was noted that 5 out of 15 employees in the assembling workshop did not wear protection finger gloves provided by the factory. It was noted that 4 out of 4 employees in the assembling workshop did not wear activated carbon mask and gloves provided by the factory.</p> <p>审核员发现工厂切割车间有噪音产生，但是1/1名工人没有佩戴工厂提供的耳塞。组装车间5/15名工人没有佩戴工厂提供的护指手套，组装车间4/4名点胶工人没有佩戴工厂提供的口罩和手套。</p>	 not wearing ear plugs.JPG
Follow up	<input type="checkbox"/> Follow up audit <input checked="" type="checkbox"/> Desktop audit	

method		
Timescale	<input type="checkbox"/> Immediate <input checked="" type="checkbox"/> 30 days <input type="checkbox"/> 60 days <input type="checkbox"/> 90 days <input type="checkbox"/> 120 days <input type="checkbox"/> 180 days <input type="checkbox"/> 365 days <input type="checkbox"/> Other	
Actions	<p>It is recommended that management adopt practices and controls to ensure that necessary personal protective equipments are provided to relevant employees and measures are taken to ensure that employees use such personal protective equipment appropriately.</p> <p>建议工厂为相关的员工提供必要的个人防护用品，并确保他们正确佩戴。</p>	

Non-Compliance		Evidence
[Back to findings summary]		
Non-Compliance		
Status	OPEN	
Reference	ZAF600114997	
Clause	3 - Working Conditions are Safe and Hygienic	
Issue Title	318 - Inadequate / isolated failure in conducting medical examinations/ occupational health checks of workers in hazardous situations (e.g. noise / chemicals / dust)	
Subcategory	Worker Health	
New or carried over?	<input checked="" type="checkbox"/> New <input type="checkbox"/> Carried Over	
Root cause	<input checked="" type="checkbox"/> Training <input type="checkbox"/> System <input type="checkbox"/> Costs <input type="checkbox"/> Lack of workers <input type="checkbox"/> Other	
Root cause - Other		
Local law issue	<p>In accordance with Article 35 Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases, for the laborers that are engaged in the operations contacting the harm of occupational diseases, the employing work unit shall organize the occupational health examination of the laborers before they take the posts, when they are at the posts and when they leave the posts, the employing work unit shall inform the laborers of the examination results. The employing work unit shall afford the expenses needed for the occupational health examination. The employing work unit may not assign the laborers that haven't gone through the pre-post occupational health examination to undertake the operations involving the harm of occupational diseases; may not assign the laborers that have occupational contraindications to undertake the operations that they shall avoid; the laborers that are found to have the health injuries related to their posts during the occupational health examination shall be transferred from their former posts and be settled appropriately; and the employing work unit may not cancel or terminate the labor contacts signed with the laborers that haven't gone through the occupational health examination before they leave their posts. The occupational health examination shall be undertaken by the medical health institutions which have obtained Practicing License of Medical Institution. Administrative Departments of Health should strengthen the regulation on occupational health checks. Specific administrative measures are established by Health Administration Department of the State Council.</p> <p>根据《中华人民共和国职业病防治法》第35条：根据《中华人民共和国职业病防治法》第35条：从事接触职业病危害的作业的劳动者，用人单位应当按照国务院卫生</p>	

	<p>行政部门的规定组织上岗前、在岗期间和离岗时的职业健康检查，并将检查结果书面告知劳动者。职业健康检查费用由用人单位承担。用人单位不得安排未经上岗前职业健康检查的劳动者从事接触职业病危害的作业；不得安排有职业禁忌的劳动者从事其所禁忌的作业；对在职业健康检查中发现有与所从事的职业相关的健康损害的劳动者，应当调离原工作岗位，并妥善安置；对未进行离岗前职业健康检查的劳动者不得解除或者终止与其订立的劳动合同。职业健康检查应当由取得《医疗机构执业许可证》的医疗卫生机构承担。卫生行政部门应当加强对职业健康检查工作的规范管理，具体管理办法由国务院卫生行政部门制定。</p>
ETI code	<p>3.1 - A safe and hygienic working environment shall be provided, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Adequate steps shall be taken to prevent accidents and injury to health arising out of, associated with, or occurring in the course of work, by minimising, so far as is reasonably practicable, the causes of hazards inherent in the working environment.</p>
Explanation to the non compliance	<p>It was noted that the factory provided the occupational health checks to employees in production workshop who were in contact with hazardous materials (e.g. glue) yearly. However, the occupational health checks were not provided to employees before they take the posts or leave the posts.</p> <p>审核员发现厂方有每年为在车间接触有毒有害物质(如：胶)的员工提供职业病体检，但工厂并没有组织这些员工在上岗前和离岗时进行职业病体检。</p>
Follow up method	<p><input type="checkbox"/> Follow up audit <input checked="" type="checkbox"/> Desktop audit</p>
Timescale	<p><input type="checkbox"/> Immediate <input type="checkbox"/> 30 days <input checked="" type="checkbox"/> 60 days</p> <p><input type="checkbox"/> 90 days <input type="checkbox"/> 120 days <input type="checkbox"/> 180 days</p> <p><input type="checkbox"/> 365 days <input type="checkbox"/> Other</p>
Actions	<p>It is recommended that management adopt practices and controls to ensure that regular occupational health checks are provided to all employees handling hazardous materials in the workshop.</p> <p>建议工厂给在车间接触有毒有害物质的员工提供定期体检。</p>

Non-Compliance		Evidence
[Back to findings summary]		
Non-Compliance		
Status	OPEN	
Reference	ZAF600114998	
Clause	3 - Working Conditions are Safe and Hygienic	
Issue Title	327 - Storage of goods not in line with legal requirements (e.g. too high)	
Subcategory	Hygiene Facilities & Housekeeping	
New or carried over?	<input checked="" type="checkbox"/> New <input type="checkbox"/> Carried Over	
Root cause	<input checked="" type="checkbox"/> Training <input type="checkbox"/> System <input type="checkbox"/> Costs <input type="checkbox"/> Lack of workers <input type="checkbox"/> Other	
Root cause - Other		
Local law issue	<p>In accordance with Article 18 of Rules for Storage Fire Prevention Safety Management: The goods in storage should be classified for storage. The area occupied by any single stack shall preferably not be greater than 100 square meters. Space shall be at least 1 meter between stacks; Space shall be at least 0.5 meter between stacks and the wall; Space shall be at least 0.3 meter between stacks and beams or posts. The width of main passages shall be at least 2 meters.</p> <p>根据《仓库防火安全管理规则》第18条：库存物品应当分类、分类储存，每垛占地面积不宜大于100平方米，垛与垛间距不小于1米，垛与墙间距不小于0.5米，垛与梁、柱的间距不小于0.3米，主要通道的宽度不小于2米。</p>	
ETI code	3.1 - A safe and hygienic working environment shall be provided, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Adequate steps shall be taken to prevent accidents and injury to health arising out of, associated with, or occurring in the course of work, by minimising, so far as is reasonably practicable, the causes of hazards inherent in the working environment.	
Explanation to the non compliance	<p>It was noted that the gap between some goods and walls was 0 meter in the warehouse, which was less than the legal requirement of 0.5 meter.</p> <p>审核员发现仓库里的部分货物与墙的间距为0米，小于法定0.5米的要求。</p>	
Follow up method	<input type="checkbox"/> Follow up audit <input checked="" type="checkbox"/> Desktop audit	
Timescale	<input type="checkbox"/> Immediate <input type="checkbox"/> 30 days <input checked="" type="checkbox"/> 60 days <input type="checkbox"/> 90 days <input type="checkbox"/> 120 days <input type="checkbox"/> 180 days <input type="checkbox"/>	
		
	goods placed against the wall.JPG	

	365 days	Other	
Actions	<p>It is recommended that management adopt practices and controls to ensure that the width of gap between stacks and walls are in accordance with the legal requirement.</p> <p>建议工厂确保仓库库存物品垛与墙的间距符合法律要求。</p>		

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

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

Current Systems and Evidence Examined

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

Current Systems:

Based on the review of the personnel files and employee interview, it was noted that all sampled employees were above the age of 16 years old when hired by the factory. According to the factory policy, the factory had established procedure for screening and young workers less than 16 years old were prohibited to recruit.

- The factory establishes a policy that they would never employ and use any child labor under the age of 16 years old. The youngest worker was 21 years old.
- The factory would verify all workers' original ID cards at the time of recruitment and keep the photocopies of workers' ID cards in the personnel files.
- Each employee file includes a recent photo and the age documentation, which is in the form of photocopied national identification card. The card lists the employee's name, household address and the date of birth.

Evidence examined:

- Details:
- Personnel files of all workers
 - Latest list of employees
 - Young workers details
 - Records of any health checks
 - Management interview
 - Worker interview

Any other comments:

Nil

Legal age of employment:	16
Age of youngest worker found:	21
Are there children present on the work floor but not working at the time of audit?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Percentage of under 18's at this site (of total workers)	0.0%
Are workers under 18 subject to hazardous work assignments?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: No young worker was noted in the factory.

5 - Living Wages are Paid
[Summary of Findings]

5: Compliance Requirements

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

Current Systems and Evidence Examined

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

Current Systems:

During this audit, the factory had provided all workers' payroll records and attendance records from December 2022 to June 2023 for auditors to review. Auditors randomly selected 10 sample employees from most recent paid month June 2023, randomly April 2023 and December 2022 respectively for wage and working hour calculation, it was noted that factory paid at least RMB14.37 per hour, which was not lower than local legal minimum wage standard: RMB 12.07 per hour since October 1, 2021.

In addition, per management and employee interview, it was noted that the factory did not provide the social insurance to all employees. All workers are 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.

All workers were paid on 15th of each month by cash and each worker was given a pay slip and signed for their wages. All the sampled workers were correctly paid the overtime wage with 150% and 200% of their normal wages for all overtime hours worked on weekday and rest days respectively during tested month, which was in accordance with local legal requirement. No overtime hour was noted at statutory holiday.

Remark: The factory was established in December 2022.

Evidence examined:

Details:

- Worker interview
- Local and national laws
- Wages and benefits policy
- Local legal minimum wage documents
- Payroll records from December 2022 to June 2023
- Leave records
- Social insurance and payment receipts from the local labour department
- Labour contracts for all employees
- Resignation records
- Payslips of all workers interviewed
- Hours records to check hourly rates and any overtime premiums

Any other comments:

Nil

Summary Information

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

Standard/Contracted work hours: (Maximum legal and actual required working hours excluding overtime, please state if possible per day, week, and month)	Legal Maximum Per Day: 8.0 Per Week: 40.0 Per Month: null	Actual Per Day: 8.0 Per Week: 40.0 Per Month: null	NO
Overtime hours: (Maximum legal and actual overtime hours, please state if possible per day, week, and month)	Legal Maximum Per Day: 3.0 Per Week: null Per Month: 36.0	Actual Per Day: 2.0 Per Week: 16.0 Per Month: 65.5	NO
Wage for standard/contracted hours: (Minimum legal and actual minimum wage at site, please state if possible per hr, day, week, and month)	Legal Maximum Per Day: 96.55 Per Week: 482.76 Per Month: 2100.0	Actual Per Day: 114.96 Per Week: 919.68 Per Month: 2500.0	NO
Overtime wage: (Minimum legal and actual minimum overtime wage at site, please state if possible per hr, day, week, and month)	Legal Maximum Per Day: null Per Week: null Per Month: null	Actual Per Day: null Per Week: null Per Month: null	NO
Wages Analysis:			
Were accurate records shown at the first request?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
Sample Size Checked (State number of worker records checked and from which weeks/months – should be current, peak, and random/low. Please see SMETA Best Practice Guidance and Measurement Criteria)	10 samples from most current month June 2023 10 samples from randomly month April 2023 10 samples from randomly month December 2022		
Are there different legal minimum wage grades? If Yes, please specify all.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
If there are different legal minimum grades, are all workers graded and paid correctly?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not Applicable Please give details:		
For the lowest paid production workers, are wages paid for standard/contracted hours (excluding overtime) below or above the legal minimum?	<input type="checkbox"/> Below legal min <input type="checkbox"/> Meet <input checked="" type="checkbox"/> Above		
Lowest actual wages found: Note: full time employees and please state hour / week / month etc.	RMB2500 per month		
Please indicate the breakdown of workforce per earnings	0.0% of workforce earning under minimum wage 0.0% of workforce earning minimum wage 100.0% of workforce earning above minimum wage		
Bonus Scheme found: Please specify details:	Bonus Scheme found: No bonus was provided to employees. Note: type of employee (e.g. full time, temp, etc.) and please state which units e.g. /hour /week /month etc.		
What deductions are required by law e.g. social insurance? Please state all types:	Social insurance and tax		
Have these deductions been made?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
Please list all deductions that have been made.	Tax		
Please list all deductions that have not been made.	Social insurance		

Were appropriate records available to verify hours of work and wages?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Were any inconsistencies found? (if yes describe nature)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Do records reflect all time worked? (For instance, are workers asked to attend meetings before or after work but not paid for their time)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The attendance system recorded employees' all work time.
Is there a defined living wage: This is not normally minimum legal wage. If answered yes, please state amount and source of info: Please see SMETA Best Practice Guidance and Measurement Criteria.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The living wage was RMB2365. Information was from employee interview.
If yes, what was the calculation method used.	<input type="checkbox"/> ISEAL/Anker Benchmarks <input type="checkbox"/> Asia Floor Wage <input type="checkbox"/> Figures provided by Unions <input type="checkbox"/> Living Wage Foundation UK <input type="checkbox"/> Fair Wear Wage Ladder <input type="checkbox"/> Fairtrade Foundation <input checked="" type="checkbox"/> Other – please give details:
If other, please explain:	The factory calculated the living wage by manual collecting information from employees.
Are there periodic reviews of wages? If Yes give details (include whether there is consideration to basic needs of workers plus discretionary income).	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details:
Are workers paid in a timely manner in line with local law?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Is there evidence that equal rates are being paid for equal work:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: Through factory rules review, payroll records review and employee's interview, it was confirmed that equal rates were being paid for equal work.
How are workers paid:	<input checked="" type="checkbox"/> Cash <input type="checkbox"/> Cheque <input type="checkbox"/> Bank Transfer <input type="checkbox"/> Other

Non-Compliance		Evidence
[Back to findings summary]		
Non-Compliance		
Status	OPEN	
Reference	ZAF600114999	
Clause	5 - Living Wages are Paid	
Issue Title	424 - Compulsory insurance (e.g. social insurance, accident insurance etc.) not paid - isolated	
Subcategory	Benefits & Insurance	
New or carried over?	<input checked="" type="checkbox"/> New <input type="checkbox"/> Carried Over	
Root cause	<input type="checkbox"/> Training <input type="checkbox"/> System <input checked="" type="checkbox"/> Costs <input type="checkbox"/> Lack of workers <input type="checkbox"/> Other	
Root cause - Other		
Local law issue	<p>In accordance with Article 73 of the Labor Law of the People's Republic of China, employees shall, in accordance with the law, be entitled to social insurance benefits under the following circumstances: (1) retirements; (2) illness or injury; (3) disability caused by work-related injury or occupational disease; (4) unemployment; and (5) maternity. The survivors of the insured laborers shall be entitled to subsidies for survivors in accordance with the law. The conditions and standards for laborers to enjoy social insurance benefits shall be stipulated by laws, rules and regulations. The social insurance amount that laborers and entitled to, must be timely paid in full amount.</p> <p>根据《中华人民共和国劳动法》第73条：劳动者在下列情形下，依法享受社会保险待遇：（一）退休；（二）患病、负伤；（三）因工伤残或者患职业病；（四）失业；（五）生育。劳动者死亡后，其遗属依法享受遗属津贴。劳动者享受社会保险待遇的条件和标准由法律、法规规定。劳动者享受的社会保险金必须按时足额支付。</p>	
ETI code	5.1 - Wages and benefits paid for a standard working week meet, at a minimum, national legal standards or industry benchmark standards, whichever is higher. In any event wages should always be enough to meet basic needs and to provide some discretionary income.	
Explanation to the non compliance	<p>It was noted that the factory's social insurance coverage was insufficient. According to the social insurance payment receipt provided by factory management, it was noted that only 73 out of 80 employees were provided with [pension, accident, unemployment, medical, maternity] insurance in June 2023.</p> <p>审核员发现工厂的社会保险覆盖不足。根据厂方提供的2023年6月社会保险缴费单据显示工厂为73/80名员工提供医疗，失业，生育，养老和工伤保险。</p>	

Follow up method	<input type="checkbox"/> Follow up audit <input checked="" type="checkbox"/> Desktop audit	
Timescale	<input type="checkbox"/> Immediate <input type="checkbox"/> 30 days <input checked="" type="checkbox"/> 60 days <input type="checkbox"/> 90 days <input type="checkbox"/> 120 days <input type="checkbox"/> 180 days <input type="checkbox"/> 365 days <input type="checkbox"/> Other	
Actions	<p>It is recommended that factory management adopt practices and controls to ensure that employees receive all of their statutory welfare entitlements.</p> <p>建议工厂为员工提供所有法定的社会保险福利。</p>	

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

6: Compliance Requirements

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

Current Systems and Evidence Examined

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

Current Systems:

The factory had provided all workers' attendance records from December 2022 to April 2022 for auditors to review. Auditors randomly selected 10 sample employees from most recent paid month June 2023, randomly month April 2023 and December 2022 respectively for working hour calculation. It was also noted the maximum overtime hours were 2 hours per day and 65.5 hours a month, the maximum working hours per week were 56 hours which did not exceed the client's requirement; the maximum consecutively working days were 6 days. Remark: The factory was established in December 2022.

Evidence examined:

Details:

- Employee interview
- Management interview
- local and national laws
- factory policy on working hours
- time cards
- computerised time logging system
- sample pay slips with recorded hours all workers interviewed
- workers' contracts
- hours records to establish highest and lowest hours over all employees
- Quality and production records to cross check hours

Any other comments:

Nil

Working hours' analysis

Systems & Processes

What timekeeping systems are used?	Biometric attendance system was used in the factory.
Is sample size same as in wages section?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details:

Are standard/contracted working hours defined in all contracts/employment agreements? (If no, please give details including % and which type of workers do NOT have standard hours defined in contracts/employment agreements.)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Are there any other types of contracts/employment agreements used?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Do any standard/contracted working hours defined in contracts/employment agreements exceed 48 hours per week? (If yes, please detail hours, %, types of workers affected and frequency.)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Are workers provided with at least 1 day off in every 7-day-period, or 2 in 14-day-period?	<input checked="" type="checkbox"/> 1 in 7 days <input type="checkbox"/> 2 in 14 days <input type="checkbox"/> No (please explain)
Is this allowed by local law?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Maximum number of days worked without a day off (in sample):	6
Standard/Contracted Hours worked	
Were standard working hours over 48 hours per week found? (If yes, % of workers & frequency)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No % of workers: null% Frequency:
Any local waivers/local law or permissions which allow averaging/annualised hours for this site? (If yes, please give details.)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Overtime Hours worked	
Actual overtime hours worked in sample (State per day/week/month)	1. 2 hours per weekday, 8 hours per rest day, 14 hours per week and 65.5 hours per month in December 2022 2. 2 hours per weekday, 8 hours per rest day, 16 hours per week and 65 hours per month in April 2023 3. 2 hours per weekday, 8 hours per rest day, 14 hours per week and 55.5 hours per month in June 2023
Combined hours (standard or contracted + overtime hours = total) over 60 found?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: Highest weekly hours: 1). 54 hours per week in December 2022 2). 56 hours per week in April 2023 3). 54 hours per week in June 2023
Approximate percentage of total workers on highest overtime hours:	33.0%
Is overtime voluntary? (Please detail evidence e.g. Wording of contract / employment agreement / handbook / worker interviews / refusal arrangements)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Conflicting Information Please give details: Per employee's interview, they confirmed that they could choose to overtime work or not by themselves.
Overtime premium	

<p>Are the correct legal overtime premiums paid? (Please give details of normal day overtime premium as a % of standard wages)</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A – there is no legal requirement to OT premium</p> <p>Please give details: 150% of wage base for overtime hours worked on normal weekdays; 200% of wage base for overtime hours worked on rest days; 300% of wage base for overtime hours worked on statutory holidays.</p>
<p>Is overtime paid at a premium?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No 100% , monthly</p>
<p>If the site pays less than 125% OT premium and this is allowed under local law, are there other considerations? Please complete the boxes where relevant.</p>	<p><input type="checkbox"/> No <input type="checkbox"/> Consolidated pay <input type="checkbox"/> Collective Bargaining agreements</p> <p><input checked="" type="checkbox"/> Other</p>
<p>Please give details</p>	<p>N/A. No site pays less than 125% OT premium</p>
<p>If more than 60 total hours per week and this is legally allowed, are there other considerations? Please complete the boxes where relevant. (Please explain any checked boxes above e.g. detail of consolidated pay / CBA or Other)</p>	<p><input type="checkbox"/> Overtime is voluntary <input type="checkbox"/> Onsite Collective bargaining allows 60+ hours/week is voluntary <input type="checkbox"/> Safeguards are in place to protect worker's health and safety</p> <p><input type="checkbox"/> Site can demonstrate exceptional circumstances <input checked="" type="checkbox"/> Other reasons (please specify)</p>
<p>Please give details</p>	<p>N/A. Not more than 60 total hours per week.</p>
<p>Please explain any checked boxes above e.g. detail of consolidated pay / CBA or other</p>	<p>N/A</p>
<p>Is there evidence that overtime hours are being used for extended periods to make up for labour shortages or increased order volumes?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Workers worked overtime sometimes due to order volumes increased.</p>
<p>If sufficient workers cannot be hired, are new working time arrangements explored to ensure that overtime is the exception rather than the rule?</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>

Non-Compliance		Evidence
[Back to findings summary]		
Non-Compliance		
Status	OPEN	
Reference	ZAF600115000	
Clause	6 - Working Hours are not Excessive	
Issue Title	480 - Overtime is not used responsibly i.e. extent, frequency and level of hours worked by individual workers and / or whole workforce are excessive	
Subcategory	Overtime	
New or carried over?	<input checked="" type="checkbox"/> New <input type="checkbox"/> Carried Over	
Root cause	<input type="checkbox"/> Training <input checked="" type="checkbox"/> System <input type="checkbox"/> Costs <input type="checkbox"/> Lack of workers <input type="checkbox"/> Other	
Root cause - Other		
Local law issue	<p>In accordance with Article 41 of the Labor Law of the PRC, after consultation with the trade union and employees, the employer may extend working hours due to its production or business needs, but the extended working hours shall not generally exceed one hour a day; in special circumstances that require an extension of working hours, the extended working hours shall not exceed 3 hours a day and 36 hours a month on condition that the health of employees is guaranteed.</p> <p>根据《中华人民共和国劳动法》第41条：用人单位由于生产经营需要，经与工会和劳动者协商后可以延长工作时间，一般每日不得超过一小时；因特殊原因需要延长工作时间的，在保障劳动者身体健康的条件下延长工作时间每日不得超过三小时，但是每月不得超过三十六小时。</p>	
ETI code	6.1 - Working hours must comply with national laws, collective agreements, and the provisions of 6.2 to 6.6 below, whichever affords the greater protection for workers. Sub-clauses 6.2 to 6.6 are based on international labour standards.	
Explanation to the non compliance	It was noted that 30 out of 30 sample population employees worked in excess of the statutory overtime hour limits. A review of 30 sample population employees' time records (10 samples from auditor selected month December 2022, 10 samples from April 2023 and 10 samples from current month June 2023) yielded the following: •10 out of 10 sample population employees worked in excess of 36 overtime hours per month (i.e. 65.5 hours) in December 2022, which was not in compliance with the legal requirement; •10 out of 10 sample population employees worked in excess of 36 overtime hours per month (i.e. 65 hours) in April 2023, which was not in compliance with the legal	

	<p>requirement; •10 out of 10 sample population employees worked in excess of 3 overtime hours per month (i.e. 55.5 hours) in June 2023, which was not in compliance with the legal requirement.</p> <p>根据厂方提供的工时记录，审核员发现员工加班时间超出了法定标准。审核员从厂方提供的工资记录中抽取30个样本(其中从2022年12月抽取10个，从2023年4月抽取10个，从最近月份2023年6月抽取10个)，发现有30名员工加班时间超出了法定标准，具体为： • 10/10名员工在2022年12月的加班时间为65.5小时，超过每月加班时间不能超过36小时的法律规定； • 10/10名员工在2023年4月的加班时间为65小时，超过每月加班时间不能超过36小时的法律规定； • 10/10名员工在2023年6月的加班时间为55.5小时，超过每月加班时间不能超过36小时的法律规定。</p>	
Follow up method	<input checked="" type="checkbox"/> Follow up audit <input type="checkbox"/> Desktop audit	
Timescale	<input type="checkbox"/> Immediate <input type="checkbox"/> 30 days <input checked="" type="checkbox"/> 60 days <input type="checkbox"/> 90 days <input type="checkbox"/> 120 days <input type="checkbox"/> 180 days <input type="checkbox"/> 365 days <input type="checkbox"/> Other	
Actions	<p>It is recommended that factory management adopt practices and controls to ensure that employee overtime hours do not exceed the statutory limits.</p> <p>建议工厂确保员工的加班时间符合法律要求。</p>	

7 - No Discrimination is Practiced
[Summary of Findings]

7: Compliance Requirements

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

Current Systems and Evidence Examined

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

Current Systems:

Through employee interview, management interview and documents review:

- There was no discrimination in hiring, compensation, access to training, promotion, termination or retirement.
- The factory provided the same pay rate to male/female employees for the same job.
- There was no evidence of sexual harassment.
- No worker was required to do the examination of the hepatitis B virus and HIV.
- Gender divisions did not exist in the factory; both female and male workers were distributed in all types of work.
- There was an internal grievance process.

Evidence examined:

- The hiring and termination procedure, leave application records and employee handbook.
- Payrolls
- Attendance records
- Termination records
- Training records

Any other comments:

Nil

Gender breakdown of Management + Supervisors (Include as one combined group)	Male: 9.0%	Female: 91.0%
Number of women who are in skilled or technical roles (e.g. where specific qualifications are needed i.e. machine engineer / laboratory analyst)	N/A	
Is there any evidence of discrimination based on race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation?	<input type="checkbox"/> Hiring <input type="checkbox"/> Promotion	<input type="checkbox"/> Compensation <input type="checkbox"/> Termination or retirement <input type="checkbox"/> Access to training <input checked="" type="checkbox"/> No evidence of discrimination found
Please give details	N/A. All employees were treated equally.	
Professional Development		
What type of training and development are available for workers?	SA, Fire safety, Job safety, chemical and PPE using.	
Are HR decisions e.g. promotion, training, compensation based on objective, transparent criteria? (If no, please provide details)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	

8 - Regular Employment Is Provided
[Summary of Findings]

8: Compliance Requirements
 8.1 To every extent possible work performed must be on the basis of recognised employment relationship established through national law and practice.
 8.2 Obligations to employees under labour or social security laws and regulations arising from the regular employment relationship shall not be avoided through the use of labour-only contracting, sub-contracting, or home-working arrangements, or through apprenticeship schemes where there is no real intent to impart skills or provide regular employment, nor shall any such obligations be avoided through the excessive use of fixed-term contracts of employment.
 Additional Elements: Responsible Recruitment
 8.3 Suppliers have full understanding of the entire recruitment process and assess all labour recruiters and intermediaries against legal and/or ethical requirements.
 8.4 There are effective management systems in place to identify and monitor the hiring and management of all migrant workers, contract workers, agency workers, temporary or casual labour. The supplier shall implement processes to enable adequate control over agencies with regards the above points and related legislation.
 8.5 Employment agencies must only supply workers registered with them.
 8.6 Workers pay no recruitment fee at any stage of the recruitment process.
 8.7 Worker contracts accurately reflect the agreed payment and terms in the recruitment process and are understood and signed by workers.

Current Systems and Evidence Examined

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

Current Systems:

All employees were recruited by the factory directly. Labour agency was used to hire workers. No temporary worker, apprenticeship schemes or home worker was identified by the auditor.
 All workers had received a signed labour contract. The facts, harmful effects, consequences, protective measures and necessary treatment of occupational diseases were communicated to relevant employees.

Evidence examined:

Details:
 The hiring and termination practises (not formalised)
 Personal files
 Payroll records were provided for review.
 Contracts

Any other comments:

Nil

Responsible Recruitment

All Workers

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

Migrant Workers

Type of work undertaken by migrant workers:	N/A. No migrant worker was used in the factory.
---	---

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

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

8A: Compliance Requirements

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

Current Systems and Evidence Examined

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

Current Systems:

Per management interview and factory tour, it was noted that the plating process was subcontracted to other factory.

Remark: This audit was paid by the factory. There was no specific customer for this audit.

Evidence examined:

Details:

- Site tour (Calculation on total production and estimated capacity)
- Materials in/out records
- Management interview
- Worker interview

Any other comments:

Nil

Summary of sub-contracting – if applicable

Is there any sub-contracting at this site?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Process subcontracted	
Process Subcontracted	Plating
Name of factory	Qingdao Hongxintong Arts&Crafts Co., Ltd.
Address	Konggang Industrial Zone, Liuting Street, Chengyang District, Qingdao City, Shandong Province, China
Has the auditor made a simple calculation to compare capacity with workers' work load in order to identify possible unrecorded work or undeclared sub-contracting?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: Auditor made a simple calculation to compare capacity with workers' workload.
If sub-contractors are used, is there evidence this has been agreed with the main client? (If yes, please provide details)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Number of sub-contractors/agents used:	1
Is there a site policy on sub-contracting?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No The factory established the subcontractor management procedure. The factory required sub-contracting factory to comply with ETI requirement.
What checks are in place to ensure no child labour is being used and work is safe?	Anti-child labour policy, subcontractor management procedure, employee personnel files and internal audit records etc.

Summary of homeworking – if applicable

Is homeworking used at this site?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
-----------------------------------	---

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

9: Compliance Requirements

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

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

Current Systems and Evidence Examined

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

Current Systems:

- Based on documents review and employee private interview, no harassment or physical abuses was noted in the factory and the factory established a written policy to prohibit harassment, abuse and corporal punishment, which stated that the factory prohibited the management and security guards to harass or abuse the employees and harassment of any form and incidence of harassment or abuse could be reported to the management directly or through the suggestion boxes.
- Factory had established a disciplinary procedure for workers' misbehaviour which included oral warning, written warning and finally termination and had developed a training program for all employees on the procedure. Worker interview confirmed that workers were aware of the disciplinary procedure.
- As per management interview, document review and workers interview, there was a policy on Harsh Treatment,
- There was an internal process for grievance, which was an anonymous email address, where workers could report any grievances (harassment, bullying, discrimination etc.); any received complaint would be handled by management, without any reprisal for the worker in question.

Evidence examined:

Details:

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

Any other comments:

Nil

Are there published, anonymous and/or open channels available for reporting any violations of Labour standards and H&S or any other grievances to a 3rd party?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: Suggestion box
If yes, are workers aware of these channels and have access? Please give details.	Per employee interview, they stated that there was an internal open channel such as suggestion box and worker committee for reporting such violations.
If yes, what type of mechanism is used e.g. hotline, whistle blowing mechanism, comment box etc. Please give details.	Suggestion box
Which of the following groups is there a grievance mechanism in place for?	<input checked="" type="checkbox"/> Worker <input type="checkbox"/> Communities <input type="checkbox"/> Suppliers <input type="checkbox"/> Other
Please provide grievance mechanism details	Suggestion box was provided in the factory.
Are there any open disputes?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details:

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

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

10A: Compliance Requirements

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

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

Current Systems and Evidence Examined

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

Current Systems:

Per document review, factory management representation and worker interview, all workers in the factory were Chinese, and all workers were local workers. All workers had the proper legal rights to work in this region. All workers were more than 18 years old. All of them were recruited directly by the factory and no agency was involved in factory's recruitment processes. No agency staff or foreign worker was used by the factory.

Evidence examined:

Details:

- Hiring procedure
- Personnel files
- Worker handbook

Any other comments:

Nil

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

10B4: Compliance Requirements

- 10.B4.1 Businesses as a minimum must meet the requirements of local and national laws related to environmental standards.
- 10.B4.2 Where it is a legal requirement, businesses must be able to demonstrate that they have the relevant valid permits including for use and disposal of resources e.g. water, waste etc.
- 10.B4.3 Businesses shall be aware of their end client’s environmental standards/code requirements
- 10.B4.4 Suppliers should have an environmental policy, covering their environmental impact, which is communicated to all appropriate parties, including its own suppliers.
- 10.B4.5 Suppliers shall be aware of the significant environmental impact of their site and its processes.
- 10.B4.6 The site should measure its impacts, including continuous recording and regular reviews of use and discharge of natural resources e.g. energy use, water use (see 4–pillar audit report and audit checks for details).
- 10.B4.7 Businesses shall make continuous improvements in their environmental performance.
- 10.B4.8 Businesses shall have available for review any environmental certifications or any environmental management systems documentation
- 10.B4.9 Businesses should have a nominated individual responsible for co–ordinating the site’s efforts to improve environmental performance.
- 10B4: Guidance for Observations
- 10.B4.10 Suppliers should have completed the appropriate section of the SAQ and made it available to the auditor.
- 10.B4.11 Has the site recently been subject to (or pending) any fines/prosecutions for noncompliance to environmental regulations.

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

Current Systems and Evidence Examined

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

Current Systems:

- The factory management maintained all legally required environmental documents in place which proved that the production of the factory was in compliance with the related environmental regulations.
- All the legally required certificates including the registration form of environmental impacts of the construction, Approval of environmental impact assessment document and the environmental protection check and acceptance were available and valid during this audit.
- The annual monitoring report for waste air and water showed the pollutant discharging was compliant with environmental law. Based on observation on site, wastes were classified and collected on site.
- Based on worker’s interview, they were trained on environmental protection.

Evidence examined:

Details:

- All legally required environmental documents were provided for review.
- Environmental policy
- Energy bills
- Water bill
- Textile waste transfer documentation
- Renewal energy specification
- Worker and management interview.
- Site tour

Any other comments:

Nil

Environmental Analysis	
Is there a manager responsible for Environmental issues (Name and Position):	Ms. Wang Yumei/HR Manager
Has the site conducted a risk assessment on the environmental impact of the site, including implementation of controls to reduce identified risks?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: Risk assessment on the environmental impact of the site, including implementation of controls to reduce identified risks.
Does the site have a recognised environmental system certification such as ISO 14000 or equivalent?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The factory provided the ISO14001 certification for review.
Does the site have an Environmental policy?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
If yes, is it publicly available?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
If yes, does it address the key impacts from their operations and their commitment to improvement?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The key impact was identified.
Does the site have a Biodiversity policy?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Is there any other sustainability systems present such as Chain of Custody, Forest Stewardship Council (FSC), Marine Stewardship Council (MSC) etc.?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: N/A
Have all legally required permits been shown?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: All legally required environmental permits were provided for review.
Is there a documentation process to record hazardous chemicals used in the manufacturing process?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable Please give details: The factory recorded the using process of the hazardous chemicals in manufacturing and Mr. Huang Yadong / EHS director was in charge of this thing.
Is there a system for managing client's requirements and legislation in the destination countries regarding environmental and chemical issues?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The factory established a system for managing client's requirements and legislation in the destination countries regarding environmental and chemical issues.
Facility has reduction targets in place for environmental aspects e.g. water consumption and discharge, waste, energy and green-house gas emissions:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: Facility established the reduction targets in place for environmental aspects.

Facility has evidence of waste recycling and is monitoring volume of waste that is recycled.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: Waste recycling was conducted in the facility.	
Does the facility have a system in place for accurately measuring and monitoring consumption of key utilities of water, energy and natural resources that follows recognised protocols or standards?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: Monthly monitoring consumption of key utilities of water, energy was conducted.	
Has the facility checked that any Sub-Contracting agencies or business partners operating on the premises have the appropriate permits and licences and are conducting business in line with environmental expectations of the facility?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: Environmental expectations of suppliers were conducted.	
Usage/Discharge analysis		
Criteria	Previous year: 2022	Current year: 2023
Electricity Usage: Kw/hrs	59400	101520
Renewable Energy Usage: Kw/hrs	0	0
Gas Energy Usage: Kw/hrs	0	0
Has site completed any carbon Footprint Analysis?	No	No
If Yes, please state result		
Water Sources	local water authority	local water authority
Water Volume Used	157	673
Water Discharged	City sewage pipeline	City sewage pipeline
Water Volume Discharged	23	170
Water Volume Recycled	0	0
Total waste produced	30KG	200KG
Total hazardous waste produced	10KG	60KG
Waste to recycling	4	20
Waste to landfill	26KG	140KG
Waste to other	0	0
Total Product Produced	2500000 pieces in December	15000000 tons per six months

10C - Business Ethics – 4-Pillar Audit
[Summary of Findings]

10C: Compliance Requirements
 10.C.1 Businesses shall conduct their business ethically without bribery, corruption, or any type of fraudulent Business Practice.
 10.C.2 Businesses as a minimum must meet the requirements of local and national laws related to bribery, corruption, or any type of fraudulent Business Practices.
 10.C.3 Where it is a legal requirement, businesses must be able to demonstrate that they comply with all fiscal legislative requirements.
 10.C.4 Businesses shall have access to a transparent system in place for confidentially reporting, and dealing with unethical Business Ethics without fear of reprisals towards the reporter.
 10.C.5 Businesses should have a Business Ethics policy, covering bribery, corruption, or any type of fraudulent Business Practice,
 10.C.6 Businesses should have a designated person responsible for implementing standards concerning Business Ethics
 10.C.7 Suppliers should ensure that the staff whose job roles carry a higher level of risk in the area of ethical Business Practice e.g. sales, purchasing, logistics are trained on what action to take in the event of an issue arising in their area.
 10C: Guidance for Observations
 10.C.8 Businesses should communicate their Business Ethics policy, covering bribery, corruption, or any type of fraudulent Business Practice to all appropriate parties, including its own suppliers.
 10.C.9 Has the site recently been subject to (or pending) any fines/prosecutions for non-compliance to Business Ethics regulations. If so is there evidence that sustainable corrective actions have been implemented

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

Current Systems and Evidence Examined

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

Current Systems:

- The company manager was the designated person responsible for implementing standards concerning Business Ethics, and that site practices were conducted without any corruption and/or bribery.
- The company established a business ethics policy which was communicated to workers through posters and training.
- The site had received and read the Business Ethics policy of the auditor/audit company.
- There was an internal grievance process, which was an anonymous suggestion box.
- All Business Ethics Training within the site reached all employees.

Evidence examined:

Details:
 The company business ethics policy including

- Bribery
- Corruption Training records Worker handbook.

Any other comments:

Nil

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

- Internal Policy
- Policy for third parties including suppliers

Please give details:

Per document review, all business ethics policies were given to all employees including factory workers, sales and logistics.

<p>Does the site give training to relevant personnel (e.g. sales and logistics) on business ethics issues?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Please give details:</p> <p>Per document review, all business ethics policies were given to all employees including factory workers, sales and logistics.</p>
<p>Is the policy updated on a regular (as needed) basis?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Please give details:</p> <p>The policy was updated regularly. Per document review, the average review time for Business Ethics were once per year.</p>
<p>Does the site require third parties including suppliers to complete their own business ethics training</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>Please give details:</p> <p>Per management interview and document review, the audited factory did not require suppliers to complete their own business ethics training.</p>

Non-Compliance		Evidence
[Back to findings summary]		
Non-Compliance		
Status	OPEN	
Reference	ZAF600115001	
Clause	10C - Business Ethics – 4-Pillar Audit	
Issue Title	658 - Lack of detailed Business Ethics policy concerning bribery, corruption or unethical business practices (e.g. fraud, tax evasion, political interest, anti-competitive practices, extortion or money laundering, etc.)	
Subcategory	BE - Systems to manage compliance	
New or carried over?	<input checked="" type="checkbox"/> New <input type="checkbox"/> Carried Over	
Root cause	<input type="checkbox"/> Training <input checked="" type="checkbox"/> System <input type="checkbox"/> Costs <input type="checkbox"/> Lack of workers <input type="checkbox"/> Other	
Root cause - Other		
ETI code	10.C.8 - Businesses should communicate their Business Ethics policy, covering bribery, corruption, or any type of fraudulent Business Practice to all appropriate parties, including its own suppliers.	
Explanation to the non compliance	It was noted that the policy and procedures to prevent or avoid bribery, corruption and other unethical business practices had not been communicated to factory's suppliers. 工厂没有将防止或避免贿赂、腐败和其他不道德商业行为的政策和程序传达给工厂的供应商。	
Follow up method	<input type="checkbox"/> Follow up audit <input checked="" type="checkbox"/> Desktop audit	
Timescale	<input type="checkbox"/> Immediate <input checked="" type="checkbox"/> 30 days <input type="checkbox"/> 60 days <input type="checkbox"/> 90 days <input type="checkbox"/> 120 days <input type="checkbox"/> 180 days <input type="checkbox"/> 365 days <input type="checkbox"/> Other	
Actions	It is recommended that the policy and procedures to prevent or avoid bribery, corruption and other unethical business practices are communicated to factory's suppliers. 建议工厂工厂将防止或避免贿赂、腐败和其他不道德商业行为的政策和程序传达给工厂的供应商。	

Attachments



toilet.JPG



warning sign.JPG



smoker detector.JPG



second container.JPG



suggestion box.JPG



safety exit sign and emergency light.JPG



no smoking sign.JPG



fire alarm.JPG



fire alarm button.JPG



drinking facility.JPG



attendance machine.JPG



fire hydrant.JPG



not wearing ear plugs.JPG



goods placed against the wall.JPG



PPE.JPG



factory gate.JPG



QC and packing workshop.JPG



employee rest room.JPG



assembling workshop.JPG



evacuation plan.JPG



gluing area.JPG



not wearing protection finger gloves.JPG



cutting and polishig workshosp.JPG



not wearing mask and gloves.JPG



fire extinguishers.JPG



finished product warehouse.JPG



production building.JPG



factory name.JPG



warehouse.JPG



first aid box.JPG



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

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

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

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

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

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

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

[Click here for Auditors:](#)

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