




Sedex Members Ethical Trade Audit Report

Version 6.1



| Audit Details | | | |
|---|--|---|--|
| Sedex Company Reference: <i>(only available on Sedex System)</i> | ZC402807708 | Sedex Site Reference: <i>(only available on Sedex System)</i> | ZS417066855 |
| Business name (Company name): | Nautilus, Inc. | | |
| Site name: | Xiamen Everesports Goods Co., Ltd. (厦门群鑫机械工业有限公司) | | |
| Site address: <i>(Please include full address)</i> | No. 101, Ji An Road, Tong An Industry District, Xiamen City, Fujian Province, China (中国福建省厦门市同安工业集中区集安路 101 号) | Country: | China |
| Site contact and job title: | Mr. Wang Zhanya/ Facility Director | | |
| Site phone: | 86-18906000837 | Site e-mail: | wzy@eversports.com |
| SMETA Audit Pillars: | <input checked="" type="checkbox"/> Labour Standards | <input checked="" type="checkbox"/> Health & Safety (plus Environment 2-Pillar) | <input type="checkbox"/> Environment 4-pillar <input type="checkbox"/> Business Ethics |
| Date of Audit: | 09/12/2021 | | |

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

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

If you have any concerns or queries about this SMETA report or the associated SMETA audit, please contact grievance@sedex.com.

To confirm the validity of this report, please visit <https://www.sedex.com/audit-verifier/>

Audit Content:

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

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

2-Pillar SMETA Audit

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

4-Pillar SMETA

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

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

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

SMETA Declaration

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

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

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

Auditor Team (s) (please list all including all interviewers): Mika Huang (CSCA 21700375); Ken Zeng (CSCA 21700262); Victor Xu (ASCA 21700403)

Lead auditor: Mika Huang APSCA number: CSCA 21700375

Lead auditor APSCA status: Certified Social Compliance Auditor

Team auditor: Ken Zeng/ Victor Xu APSCA number: CSCA 21700262/ ASCA 21700403

Interviewers: Mika Huang Ken Zeng/ Victor Xu APSCA number: CSCA 21700375/ CSCA 21700262/ ASCA 21700403

Report writer: Mika Huang (CSCA 21700375)

Report reviewer: Katrina Cheung

Date of declaration: 09/12/2021

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

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

Summary of Findings

| Issue <i>(please click on the issue title to go direct to the appropriate audit results by clause) Note to auditor, please ensure that when issuing the audit report, hyperlinks are retained.</i> | Area of Non-Conformity <i>(Only check box when there is a non-conformity, and only in the box/es where the non-conformity can be found)</i> | | | | Record the number of issues by line*: | | | Findings <i>(note to auditor, summarise in as few words as possible NCs, Obs and GE)</i> |
|---|--|-------------------------------------|--------------------------|--------------------------|---------------------------------------|-----|----|---|
| | ETI Base Code | Local Law | Additional Elements | Customer Code | NC | Obs | GE | |
| 0A Universal Rights covering UNGP | | | <input type="checkbox"/> | <input type="checkbox"/> | | 0 | 0 | None observed. |
| 0B Management systems and code implementation | | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 0 | 0 | 0 | None observed. |
| 1. Freely chosen Employment | <input type="checkbox"/> | <input type="checkbox"/> | | <input type="checkbox"/> | 0 | 0 | 0 | None observed. |
| 2. Freedom of Association | <input type="checkbox"/> | <input type="checkbox"/> | | <input type="checkbox"/> | 0 | 0 | 0 | None observed. |
| 3. Safety and Hygienic Conditions | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | <input type="checkbox"/> | 1 | 0 | 0 | Testing result of occupational hazards factors exceeded standard. |
| 4. Child Labour | <input type="checkbox"/> | <input type="checkbox"/> | | <input type="checkbox"/> | 0 | 0 | 0 | None observed. |
| 5. Living Wages and Benefits | <input type="checkbox"/> | <input type="checkbox"/> | | <input type="checkbox"/> | 0 | 0 | 0 | None observed. |
| 6. Working Hours | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | <input type="checkbox"/> | 1 | 0 | 0 | Monthly overtime hours exceeded the legal requirement. |
| 7. Discrimination | <input type="checkbox"/> | <input type="checkbox"/> | | <input type="checkbox"/> | 0 | 0 | 0 | None observed. |
| 8. Regular Employment | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 0 | 0 | 0 | None observed. |
| 8A. Sub-Contracting and | | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 0 | 0 | 0 | None observed. |

| | | | | | | | | | |
|------|------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|-----|-----|-----|----------------------------|
| | <u>Homeworking</u> | | | | | | | | |
| 9 | <u>Harsh or Inhumane Treatment</u> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 0 | 0 | 0 | None observed. |
| 10A | <u>Entitlement to Work</u> | | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 0 | 0 | 0 | None observed. |
| 10B2 | <u>Environment 2-Pillar</u> | | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 0 | 0 | 0 | None observed. |
| 10B4 | <u>Environment 4-Pillar</u> | | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | N/A | N/A | N/A | This was a 2-pillar audit. |
| 10C | <u>Business Ethics</u> | | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | N/A | N/A | N/A | This was a 2-pillar audit. |

General observations and summary of the site:

Site summary

- The products manufactured at this site are sports products.
- Overall responsibility for meeting the standards was taken by Mr. Wang Zhanya/ Facility Director.
- There were 956 employees working in the audited facility at present. 23% employees were local workers from Fujian, 77% employees were domestic migrant workers from Jiangxi, Sichuan, Hubei, Yunnan, Henan, Guizhou, Shanxi, Chongqing, Guangxi, An’hui, Liaoning, Shandong and Guangdong. No foreign migrant workers.
- The youngest employee on site was 18 years old
- There was one union named Xiamen Everesports Goods Co., Ltd. Labor union at this facility.
- There was evidence of both male and female in management and among supervisor. The distribution was Male 60%, Female 40%.
- The peak season was not obvious based on facility management information.
- Site had no subcontractor.
- 42 employees including 32 male employees and 10 female employees were selected for interview, the 30 employees were interviewed as six groups evenly and the balance of 12 employees was interviewed individually. All the interviewee employees said they were satisfied with their employment at the Facility. They also said they were able to make suggestions to their supervisors and team leaders and sometimes they had seen these suggestions used.
- Payrolls for the period from November 2020 to October 2021 and attendance records for the period from 01 November 2020 to 08 December 2021 were provided for review. Randomly sampled 42 employees’ payrolls and attendance records from October 2021 (current month), August 2021 (random month) and April 2021 (random month) for further checking on status of wages and working hours.
- Based on the provided attendance records, standard working hours in this facility were 8 hours per day, 40 hours per week with at least 1 day off in a week.

- Based on the provided attendance records and payrolls, the facility paid 150% and 200% overtime rate to the employee who overtime in the normal working day and rest day, which was meet the local law requirement. The overtime working was paid correctly.
- Based on the provided attendance records, the status of monthly overtime hours in sample was as below:
 24-52 hours in October 2021 (current month)
 32-84 hours in August 2021 (random month)
 32-86 hours in April 2021 (random month)

Issues Found

NC's

3.

- **Testing result of occupational hazards factors exceeded standard.** During facility tour, auditor found that molding area on flat production building with hazards factors, such as dust. During document review, testing report indicated that the factors of occupational disease hazards in molding area exceeded the limit of national standard.

6.

- **Overtime hours exceeded the legal requirement.** Through document review, auditors found that the monthly overtime hours of 41 out of 42 randomly selected employees were 48-52 hours in October 2021 (current month); 40 out of 42 randomly selected employees were 46-84 hours in August 2021 (random month); 41 out of 42 randomly selected employees were 56-86 hours in April 2021 (random month).

Observation:

Facility abides by all local regulations with regards to COVID-2019. Social distancing is enforced, masks are required. Employees and visitors' temperature is taken upon entrance to the facility. Verification of employees and visitors' physical condition is verified via completion of a questionnaire.

GE

None observed.

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

Site Details

| Site Details | | | |
|---|---|---|---------------------------------|
| A: Company Name: | Nautilus, Inc. | | |
| B: Site name: | Xiamen Everesports Goods Co., Ltd. (厦门群鑫机械工业有限公司) | | |
| C: GPS location: (If available) | <table border="1"> <tr> <td>GPS Address: No. 101, Ji An Road, Tong An Industry District, Xiamen City, Fujian Province, China (中国福建省厦门市同安工业集中区集安路 101 号)</td> <td>Latitude: N/A Longitude: N/A</td> </tr> </table> | GPS Address: No. 101, Ji An Road, Tong An Industry District, Xiamen City, Fujian Province, China (中国福建省厦门市同安工业集中区集安路 101 号) | Latitude: N/A Longitude: N/A |
| GPS Address: No. 101, Ji An Road, Tong An Industry District, Xiamen City, Fujian Province, China (中国福建省厦门市同安工业集中区集安路 101 号) | Latitude: N/A Longitude: N/A | | |
| D: Applicable business and other legally required licence numbers and documents, for example, business license number, liability insurance, any other required government inspections | <p>Business licence No: 9135002006120348425</p> <p>Validity date: From 21 April 1998 to 20 April 2038</p> | | |
| E: Products/Activities at site, for example, garment manufacture, electricals, toys, grower, cutting, sewing, packing etc | Sports products | | |
| F: Site description: (Include size, location, and age of site. Also, include structure and number of buildings) | <p>Xiamen Everesports Goods Co., Ltd. was located at No. 101, Ji An Road, Tong An Industry District, Xiamen City, Fujian Province, China. The total land occupied by the facility was 10,000 square meters. They started their operation at the existing location since 1998.</p> <p>There were 956 employees working in the audited facility at present. 23% employees were local workers from Fujian, 77% employees were domestic migrant workers from Jiangxi, Sichuan, Hubei, Yunnan, Henan, Guizhou, Shanxi, Chongqing, Guangxi, An'hui, Liaoning, Shandong and Guangdong. No foreign migrant workers.</p> <p>All the employees work except the employees in punching, welding and coating workshop in one shift from 08:00 to 17:00 with 1 hour's lunch break from 12:00 to 13:00. For the employees punching, welding and coating workshop in the facility work in two shifts. The first shift was from 08:00 to 20:00 with 2 hours' rest; the second shift was from 20:00 to 08:00 of next day with 2 hours' rest. Card Swipe attendance system is used for time keeping and every employee should swipe card when they go in and out of the facility. Employees' wages are calculated on an hourly-rated basis and paid by bank transfer around 15th of the next month after the working period. The peak season in the factory was not obvious per the facility management interview.</p> <p>In view of the facilities, it consisted of one 5-storey building, one 3-storey building, three flat buildings as workshops and warehouse. Part of 1/F, 2/F to 5/F of another one 5-storey</p> | | |

building was used as office, the rest part of 1/F of this 5-storey building was used as kitchen and canteen for employees in this facility. No dormitory room was provided in the facility. The buildings were made up of concrete, bricks and steel.

| Production Building 1 | Description | Remark, if any |
|----------------------------|-----------------------------|-----------------------------|
| Floor 1 | Office, canteen and kitchen | Year of Establishment: 2011 |
| Floor 2 | Office | Year of Establishment: 2011 |
| Floor 3 | Office | Year of Establishment: 2011 |
| Floor 4 | Office | Year of Establishment: 2011 |
| Floor 5 | Office | Year of Establishment: 2011 |
| Is this a shared building? | No | Nil |

| Production Building 2 | Description | Remark, if any |
|----------------------------|---|-----------------------------|
| Floor 1 | Finish good warehouse, packing workshop | Year of Establishment: 2011 |
| Floor 2 | Packing workshop | Year of Establishment: 2011 |
| Floor 3 | Packing workshop | Year of Establishment: 2011 |
| Floor 4 | Packing workshop | Year of Establishment: 2011 |
| Floor 5 | Warehouse | Year of Establishment: 2011 |
| Is this a shared building? | No | Nil |

| Production Building 3 | Description | Remark, if any |
|-----------------------|------------------------------------|-----------------------------|
| Floor 1 | Assembly workshop and CNC workshop | Year of Establishment: 2011 |
| Floor 2 | Testing lab | Year of Establishment: 2011 |
| Floor 3 | Packing workshop | Year of |

| | | |
|---|--|-----------------------------|
| | | Establishment: 2011 |
| Is this a shared building? | No | Nil |
| Production Building 4 | Description | Remark, if any |
| Floor 1 | Punching workshop and welding workshop | Year of Establishment: 2011 |
| Is this a shared building? | No | Nil |
| Production Building 5 | Description | Remark, if any |
| Floor 1 | Powder-coating workshop and packing workshop | Year of Establishment: 2011 |
| Is this a shared building? | No | Nil |
| Production Building 6 | Description | Remark, if any |
| Floor 1 | Finish good warehouse and metal products warehouse | Year of Establishment: 2011 |
| Is this a shared building? | No | Nil |
| <p>For below, please add any extra rows if appropriate.</p> <p>F1: Visible structural integrity issues (large cracks) observed? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>F2: Please give details: No visible structural integrity issues were observed.</p> <p>F3: Does the site have a structural engineer evaluation? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>F4: Please give details: The facility had provided the report of construction completion acceptance of all buildings for review.</p> | | |
| G: Site function: | <input type="checkbox"/> Agent <input checked="" type="checkbox"/> Factory Processing/Manufacturer <input type="checkbox"/> Finished Product Supplier <input type="checkbox"/> Grower <input type="checkbox"/> Homeworker <input type="checkbox"/> Labour Provider <input type="checkbox"/> Pack House <input type="checkbox"/> Primary Producer <input type="checkbox"/> Service Provider | |

| | |
|---|--|
| | <input type="checkbox"/> Sub-Contractor |
| H: Month(s) of peak season: (if applicable) | The peak season in this facility was not obvious as per facility management confirmed. |
| I: Process overview: (Include products being produced, main operations, number of production lines, main equipment used) | The main product manufactured by the facility was sports products. The main production processes were listed as follows: CNC, Punching, welding, powder coating, assembly, inspection and packing. The main machine list of the facility was as following: punching machines: 56 sets, coating machines: 27 sets, sanding machines:19 sets, packing machines: 24 sets., etc. |
| J: What form of worker representation / union is there on site? | <input checked="" type="checkbox"/> Union (name)Xiamen Everesports Goods Co., Ltd. Labor union <input type="checkbox"/> Worker Committee <input type="checkbox"/> Other (specify) <input type="checkbox"/> None |
| K: Is there any night production work at the site? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| L: Are there any on site provided worker accommodation buildings e.g. dormitories | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No L1: If yes, approx. % of workers in on site accommodation |
| M: Are there any off site provided worker accommodation buildings | <input type="checkbox"/> Yes <input type="checkbox"/> No M1: If yes, approx. % of workers N/A. No dormitory was provided in the facility. |
| N: Were all site-provided accommodation buildings included in this audit | <input type="checkbox"/> Yes <input type="checkbox"/> No N1: If no, please give details N/A. No dormitory was provided in the facility. |

| Audit Parameters | | | |
|--|--|---|---|
| A: Time in and time out | A1: Day 1 Time in: 09:30 A2: Day 1 Time out: 17:30 | A3: Day 2 Time in: N/A A4: Day 2 Time out: N/A | A5: Day 3 Time in: N/A A6: Day 3 Time out: N/A |
| B: Number of auditor days used: | 3 Mandays (Three auditors in one day) | | |
| C: Audit type: | <input checked="" type="checkbox"/> Full Initial <input type="checkbox"/> Periodic <input type="checkbox"/> Full Follow-up <input type="checkbox"/> Partial Follow-Up <input type="checkbox"/> Partial Other If other, please define: | | |
| D: Was the audit announced? | <input type="checkbox"/> Announced <input checked="" type="checkbox"/> Semi – announced: Window detail: 2 weeks <input type="checkbox"/> Unannounced | | |
| E: Was the Sedex SAQ available for review? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No E1: If No, why not? | | |
| F: Any conflicting information SAQ/Pre-Audit Info to Audit findings? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes , please capture detail in appropriate audit by clause | | |
| G: Who signed and agreed CAPR (Name and job title) | Mr. Wang Zhanya/ Facility Director | | |
| H: Is further information available (If yes, please contact audit company for details) | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | | |
| I: Previous audit date: | N/A. This was an initial audit. | | |
| J: Previous audit type: | N/A. This was an initial audit. | | |
| K: Were any previous audits reviewed for this audit | <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A | | |

| Audit attendance | Management | Worker Representatives | |
|------------------|-------------------|----------------------------------|-----------------------|
| | Senior management | Worker Committee representatives | Union representatives |

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

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 | 178 | 0 | 0 | 570 | 0 | 0 | 0 | 748 |
| Worker numbers – female | 43 | 0 | 0 | 165 | 0 | 0 | 0 | 208 |
| Total | 221 | 0 | 0 | 735 | 0 | 0 | 0 | 956 |
| Number of Workers interviewed – male | 3 | 0 | 0 | 29 | 0 | 0 | 0 | 32 |
| Number of Workers interviewed – female | 2 | 0 | 0 | 8 | 0 | 0 | 0 | 10 |
| Total – interviewed sample size | 5 | 0 | 0 | 37 | 0 | 0 | 0 | 42 |



| | | |
|--|---|--|
| A: Nationality of Management | Chinese | |
| <p>B: Please list the nationalities of all workers, with the three most common nationalities listed first.</p> <p><i>Please add more nationalities as applicable to site. Add more rows if required.</i></p> | <p>Nationalities:</p> <p>B1: Nationality 1: <u>China</u></p> <p>B2: Nationality 2: <u>N/A</u></p> <p>B3: Nationality 3: <u>N/A</u></p> | <p>Was the list completed during peak season?</p> <p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p> <p>If no, please describe how this may vary during peak periods: There was no peak season in the facility.</p> |
| C: Please provide more information for the three most common nationalities. | <p>C: approx % total workforce: Nationality 1 <u>100%</u></p> <p>C1: approx % total workforce: Nationality 2 <u>N/A</u></p> <p>C2: approx % total workforce: Nationality 3 <u>N/A</u></p> | |
| D: Worker remuneration (management information) | <p>D: <u>0</u>% workers on piece rate</p> <p>D1: <u>100</u>% hourly paid workers</p> <p>D2: <u>0</u>% salaried workers</p> <p>Payment cycle:</p> <p>D3: <u>0</u>% daily paid</p> <p>D4: <u>0</u>% weekly paid</p> <p>D5: <u>100</u>% monthly paid</p> <p>D6: <u>0</u>% other</p> <p>D7: If other, please give details</p> | |



| Worker Interview Summary | | |
|--|---|---------------|
| A: Were workers aware of the audit? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | |
| B: Were workers aware of the code? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | |
| C: Number of group interviews: <i>(Please specify number and size of groups. Please see SMETA Best Practice Guidance and Measurement Criteria. If the auditor was not able to follow the BPG, please state within the declaration)</i> | 30 employees in six groups (23 male and 7 Females) | |
| D: Number of individual interviews <i>(Please see SMETA Best Practice Guidance and Measurement Criteria)</i> | D1: Male: 9 | D2: Female: 3 |
| E: All groups of workers are included in the scope of this audit such as; Direct employees, Casual and agency workers, Workers employed by service providers such as security and catering staff as well as workers supplied by other contractors. <i>Note to auditor: please record details of migrant /agency/contractor workers in section 8 – Regular Employment, under Responsible Recruitment</i> | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If N, please give details N/A | |
| F: Interviews were done in private and the confidentiality of the interview process was communicated to the workers? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | |
| G: In general, what was the attitude of the workers towards their workplace? | <input checked="" type="checkbox"/> Favourable <input type="checkbox"/> Non-favourable <input type="checkbox"/> Indifferent | |
| H: What was the most common worker complaint? | None | |
| I: What did the workers like the most about working at this site? | Wages are paid on time. | |
| J: Any additional comment(s) regarding interviews: | None | |
| K: Attitude of workers to hours worked: | Through employees' interview, overtime is voluntary. | |
| L. Is there any worker survey information available? | | |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No L1: If yes, please give details: N/A | | |
| M: Attitude of workers: <i>(Include their attitude to management, workplace, and the interview process. Both positive and negative information should be included) Note: Do not document any information that could put workers at risk</i> | | |

42 employees were selected for interview including 32 male and 10 female employees, and they were interviewed as six groups of 5 employees and the balance of 12 employees were interviewed individually. Through employees' interviews, it was noted that all the employees were satisfied with the facility and no negative information was raised.

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

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

The union representative stated that employees were free to select union representatives and the facility management adopts an open attitude towards the activities of union and their organizational activities. No one would be treated differently whether they were members of the union. And they were favourable with the management and no negative information was raised.

O: Attitude of managers:

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

The facility management showed a positive attitude to this audit during the whole process. The requested documents were provided timely. Locked areas encountered during the audit were unlocked timely, and a private room was arranged for employees' interview. At the end of the audit, all findings and suggested corrective actions were accepted by the facility management and no negative information was raised from managers.

Audit Results by Clause

0A: Universal Rights covering UNGP

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

0.A. Guidance for Observations

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

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

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

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

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

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

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

Current Systems and Evidence Examined

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

Current systems:

1. The facility established a social accountability policy and the policy includes the commitment to communicate it to all appropriate parties, including its own suppliers.
2. The facility appoints Mr. Wang Zhanya/ Facility Director to be responsible for implementing standards concerning Human rights.
3. The facility has identified their stakeholders impacted by the site's business activities and has carried out assessment/analysis to assess/prioritize appropriate human rights issues.
4. The facility has measured their direct, indirect, and potential impacts on stakeholders (rights holders) human rights.
5. The facility has developed an action plan to address any negative impacts identified within any of their stakeholders.
6. The facility has established an adequate and effective worker grievance/complaint process for workers to confidentially communicate work-related grievances or complaints including human rights impacts and issues without fear of reprisal or intimidation.

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

Details:

1. The facility's social accountability policy was reviewed.
2. Commitment to social responsibility.
3. Human right impact identification, evaluation and control sheet.
4. Employee Appealing Management Procedure
5. Management interview and employee interview

6. Facility tour indicated no sign of human rights impacts and issues.

Any other comments:

Nil

| | |
|--|--|
| <p>A: Policy statement that expresses commitment to respect human rights?</p> | <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No A1: Please give details: the policy expressed that human rights would be respected by facility.</p> |
| <p>B: Does the business have a designated person responsible for implementing standards concerning Human Rights?</p> | <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: Any issue concerning human rights could be raised to the designed responsible person. Name: Mr. Wang Zhanya Job title: Facility Director</p> |
| <p>C: Does the business have a transparent system in place for confidentially reporting, and dealing with human rights impacts without fear of reprisals towards the reporter?</p> | <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No C1: Please give details: The reporter's personal information would not be revealed, and the reporting practice would never effect the working arrangement or promotion/position.</p> |
| <p>D: Does the grievance mechanism meet UNGP expectations? (Legitimate, Accessible, Predictable, Equitable, Transparent, Rights-compatible, a source of continuous learning and based on stakeholder engagement)</p> | <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No D1: If no, please give details: N/A</p> |
| <p>E: Does the business demonstrate effective data privacy procedures for workers' information, which is implemented?</p> | <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No E1: Please give details: Relevant training regarding privacy procedures would be provided to employees when they joined the facility.</p> |

| Findings | | |
|--|---|--|
| <p>Finding: Observation <input type="checkbox"/></p> <p>Description of observation: None observed</p> <p>Local law or ETI/Additional elements / customer specific requirement: Not applicable</p> | <p>Company NC <input type="checkbox"/></p> | <p>Objective evidence observed: Not applicable</p> |

| | |
|------------------------------------|--|
| Comments: Not applicable | |
|------------------------------------|--|

| Good examples observed: | |
|---|---|
| Description of Good Example (GE): None observed | Objective Evidence Observed: Not applicable |

Measuring Workplace Impact

| Workplace Impact | | |
|--|--|---------------------------------|
| A: Annual worker turnover: Number of workers leaving in last 12 months as a % of average total number of workers on site over the year (annual worker turnover) | A1: Last year: __16__ % | A2: This year __19__ % |
| B: Current % quarterly (90 days) turnover: Number of workers leaving from the first day of the 90 days period through to the last day of the 90 day period / [(number of employees on the 1 st day of 90 day period + number of employees on the last day of the 90 day period) / 2] | 17.56% | |
| C: Annual % absenteeism: Number of days lost through job absence in the year / [(number of employees on 1 st day of the year + number employees on the last day of the year) / 2] * number available workdays in the year | C1: Last year: __19__ % | C2: This year __14__ % |
| D: Quarterly (90 days) % absenteeism: Number of days lost through job absence in the period / [(Number of employees on 1 st of the period + Number of employees on the last day of the period) / 2] * Number of available workdays in the month | 16.57% | |
| E: Are accidents recorded? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No E1: Please describe: No injury was happened last year. | |
| F: Annual Number of work related accidents and injuries per 100 workers: [(Number of work related accidents and injuries * 100) / Number of total workers] | F1: Last year: Number: 0 | F2: This year: Number:0 |
| G: Quarterly (90 days) number of work related accidents and injuries per 100 workers: [(Number of work related accidents and injuries * 100) / Number of total workers] | 0 | |
| H: Lost day work cases per 100 workers: [(Number of lost days due to work accidents and work related injuries * 100) / Number of total workers] | H1: Last year:0 | H2: This year: 0 |
| I: % of workers that work on average more than 48 standard hours / week in the last 6 / 12 months: | I1: 6 months __0__% workers | I2: 12 months __0__% workers |
| J: % of workers that work on average more than 60 total hours / week in the last 6 / 12 months: | J1: 6 months __0__% workers | J2: 12 months __0__% workers |

0B: Management system and Code Implementation

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

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

Current Systems and Evidence Examined

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

Current systems:

1. The facility implements and maintains systems for delivering compliance to this Code.
2. Overall responsibility for meeting the standards is taken by Mr. Wang Zhanya/ Facility Director.
3. There is an internal audit team for internal audit of the social standards of the facility and they report to the general manager to report their findings.
4. Implementation of any necessary changes is then given to the individual department heads after agreement with the general manager.
5. The facility communicates this code to all the employees by regular trainings.
6. The facility communicates the code to their suppliers through providing copy of social accountability manual and asking suppliers to sign the written social compliance commitments; and the facility also conducted social compliance assessments for its suppliers annually.

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

Details:

1. A social accountability manual created by the facility which contained all required documents and all appropriate procedures for meeting the client's code of conduct and the legal requirements.
2. Appointment papers for compliance responsible persons.
3. Internal audit documents (e.g. annual audit reports) from the internal audit team.
4. Training records for employees.
5. Written social compliance commitments from Suppliers and social compliance assessment reports for its suppliers.
6. Management interview and employee interview.

Any other comments:

Nil

Management Systems:

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

- Yes
- No

A1: Please give details: N/A, not any fine/prosecution in past year.

| | |
|--|--|
| <p>B: Do policies and/or procedures exist that reduce the risk of forced labour, child labour, discrimination, harassment & abuse?</p> | <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No B1: Please give details: The facility had established the policies and procedures for forced labour, child labour and discrimination, harassment and abuse,</p> |
| <p>C: If Yes, is there evidence (an indication) of effective implementation? Please give details.</p> | <p>The facility had provided relevant trainings for employees.</p> |
| <p>D: Have managers and workers received training in the standards for forced labour, child labour, discrimination, harassment & abuse?</p> | <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No D1: Please give details: The facility provided regular trainings in the standards for forced labour, child labour, discrimination, harassment and abuse for both management and workers.</p> |
| <p>E: If Yes, is there evidence (an indication) that training has been effective e.g. training records etc.? Please give details</p> | <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No E1: Please give details: Training material and training records in past one year were provided for review. And the interviewee employees also claimed that they were provided the training.</p> |
| <p>F: Does the site have any internationally recognised system certifications e.g. ISO 9000, 14000, OHSAS 18000, SA8000 (or other social audits). Please detail (Number and date).</p> | <p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No F1: Please give details: Nil.</p> |
| <p>G: Is there a Human Resources manager/department? If Yes, please detail.</p> | <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No G1: Please give details: The facility had Human Resources department which in charge of the recruitment of employees, assignment of employees' post, etc. There was one Human Resources Supervisor in the facility.</p> |
| <p>H: Is there a senior person / manager responsible for implementation of the code</p> | <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No H1: Please give details: Mr. Li Xiangbing/ HR Manager was assigned to responsible for implementation of the Code.</p> |
| <p>I: Is there a policy to ensure all worker information is confidential?</p> | <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No I1: Please give details: All the employees' personal information would be kept and only accessed by authorized staff, such as HR clerk.</p> |
| <p>J: Is there an effective procedure to ensure confidential information is kept confidential?</p> | <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> |

| | |
|--|--|
| | J1: Please give details: The employees' personal information would be kept and only accessed by authorized staff, such as administration clerk. |
| K: Are risk assessments conducted to evaluate policy and procedure effectiveness? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No K1: Please give details: Risk assessment would be conducted regularly to evaluate policy and procedure effectiveness. |
| L: 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 L1: Please give details: Any risk identified during assessment would be corrected immediately. |
| M: Does the facility have a policy/code which require labour standards of its own suppliers? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No M1: Please give details: The facility had its supplier filter program to ensure all suppliers in compliance with legal requirements regarding labour standards. |
| Land rights | |
| N: Does the site have all required land rights licenses and permissions (see SMETA Measurement Criteria)? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No N1: Please give details: the facility had provided property ownership certificate for occupied building for review. |
| O: Does the site have systems in place to conduct legal due diligence to recognize and apply national laws and practices relating to land title? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No O1: Please give details: the site appointed a person to update the law and conduct internal audit |
| P: Does the site have a written policy and procedures specific to land rights. If yes, does it include any due diligence the company will undertake to obtain free, prior and informed consent, (FPIC) even if national/local law does not require it | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No P1: If yes, how does the company obtain FPIC: The facility will public the land acquisition plan and obtain the free, prior and informed consent through internet. |
| Q: Is there evidence that facility / site compensated the owner/lessor for the land prior to the facility being built or expanded. | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Q1: Please give details: The facility had provided property ownership certificate for occupied building for review. |
| R: Does the facility demonstrate that alternatives to a specific land acquisition were considered to avoid or minimize adverse impacts? | <input type="checkbox"/> Yes <input type="checkbox"/> No R1: Please give details: Not applicable, the facility did not have plan of land acquisition. |

| | |
|---|---|
| <p>S: Is There any evidence of illegal appropriation of land for facility building or expansion of footprint.</p> | <p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>S1: Please give details: No illegal appropriation of land for facility building or expansion of footprint.</p> |
|---|---|

| Non-compliance: | |
|---|---|
| <p>1. Description of non-compliance:</p> <p><input type="checkbox"/> NC against ETI/Additional Elements <input type="checkbox"/> NC against Local Law <input type="checkbox"/> NC against customer code:</p> <p>None observed</p> <p>Local law and/or ETI requirement: Not applicable</p> <p>Recommended corrective action: Not applicable</p> | <p>Objective evidence observed: (where relevant please add photo numbers) Not applicable</p> |

| Observation: | |
|--|---|
| <p>Description of observation: None observed</p> <p>Local law or ETI requirement: Not applicable</p> <p>Comments: Not applicable</p> | <p>Objective evidence observed: Not applicable</p> |

| Good Examples observed: | |
|--|---|
| <p>Description of Good Example (GE):</p> <p>None observed</p> | <p>Objective evidence observed: Not applicable</p> |

1: Freely Chosen Employment

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

ETI

1.1 There is no forced, bonded or involuntary prison labour.

1.2 Workers are not required to lodge "deposits" or their identity papers with their employer and are free to leave their employer after reasonable notice.

Current Systems and Evidence Examined

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

Current systems:

The facility established a social accountability policy to ensure employment is freely chosen. The policy includes the following clause:

1. The facility does not require payment for work tools, PPEs and training.
2. The facility does not limit the employees' freedom.
3. The facility issued wages and compensation directly to employees, and no deposit or illegal payment withholding was noted in payroll records.
4. There is no forced, bonded or involuntary prison labour.
5. Employees are free to leave their employer after reasonable notice.

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

Details:

1. The facility's hiring procedure was reviewed. The procedure stated that the facility did not require deposit or withhold employees' ID cards; the facility did not limit the employees' freedom; there was no forced, bonded or involuntary prison labour and employees were free to leave their employer after reasonable notice.
2. Employment contracts contained the notice periods when the employees would like to leave their employer.
3. Management interview and employee interview
4. Facility tour indicated no sign of employees being forced, bonded or involuntary.

Any other comments: Nil

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

| | |
|---|--|
| D: Are there any restrictions on workers' freedom to terminate employment? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No D1: Please describe finding: N/A |
| E: If any part of the business is UK based or registered there & has a turnover over £36m, is there a published a 'modern day slavery statement'? | <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not applicable E1: Please describe finding: N/A. The facility is registered in China and not based in UK. |
| F: Is there evidence of any restrictions on workers' freedoms to leave the site at the end of the work day? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No F1: Please describe finding: N/A |
| G: Does the site understand the risks of forced / trafficked / bonded labour in its supply chain | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not applicable G1: If yes, please give details and category of workers affected: The facility communicated the ETI Code to all suppliers/subcontractor and monitored their performance of social compliance. |
| H: Is the site taking any steps taking to reduce the risk of forced / trafficked labour? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No H1: Please describe finding: The facility gave training on prohibition of forced / trafficked labour to all employees and conducted internal audit annually to reduce the risk of forced / trafficked labour. |

| Non-compliance: | |
|---|---|
| <p>1. Description of non-compliance: <input type="checkbox"/> NC against ETI <input type="checkbox"/> NC against Local Law: <input type="checkbox"/> NC against customer code:</p> <p>None observed</p> <p>Local law and/or ETI requirement Not applicable</p> <p>Recommended corrective action: Not applicable</p> | <p>Objective evidence observed: (where relevant please add photo numbers)</p> <p>Not applicable</p> |

| Observation: | |
|--|--|
| <p>Description of observation: None observed</p> <p>Local law or ETI requirement:</p> | <p>Objective evidence observed:</p> |

| | |
|---|-----------------------|
| <p>Not applicable</p> <p>Comments:</p> <p>Not applicable</p> | <p>Not applicable</p> |
|---|-----------------------|

| <p style="text-align: center;">Good Examples observed:</p> | |
|---|--|
| <p>Description of Good Example (GE):</p> <p>None observed</p> | <p>Objective evidence observed:</p> <p>Not applicable</p> |

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

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

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

ETI

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

Current Systems and Evidence Examined

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

Current systems:

- 1. Through management interview and employee interview, it was noted that management has an open attitude towards unions.
- 2. There was one union named Xiamen Everesports Goods Co., Ltd. Labor union in the facility.
- 3. Employees are free to form trade union. Nobody will be treated differently whether they are members of the union
- 4. Employees can raise their concerns through telephone, suggestion box, union, and report to their supervisor or above voluntarily.

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

Details:

- 1. Employee handbook,
- 2. Facility manual and policy with regards to freedom of association
- 3. The meeting record between facility management and union representatives.
- 4. Management interview and employee interview.

Any other comments: Nil

| | |
|--|---|
| <p>A: What form of worker representation/union is there on site?</p> | <p><input checked="" type="checkbox"/> Union (name)Xiamen Everesports Goods Co., Ltd. Labor union <input type="checkbox"/> Worker Committee <input type="checkbox"/> Other (specify) <input type="checkbox"/> None</p> |
| <p>B: Is it a legal requirement to have a union?</p> | <p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> |

| | | |
|---|--|--|
| C: Is it a legal requirement to have a worker's committee? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | |
| D: Is there any other form of effective worker/management communication channel? (Other than union/worker committee e.g. H&S, sexual harassment) | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No D1: Please give details: Suggestion box, regularly meeting with facility managements or report to management directly etc. D2: Is there evidence of free elections? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | |
| E: Does the supplier provide adequate facilities to allow the Union or committee to conduct related business? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No E1: Please give details: Site facilities could be used by facility employees without restricted. | |
| F: Name of union and union representative, if applicable: | Xiamen Everesports Goods Co., Ltd. Labor union | F1: Is there evidence of free elections? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A |
| G: If there is no union, is there a parallel means of consultation with workers e.g. worker committees? | N/A | G1: Is there evidence of free elections? <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A |
| H: Are all workers aware of who their representatives are? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | |
| I: Were worker representatives freely elected? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | I1: Date of last election: 24 October 2011 |
| J: Do workers know what topics can be raised with their representatives? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | |
| K: Were worker representatives/union representatives interviewed? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If Yes , please state how many: 1 (1 male) | |
| L: Please describe any evidence that union/worker's committee is effective? Specify date of last meeting; topics covered; how minutes were communicated etc. | Through employee interview and management interview it was noted that employees can raise their concerns through committee meeting, suggestion box and verbally exchange with their management and their concerns would be handled timely. The last meeting was held on 14 September 2021 and the topic was the selection of worker representatives. | |
| M: Are any workers covered by Collective Bargaining Agreement (CBA)? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | |
| If Yes , what percentage by trade Union/worker representation | M1: ___% workers covered by Union CBA N/A | M2: ___% workers covered by worker rep CBA N/A |

| | |
|--|--|
| M3: If Yes , does the Collective Bargaining Agreement (CBA) include rates of pay? | <input type="checkbox"/> Yes <input type="checkbox"/> No N/A |
|--|--|

| Non-compliance: | |
|--|--|
| 1. Description of non-compliance: <input type="checkbox"/> NC against ETI <input type="checkbox"/> NC against Local Law <input type="checkbox"/> NC against customer code: None observed Local law and/or ETI requirement: Not applicable Recommended corrective action: Not applicable | Objective evidence observed: (where relevant please add photo numbers) Not applicable |

| Observation: | |
|---|---|
| Description of observation: None observed Local law or ETI requirement: Not applicable Comments: Not applicable | Objective evidence observed: Not applicable |

| Good Examples observed: | |
|---|---|
| Description of Good Example (GE): None observed | Objective evidence observed: Not applicable |

3: Working Conditions are Safe and Hygienic

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

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

ETI

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

Current Systems and Evidence Examined

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

Current systems:

- 1. General Health and Safety management
 - Mr. Wang Zhanya/ Facility Director is appointed as Health & Safety Supervisor for the site.
 - Potable water was freely available in all areas and the valid testing report was provided for review
 - Sufficient clean toilets segregated by gender were available at all times to employees
 - Ventilation, temperature and lighting were adequate for the production processes.
 - Minutes of meetings showed that there were monthly meetings between the H&S committee (workers) and the H&S manager, and each point was acted on.
- 2. Fire Safety
 - There were at least 2 exits from each work area and these were clearly marked.
 - Firefighting equipment was adequate and checks were up-to-date.
 - Evacuation diagrams were posted in all areas and understood by all employees interviewed.
 - Fire drills were organized and recorded every 6 months of production units.
- 3. Electrical safety
 - All electrical equipment was maintained 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. Chemical safety
 - The facility used chemicals, such as paints ect.
 - Material Safety Data Sheets were available and there were hazard diagrams on any chemicals which needed careful handling.
- 5. Medical services
 - There were adequate first aid kits in each production area and they were well stocked.
 - There were 27 first aiders and when a selection was interviewed, they confirmed they had been trained at a local hospital. These first aiders were identified by the photo posters in the production workshop.

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

- 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 record
- Accident reports
- Interviews with H&S manager
- Interviews with employees and H&S committee members

Any other comments:
Nil

| | |
|---|---|
| <p>A: Does the facility have general and occupational Health & Safety policies and procedures that are fit for purpose and are these communicated to workers?</p> | <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No A1: Please give details: The facility had established general Health & Safety, occupational Health & Safety policies and procedures and employees would be given relevant training on their entry date.</p> |
| <p>B: Are the policies included in workers' manuals?</p> | <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No B1: Please give details: Employees' manual including facility's general Health & Safety, occupational Health & Safety policies and procedures and detailed requirements.</p> |
| <p>C: Are there any structural additions without required permits/inspections (e.g. floors added)?</p> | <p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No C1: Please give details: No such case noted during on site observation and document review.</p> |
| <p>D: Are visitors to the site informed on H&S and provided with personal protective equipment</p> | <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No D1: Please give details: On site observation and document review indicate that the visitors are made aware of site H&S rules & evacuation procedure and offered appropriate personal protective equipment (PPE).</p> |
| <p>E: Is a medical room or medical facility provided for workers? If yes, do the room(s) meet legal requirements and is the size/number of rooms suitable for the number of workers.</p> | <p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No E1: Please give details: N/A, no medical room or medical facility provided and no such legal requirement.</p> |

| | |
|--|---|
| F: 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 F1: Please give details: There were 27 first aiders in the facility. |
| G: Where the facility provides worker transport - is it fit for purpose, safe, maintained and operated by competent persons e.g. buses and other vehicles? | <input type="checkbox"/> Yes <input type="checkbox"/> No G1: Please give details: N/A. No transport was provided for worker |
| H: 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 H1: Please give details: No dormitory was provided in the facility. |
| I: Are H&S Risk assessments are conducted (including evaluating the arrangements for workers doing overtime e.g. driving after a long shift) and are there controls to reduce identified risk? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No I1: Please give details: Such as overtime working hours were strictly controlled by management department. |
| J: Is the site meeting its legal obligations on environmental requirements including required permits for use and disposal of natural resources? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No J1: Please give details: The facility was meeting its legal obligations on environmental requirements. |
| K: Is the site meeting its customer requirements on environmental standards, including the use of banned chemicals? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No K1: Please give details: The facility has an effective program in place to meet legal and customer requirements on environmental standards. And the banned chemicals are not used in their production process and its products. |

| Non-compliance: | |
|---|--|
| <p>1. Description of non-compliance: <input checked="" type="checkbox"/> NC against ETI <input checked="" type="checkbox"/> NC against Local Law <input type="checkbox"/> NC against customer code:</p> <p>Testing result of occupational hazards factors exceeded standard. During facility tour, auditor found that molding area on flat production building with hazards factors, such as dust. During document review, testing report indicated that the factors of occupational disease hazards in molding area exceeded the limit of national standard.</p> <p>Local law and/or ETI requirement: Local law: In accordance with the PRC Law of Prevention and Control of Occupational Diseases Article 26, the employer shall assign dedicated person(s) to carry out day-to-day monitoring of the occupational hazard factors and make sure that the monitoring system is kept in normal working conditions. The employer shall, in accordance with the regulations of the public health administration department under the State Council, have the occupational</p> | <p>Objective evidence observed: Document review on testing result of occupational hazards factors report and management interview.</p> |

| | |
|---|--|
| <p>hazard factor(s) tested and evaluated regularly at workplace. The results of testing and evaluation shall be kept in files of occupational health, reported regularly to the public health administration department and announced to the workers.</p> <p>The occupational hazard factor(s) shall be tested and evaluated by the occupational health technical service institutions set up in accordance with the law and authenticated as qualified by the public health administration department under the State Council or the public health administration department under the local government of or above the level of district-constituted municipalities base on their duty. The testing and evaluation made by such institution shall be objective and truthful.</p> <p>In case that the occupational hazard factor(s) at workplace do not conform to the national standard and requirements on occupational health, the employer shall immediately adopt appropriate measures to keep them under control. If they still cannot meet the standard or requirements, the operation where such factors exist, shall be stopped. The operation can be resumed only after the factors are kept under control and meet the standards and requirements after the rectification.</p> <p>ETI requirement: ETI 3.1 A safe and hygienic working environment shall be provided, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Adequate steps shall be taken to prevent accidents and injury to health arising out of, associated with, or occurring in the course of work, by minimising, so far as is reasonably practicable, the causes of hazards inherent in the working environment.</p> <p>Recommended corrective action: It is recommended that the facility should adopt appropriated measures to keep the factors up to standard or stop the operation for remediation immediately.</p> | |
|---|--|

| Observation: | |
|---|--|
| <p>1. Description of non-compliance: <input type="checkbox"/> NC against ETI <input type="checkbox"/> NC against Local Law <input type="checkbox"/> NC against customer code:</p> <p>None observed</p> <p>Local law and/or ETI requirement: Not applicable</p> <p>Recommended corrective action: Not applicable</p> | <p>Objective evidence observed: <i>(where relevant please add photo numbers)</i> Not applicable</p> |

| Good Examples observed: | |
|---|--|
| <p>Description of Good Example (GE):</p> <p>None observed</p> | <p>Objective Evidence Observed:</p> <p>Not applicable</p> |

4: Child Labour Shall Not Be Used

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

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

ETI

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

Current Systems and Evidence Examined

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

Current systems:

- 1. From the facility tour, it was noted that there were no children on site.
- 2. The facility verifies all employees' original ID cards at the time of recruitment and keeps the photocopies of employee' ID cards in the personnel files.
- 3. Checks of all employees' files showed that the youngest employee present was age of 18 years old. No juvenile employee worked in the facility.

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

Details:

- 1. Personnel files of the employees
- 2. The facility's policy on child labour
- 3. Hiring procedure
- 4. Facility tour
- 5. Management interview and employee interview

Any other comments: Ni

| | |
|--|---|
| A: Legal age of employment: | 16 years old |
| B: Age of youngest worker found: | 18 years old |
| C: Are there children present on the work floor but not working at the time of audit? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| D: % of under 18's at this site (of total workers) | 0 % |
| E: Are workers under 18 subject to hazardous work assignments? (Go to clause 3 – Health and Safety) | <input type="checkbox"/> Yes <input type="checkbox"/> No E1: If yes, give details |

| | |
|--|--|
| | N/A. There was no juvenile employee in the facility. |
|--|--|

| Non-compliance: | |
|---|---|
| <p>1. Description of non-compliance: <input type="checkbox"/> NC against ETI <input type="checkbox"/> NC against Local Law <input type="checkbox"/> NC against customer code: None observed</p> <p>Local law and/or ETI requirement: Not applicable</p> <p>Recommended corrective action: Not applicable</p> | <p>Objective evidence observed: (where relevant please add photo numbers) Not applicable</p> |

| Observation: | |
|--|---|
| <p>Description of observation: None observed</p> <p>Local law or ETI requirement: Not applicable</p> <p>Comments: Not applicable</p> | <p>Objective evidence observed: Not applicable</p> |

| Good Examples observed: | |
|--|--|
| <p>Description of Good Example (GE): None observed</p> | <p>Objective Evidence Observed: Not applicable</p> |

5: Living Wages are Paid

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

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

ETI

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

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

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

Current Systems and Evidence Examined

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

Current systems:

1. Wage & benefit policy and controlling procedure were established and implemented.
2. Wage & benefit policy and controlling procedure were communicated to the employees through regular trainings.
3. The local minimum wage standard was set at RMB 1800 per month equivalent to RMB 10.34 (1800/21.75/8) since 1 January 2020.
4. Adequate wages and attendance records were kept in the factory.
5. The employees' wages were calculated by an hourly rate.
6. Based on the provided attendance records and payrolls, the minimum wage paid by the facility was RMB 10.34 per hour in all sampled months.
7. Benefits such as annual leave, sick leave, and child-bearing leave etc. were provided to relevant employees adequately. Social insurance was provided for all of the employees in the facility.
8. All employees were paid around 15th of each month by bank transfer and each employee was given a pay slip and signed for their wages.
9. No monetary fine was used by the factory as disciplinary measure.

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

Details:

1. Wage & benefit policy and controlling procedure
2. Training records about wage and benefit policy and controlling procedure
3. Local legal minimum wage documents
4. Local and national laws
5. Labour contracts for all employees (to examine agreed wage rates)
6. Payroll records from November 2020 to October 2021 and attendance records from 01 November 2020 to 08 December 2021 were available for review.
7. Production materials such as production daily records, inspection records, etc.
8. Social insurance receipts
9. Leave records
10. Resignation records
11. Employees' interview
12. Management interview.

Any other comments:
Nil

Non-compliance:

| | |
|---|---|
| <p>1. Description of non-compliance: <input type="checkbox"/> NC against ETI <input type="checkbox"/> NC against Local Law <input type="checkbox"/> NC against customer code: None observed</p> <p>Local law and/or ETI requirement: Not applicable</p> <p>Recommended corrective action: Not applicable</p> | <p>Objective evidence observed: (where relevant please add photo numbers)</p> <p>Not applicable</p> |
|---|---|

| | |
|--|--|
| Observation: | |
| <p>Description of observation: None observed</p> <p>Local law or ETI requirement: Not applicable</p> <p>Comments: Not applicable</p> | <p>Objective evidence observed:</p> <p>Not applicable</p> |

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| Good Examples observed: | |
| <p>Description of Good Example (GE): None observed</p> | <p>Objective Evidence Observed:</p> <p>Not applicable</p> |

Summary Information

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

| | | | |
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| | and 40 hours per week | | N/A. There was no Collective Bargaining Agreement in the facility |
| B: Overtime hours: <i>(Maximum legal and actual overtime hours, please state if possible per day, week, and month)</i> | Legal maximum: 3 hours per day and 36 hours per month | B1: Max daily overtime hours in weekdays: 2 hours in October 2021 (current month); 2 hours in August 2021 (random month); 2 hours in April 2021 (random month). Max monthly overtime hours: 52 hours in October 2021 (current month); 84 hours in August 2021 (random month); 86 hours in April 2021 (random month). | B2: <input type="checkbox"/> Yes <input type="checkbox"/> No N/A. There was no Collective Bargaining Agreement in the facility |
| C: Wage for standard/contracted hours: <i>(Minimum legal and actual minimum wage at site, please state if possible per hr, day, week, and month)</i> | Legal minimum: RMB 1800 per month equivalent to RMB 10.34 (1800/21.75/8) since 1 January 2020. | C1: RMB 10.34 per hour in this facility. | C2: <input type="checkbox"/> Yes <input type="checkbox"/> No N/A. There was no Collective Bargaining Agreement in the facility. |
| D: Overtime wage: <i>(Minimum legal and actual minimum overtime wage at site, please state if possible per hr, day, week, and month)</i> | Legal minimum: 1) No less than 150% of the normal wages for overtime working on normal weekdays; 2) no less than 200% of the normal wages for overtime | D1: 150% and 200% of the normal wages for overtime working on normal workdays and rest days respectively (there was no overtime on | D2: <input type="checkbox"/> Yes <input type="checkbox"/> No N/A. There was no Collective Bargaining Agreement in the facility. |

| | | | |
|--|--|----------------------|--|
| | working on rest day if no deferred rest can be taken; 3) no less than 300% of the normal wages for overtime working on statutory holidays | Statutory Holidays). | |
|--|--|----------------------|--|

| Wages analysis: (Click here to return to Key Information) | |
|---|---|
| A: Were accurate records shown at the first request? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| A1: If No , why not? | Not applicable |
| B: Sample Size Checked <i>(State number of worker records checked and from which weeks/months – should be current, peak, and random/low. Please see SMETA Best Practice Guidance and Measurement Criteria)</i> | 42 samples from October 2021 (current month) 42 samples from August 2021 (random month) 42 samples from April 2021 (random month) |
| C: Are there different legal minimum wage grades? If Yes , please specify all. | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No C1: If Yes , please give details: N/A |
| D: 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"/> N/A D1: If No , please give details: N/A |
| E: 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 checked="" type="checkbox"/> Meet <input type="checkbox"/> Above E1: Lowest actual wages found: <i>Note: full time employees and please state hour / week / month etc.</i> RMB 10.34 per hour |
| F: Please indicate the breakdown of workforce per earnings: | F1: ___% of workforce earning under minimum wage F2: __100__% of workforce earning minimum wage F3: ___% of workforce earning above minimum wage |
| G: Bonus Scheme found: Please specify details: | Bonus Scheme found: <i>Note: type of employee (e.g. full time, temp, etc.) and please state which units e.g. /hour /week /month etc.</i> |

| | | | |
|--|---|---|---|
| | RMB 60 per month for full attendance bonus, RMB 200 per month for accommodation bonus, RMB 250 per month for transportation bonus. | | |
| H: What deductions are required by law e.g. social insurance? Please state all types: | Social insurance fee and personal income tax; | | |
| I: Have these deductions been made? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | I1: Please list all deductions that have been made. | 1. Social insurance fee 2. personal income tax Please describe: N/A |
| | | I2: Please list all deductions that have not been made. | 1. N/A 2. N/A Please describe: N/A |
| J: Were appropriate records available to verify hours of work and wages? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | | |
| K: Were any inconsistencies found? (if yes describe nature) | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | K1: Type <input type="checkbox"/> Poor record keeping <input type="checkbox"/> Isolated incident <input type="checkbox"/> Repeated occurrence: | |
| L: Do records reflect all time worked? (For instance, are workers asked to attend meetings before or after work but not paid for their time) | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No L1: Please give details: | | |
| M: Is there a defined living wage: <i>This is <u>not normally</u> minimum legal wage. If answered yes, please state amount and source of info: Please see SMETA Best Practice Guidance and Measurement Criteria.</i> | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No M1: Please specify amount/time: | | |
| M2: 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 Other – please give details: N/A | | |
| N: 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 type="checkbox"/> No N1: Please give details: N/A | | |

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

6: Working Hours are not Excessive

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

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

ETI

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

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

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

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

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

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

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

Current Systems and Evidence Examined

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

Current systems:

1. Working time policy and controlling procedure were established and implemented in the factory.
2. Overtime is voluntary.
3. Working time policy and controlling procedure were communicated to the employees through regular trainings.
4. Working time was adequately recorded and kept by the factory.
5. The employees' attendances were recorded by card swipe system and the shift start time and shift end time were recorded accordingly.
6. According to provided attendance records and employees' interview, basic working hours were 8 hours per day and 40 hours per week.
7. Through reviewing sample attendance records, it was noted that randomly selected employees monthly overtime hours exceeded 36 hours in selected months, it was due to system arrangement.
8. Through reviewing sample attendance records, it was noted that 42 out of 42 random employees' max weekly working hours did not exceed 60 hours in selected months.

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

Details:

1. Working time policy and controlling procedure
2. Voluntary overtime policy
3. Employees contracts
4. Local and national laws
5. Training records about working time policy and controlling procedure
6. Attendance records from 01 November 2020 to 08 December 2021 were available for review.
7. Production materials such as production daily records and inspection records.
8. Employees' interview
9. Management interview

Any other comments: Nil

Non-compliance:

1. Description of non-compliance:

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

Overtime hours exceeded the legal requirement. Through document review, auditors found that the monthly overtime hours of 41 out of 42 randomly selected employees were 48-52 hours in October 2021 (current month); 40 out of 42 randomly selected employees were 46-84 hours in August 2021 (random month); 41 out of 42 randomly selected employees were 56-86 hours in April 2021 (random month).

Local law and/or ETI requirement:

Local law: In accordance with the PRC Labour Law article 41 The employing unit may extend working hours due to the requirements of its production or business after consultation with the trade union and labourers, but the extended working hour for a day shall generally not exceed one hour; if such extension is called for due to special reasons, the extended hours shall not exceed three hours a day under the condition that the health of labourers is guaranteed. However, the total extension in a month shall not exceed thirty-six hours.

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.

Recommended corrective action:

It is recommended that the facility should reduce the overtime hours to ensure it is within 36 hours per month.

Objective evidence observed:

(where relevant please add photo numbers)

Attendance records and employee interview

Observation:

| | |
|---|--|
| <p>Description of observation: None observed</p> <p>Local law or ETI requirement: Not applicable</p> <p>Comments: Not applicable</p> | <p>Objective evidence observed: Not applicable</p> |
|---|--|

| Good Examples observed: | |
|--|---|
| <p>Description of Good Example (GE): None observed</p> | <p>Objective Evidence Observed: Not applicable</p> |

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

| | | |
|---|--|---|
| agreements exceed 48 hours per week? | | |
| F: Are workers provided with at least 1 day off in every 7-day-period, or 2 in 14-day-period? | F2: Please select all applicable: <input checked="" type="checkbox"/> 1 in 7 days <input type="checkbox"/> 2 in 14 days <input type="checkbox"/> No If 'No', please explain: | F3: Is this allowed by local law? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| | Maximum number of days worked without a day off (in sample): | |
| | Maximum 6 days worked without a day off in samples from three tested months of October 2021, August 2021 and April 2021. | |
| Standard/Contracted Hours worked | | |
| G: Were standard working hours over 48 hours per week found? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | G1: If yes, % of workers & frequency: |
| | | N/A |
| H: Any local waivers/local law or permissions which allow averaging/annualised hours for this site? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | H1: If yes, please give details: |
| | | N/A |
| Overtime Hours worked | | |
| I: Actual overtime hours worked in sample (State per day/week/month) | Highest OT hours: Daily overtime hours in weekdays: 2 hours in October 2021 (current month); 2 hours in August 2021 (random month); 2 hours in April 2021 (random month). Weekly overtime hours: 18 hours in October 2021 (current month); 18 hours in August 2021 (random month); 18 hours in April 2021 (random month). Monthly overtime hours: 52 hours in October 2021 (current month); 84 hours in August 2021 (random month); 86 hours in April 2021 (random month). | |
| J: Combined hours (standard or contracted + overtime hours = total) over 60 found? Please give details: | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | |

| | | |
|--|---|---|
| K: Approximate percentage of total workers on highest overtime hours: | __98__% | |
| L: Is overtime voluntary? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Conflicting Information | L1: Please detail evidence e.g. Wording of contract / employment agreement / handbook / worker interviews / refusal arrangements: N/A |
| Overtime Premiums | | |
| M: Are the correct legal overtime premiums paid? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A – there is no legal requirement to OT premium | M1: Please give details of normal day overtime premium as a % of standard wages: 150% of normal wage for normal day overtime. |
| N: Is overtime paid at a premium? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | N1: If yes, please describe % of workers & frequency: |
| O: If the site pays less than 125% OT premium and this is allowed under local law, are there other considerations? Please complete the boxes where relevant. | <input type="checkbox"/> No <input type="checkbox"/> Consolidated pay (May be standard wages above minimum legal wage, with no/low overtime premium) <input type="checkbox"/> Collective Bargaining agreements <input type="checkbox"/> Other N/A | |
| | O1: Please explain any checked boxes above e.g. detail of consolidated pay / CBA or Other | |
| | N/A | |
| P: If more than 60 total hours per week and this is legally allowed, are there other considerations? Please complete the boxes where relevant. | <input type="checkbox"/> Overtime is voluntary <input type="checkbox"/> Onsite Collective bargaining allows 60+ hours/week <input type="checkbox"/> Safeguards are in place to protect worker's health and safety <input type="checkbox"/> Site can demonstrate exceptional circumstances <input type="checkbox"/> Other reasons (please specify) N/A | |
| | P1: Please explain any checked boxes above e.g. detail of consolidated pay / CBA or other: | |
| | N/A. The weekly working hour did not exceed 60 hours. | |
| Q: Is there evidence that overtime hours are being used for extended | <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Yes | |

| | |
|--|---|
| <p>periods to make up for labour shortages or increased order volumes?</p> | <p><input checked="" type="checkbox"/> No Q1: If yes, please give details: N/A</p> |
| <p>R: 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 type="checkbox"/> No N/A, no such circumstance per management interview.</p> |

7: No Discrimination is Practiced

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

ETI

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

Current Systems and Evidence Examined

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

Current systems:

1. The factory had anti-discrimination policy and procedure.
2. The regular trainings on anti-discrimination were provided to the employees;
3. As informed by interviewed employees, most employees spoke highly of the facility owner.
4. No employee was required to do the examination of the hepatitis B virus and HIV.
5. No female employee was required to do the examination of pregnant test.
6. Gender divisions did not exist in the facility; both female and male employees were distributed in all types of work.
7. There was no evidence of sexual harassment.
8. 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 or workers' organisation membership or political affiliation was found in the factory.
9. There was an internal grievance process, all sampled employees were aware of the grievance channels in case they encountered any discrimination cases.

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

Details:

1. The anti-discrimination policy and procedure;
2. The regular training records on anti-discrimination;
3. The hiring and termination procedure, leave application records and employee handbook.
4. Payroll records
5. Attendance records
6. Termination records
7. Management interview
8. Employees' interview

Any other comments: Nil

| | |
|---|---|
| A: Gender breakdown of Management + Supervisors (Include as one combined group) | A1: Male: <u>60</u> % A2: Female <u>40</u> % |
| B: Number of women who are in skilled or technical roles e.g. where specific | #: Not applicable |

| | |
|---|---|
| <p>qualifications are needed i.e. machine engineer / laboratory analyst:</p> | <p>There were no jobs that specific qualifications needed in the facility.</p> |
| <p>C: Is there any evidence of discrimination based on race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation?:</p> | <p> <input type="checkbox"/> Hiring <input type="checkbox"/> Compensation <input type="checkbox"/> Access to training <input type="checkbox"/> Promotion <input type="checkbox"/> Termination or retirement <input checked="" type="checkbox"/> No evidence of discrimination found </p> <p>C1: Please give details:</p> |

| <p>Professional Development</p> | |
|--|---|
| <p>A: What type of training and development are available for workers?</p> | <p>On-going training is available to enable workers to progress. Equal and clear fair selection criteria is in place for all promotions and benefits.</p> |

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

| <p>Non-compliance:</p> | |
|---|---|
| <p>1. Description of non-compliance:</p> <p> <input type="checkbox"/> NC against ETI <input type="checkbox"/> NC against Local Law <input type="checkbox"/> NC against customer code: None observed </p> <p>Local law and/or ETI requirement: Not applicable</p> <p>Recommended corrective action: Not applicable</p> | <p>Objective evidence observed: <i>(where relevant please add photo numbers)</i></p> <p>Not applicable</p> |

| <p>Observation:</p> |
|----------------------------|
|----------------------------|

| | |
|---|---|
| <p>Description of observation: None observed</p> <p>Local law or ETI requirement: Not applicable</p> <p>Comments: Not applicable</p> | <p>Objective evidence observed: Not applicable</p> |
|---|---|

| | |
|---|---|
| <p>Good Examples observed:</p> | |
| <p>Description of Good Example (GE): None observed</p> | <p>Objective Evidence Observed: Not applicable</p> |

8: Regular Employment Is Provided

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

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

ETI

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

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

Additional Elements: Responsible Recruitment

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

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

8.5 Employment agencies must only supply workers registered with them.

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

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

Current Systems and Evidence Examined

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

Current systems:

1. The facility signed labor contracts with the employees and the terms and conditions stated in the contracts complied with local laws. And the employees received copies of the contracts of employment.
2. All the employees were recruited by the facility directly. No labour agency was used to hire employees. No temporary employee, apprenticeship schemes or home employee was identified by the auditor.
3. No subcontractor was used.
4. No home-working existed in the facility.

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

Details:

1. The hiring and termination procedure
2. Personal files including a copy of employees' contracts
3. Payroll records
4. Management interview
5. Employees' interview

Any other comments: Nil

| Non-compliance: | |
|---|--|
| <p>1. Description of non-compliance: <input type="checkbox"/> NC against ETI <input type="checkbox"/> NC against Local Law <input type="checkbox"/> NC against customer code: None observed</p> <p>Local law and/or ETI requirement: Not applicable</p> <p>Recommended corrective action: Not applicable</p> | <p>Objective evidence observed: <i>(where relevant please add photo numbers)</i></p> <p>Not applicable</p> |

| Observation: | |
|--|--|
| <p>Description of observation: None observed</p> <p>Local law or ETI requirement: Not applicable</p> <p>Comments: Not applicable</p> | <p>Objective evidence observed: Not applicable</p> |

| Good Examples observed: | |
|---|--|
| <p>Description of Good Example (GE): None observed</p> | <p>Objective Evidence Observed: Not applicable</p> |

Responsible Recruitment

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

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

| Migrant Workers: | |
|---|--|
| <i>The term "migrant worker" refers to a person who is engaged or has been engaged in a remunerated activity in a country of which they are not a national or permanent resident or has purposely migrated on a temporary basis to another in-country region to seek and engage in a remunerated activity</i> | |
| A: Type of work undertaken by migrant workers: | All types of work in the facility included migrant workers. |
| B: Please give details about recruitment agencies for migrant workers: | B1: Total number of (in country recruitment agencies) used: N/A. All employees were hired by the facility directly. B2: Total number of (outside of local country) recruitment agencies used: N/A. All employees were hired by the facility directly. |
| C: Are migrant workers' voluntary deductions (such as for remittances) confirmed in writing by the worker and is evidence of the transaction supplied by the facility to the worker? | <input type="checkbox"/> Yes <input type="checkbox"/> No C1: Please describe finding: N/A C2: Observations: No such kind of deduction |
| D: Are Any migrant workers in skilled, technical, or management roles <i>Migrant Workers (this should include all migrant workers including permanent</i> | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No D1: If yes, number and example of roles: Most management staffs were migrant employees. |

workers, temporary and/or seasonal workers)

NON-EMPLOYEE WORKERS

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

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

| | |
|---|--|
| | D1: Please give details: N/A |
| E: Does the site have a system for checking labour standards of agencies? If yes, please give details. | <input type="checkbox"/> Yes <input type="checkbox"/> No E1: Please give details: N/A |

| Contractors: | |
|---|---|
| <i>Note: contractors in this context are generally individuals who supply several workers to a site. Usually the contractors are paid by the site and the wages of the workers are paid by the contractor. Common terms include, gang bosses, labor provider,</i> | |
| A: Any contractors on site? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No A1: If yes, how many contractors are present, please give details: Not applicable |
| B: If Yes , how many workers supplied by contractors? | Not applicable |
| C: Do all contractor workers understand their terms of employment? | <input type="checkbox"/> Yes <input type="checkbox"/> No C1: Please describe finding: Not applicable |
| D: If Yes , please give evidence for contractor workers being paid per law: | Not applicable |

8A: Sub-Contracting and Homeworking

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

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

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

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

Note to auditor on homeworking:

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

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

Current Systems and Evidence Examined

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

Current systems:

1. The facility had established a policy to ensure sub-contracting would not be used unless previously agreed with the main client.
2. All processes were finished within the facility.
3. No sub-contracting or home-working was used by this facility.

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

1. Policy on sub-contracting
2. Reviewing of the production records such as materials in/out records
3. Facility tour
4. Management interview
5. Employees' interview

Details: No process subcontractor used by this facility.

Non-compliance:

1. Description of non-compliance:

- NC against ETI/Additional Elements NC against Local Law
- NC against customer code:

None observed

Local law and/or ETI /Additional Elements requirement:

Not applicable

Recommended corrective action:

Not applicable

Objective evidence observed:

(where relevant please add photo numbers)

Not applicable

| Observation: | |
|---|---|
| Description of observation: None observed Local law or ETI/Additional elements requirement: Not applicable Comments: Not applicable | Objective evidence observed: Not applicable |

| Good Examples observed: | |
|---|---|
| Description of Good Example (GE): None observed | Objective Evidence Observed: Not applicable |

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

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

| | | | |
|---|---|-------------|--|
| B: Number of homeworkers | B1: Male: | B2: Female: | Total: |
| C: Are homeworkers employed direct or through agents? | <input type="checkbox"/> Directly <input type="checkbox"/> Through Agents | | C1: If through agents, number of agents: |
| D: Is there a site policy on homeworking? | <input type="checkbox"/> Yes <input type="checkbox"/> No | | |
| E: How does the site ensure worker hours and pay meet local laws for homeworkers? | | | |
| F: What processes are carried out by homeworkers? | | | |
| G: Do any contracts exist for homeworkers? | <input type="checkbox"/> Yes <input type="checkbox"/> No G1: Please give details: | | |
| H: Are full records of homeworkers available at the site? | <input type="checkbox"/> Yes <input type="checkbox"/> No | | |

9: No Harsh or Inhumane Treatment is Allowed
[\(Click here to return to summary of findings\)](#)

ETI

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

Additional elements:

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

| | |
|--|--|
| A: Are there published, anonymous and/or open channels available for reporting any violations of Labour standards and H&S or any other grievances to a 3 rd party? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No A1: Please give details: this facility provided access to a confidential grievance mechanism for all workers. |
| B: If Yes , are workers aware of these channels and have access? Please give details. | The employees were trained on the facility confidential grievance mechanism. |
| C: If yes, what type of mechanism is used e.g. hotline, whistle blowing mechanism, comment box etc. Please give details. | Suggestion box and employees also could oral to their supervisor directly. |
| D: Which of the following groups is there a grievance mechanism in place for? | <input checked="" type="checkbox"/> Workers <input checked="" type="checkbox"/> Communities <input checked="" type="checkbox"/> Suppliers <input type="checkbox"/> Other D1: Please give details: the grievance mechanism includes a provision for non-retaliation and it allows workers to report issues anonymously. |
| E: Are there any open disputes? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No E1: If yes, please give details N/A |
| F: Does the site encourage its business partners (e.g. suppliers) to provide individuals and communities with access to effective grievance mechanisms (e.g. helplines or whistle blowing mechanism) | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No F1: If no, please give details N/A |
| G: Is there a published and transparent disciplinary procedure? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No G1: If no, please explain N/A |

| | |
|--|--|
| <p>H: If yes, are workers aware of these the disciplinary procedure?</p> | <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>H1: If no, please give details N/A</p> |
| <p>I: Does the disciplinary procedure allow for deductions from wages (fines) for disciplinary purposes (see wages section)?</p> | <p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>I1: If yes, please give details N/A</p> |

Current Systems and Evidence Examined

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

Current systems:

1. According to the documentation, the facility management had established a disciplinary procedure for employees' misbehaviour which included oral warning, written warning and finally termination and the site, had developed a training program for all employees on the procedure. Employee interview confirmed that employees were aware of the disciplinary procedure
2. As per management interview, document review and employee's interview, there was a policy on No Harsh Treatment.
3. There is an internal process for grievance, which is an anonymous email address, where employees can report any grievances (harassment, bullying, discrimination etc.), any received complaint will be handled by management, without any reprisal for the employee in question. All the sampled employees are aware this system.

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

Details:

1. The anti-harsh or anti-inhumane treatment policy and disciplinary procedure
2. Training records regarding anti-harsh or anti-inhumane treatment policy and disciplinary procedure
3. Internal grievance procedure
4. Facility tour
5. Management interview
6. Employees' interview

Any other comments: Nil

Non-compliance:

| | |
|---|---|
| <p>1. Description of non-compliance: <input type="checkbox"/> NC against ETI <input type="checkbox"/> NC against Local Law <input type="checkbox"/> NC against customer code: None observed</p> <p>Local law and/or ETI requirement: Not applicable</p> <p>Recommended corrective action: Not applicable</p> | <p>Objective evidence observed: (where relevant please add photo numbers)</p> <p>Not applicable</p> |
|---|---|

| Observation: | |
|--|--|
| <p>Description of observation: None observed</p> <p>Local law or ETI requirement: Not applicable</p> <p>Comments: Not applicable</p> | <p>Objective evidence observed:</p> <p>Not applicable</p> |

| Good Examples observed: | |
|--|--|
| <p>Description of Good Example (GE): None observed</p> | <p>Objective Evidence Observed: Not applicable</p> |

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

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

Additional Elements

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

Current Systems and Evidence Examined

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

Current systems:

1. Per document review, facility management representation and employee interview, all employees in the facility were local employees. All the employees had the proper legal rights to work in this region. The youngest age was 18 years old. All of them were recruited directly by the facility and no agency was involved in facility's recruitment processes.
2. No agency staff or foreign employee was used by the facility.

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

Details:

1. Hiring procedure
2. Personnel files
3. Employee handbook
4. Facility tour
5. Management interview
6. Employees' interview

Any other comments: Nil

Non-compliance:

1. Description of non-compliance:

- NC against ETI/Additional Elements NC against Local Law
 NC against customer code:

None observed

Local law and/or ETI /Additional Elements requirement:

Not applicable

Recommended corrective action:

Not applicable

Objective evidence observed:

(where relevant please add photo numbers)

Not applicable

| Observation: | |
|---|---|
| <p>Description of observation: None observed</p> <p>Local law or ETI/Additional Elements requirement: Not applicable</p> <p>Comments: Not applicable</p> | <p>Objective evidence observed: Not applicable</p> |

| Good examples observed: | |
|--|---|
| <p>Description of Good Example (GE): None observed</p> | <p>Objective Evidence Observed: Not applicable</p> |

10. Other issue areas 10B2: Environment 2–Pillar

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

To be completed for a 2–Pillar SMETA Audit, and remove the following page which is 10B4 environment 4 pillar

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

10B2.2 The supplier should be aware of and comply with their end clients' environmental requirements. Note for auditors and readers, this is not a full environmental assessment but a check on basic systems and management approach.

Current Systems and Evidence Examined

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

Current systems:

1. The facility had written environmental policy.
2. The facility conducted regular environment protection trainings for the employees.
3. Environmental documents such as Environmental Impact Assessment report and Environmental Impact Assessment approval were provided for review.
4. Mr. Wang Zhanya/ Facility Director was appointed responsibility for environmental issues.

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

Details:

1. The environmental policy
2. Training records on environmental protection
3. Facility tour
4. Management interview
5. Employees' interview

Any other comments: Nil

Non-compliance:

Description of non-compliance:

- NC against ETI/Additional Elements NC against Local Law
 NC against customer code:

None observed

Local law and/or ETI /Additional Elements requirement:

Not applicable

Recommended corrective action:

Not applicable

Objective evidence observed:

(where relevant please add photo numbers)

Not applicable

| Observation: | |
|---|---|
| Description of observation: None observed Local law or ETI/additional elements requirement: Not applicable Comments: Not applicable | Objective evidence observed: Not applicable |

| Good examples observed: | |
|---|---|
| Description of Good Example (GE): None observed | Objective Evidence Observed: Not applicable |

Other findings

| Other Findings Outside the Scope of the Code |
|--|
| None observed. |

| Community Benefits |
|---|
| <i>(Please list below any specific community benefits that the site management stated that they were involved in, for example, HIV programme, education, sports facilities)</i> |
| None observed. |

Photo Form

Best Practice Photos:

| |
|---------------|
| None observed |
| NA |

Non Compliance Photos:

| | | |
|-----|-----|-----|
| Nil | Nil | Nil |
| NA | NA | NA |

General Pictures:

| | | |
|---|---|---|
|  |  |  |
| Main entrance of the facility | Facility building | Facility name |

| | | |
|---|---|---|
|  <p>2021-12-09 10:40</p> |  <p>2021-12-09 10:21</p> |  <p>2021-12-09 10:22</p> |
| <p>Packing area</p> | <p>Finished goods warehouse</p> | <p>Emergency aisle and evacuation sign installed on stairway</p> |
|  <p>2021-12-09 10:57</p> |  <p>12-09-2021 10:59</p> |  <p>2021-12-09 10:39</p> |
| <p>Suggestion box</p> | <p>Time recorder</p> | <p>First aid kit</p> |
|  <p>2021-12-09 10:39</p> |  <p>2021-12-09 10:10</p> |  <p>2021-12-09 10:27</p> |
| <p>PPE sign and hazard sign</p> | <p>Pre-treatment area</p> | <p>Eye washing device</p> |
|  <p>2021-12-09 10:32</p> |  <p>2021-12-09 10:22</p> |  <p>2021-12-09 10:34</p> |
| <p>Drinking water</p> | <p>No smoking sign</p> | <p>Fire alarm button</p> |

| | | |
|-------------------------------|---|--------------------------------------|
| | | |
| <p>Fire extinguishers</p> | <p>Chemical warehouse</p> | <p>Hazardous waste storage area</p> |
| | | |
| <p>Evacuation plan</p> | <p>Electrical box with warning sign</p> | <p>Emergency light and exit sign</p> |
| | | |
| <p>Raw material warehouse</p> | <p>Anti-explosive lighting in hazardous waste warehouse</p> | <p>MSDS posted on site</p> |
| | | |
| <p>Toilet</p> | <p>Evacuation stairway</p> | <p>Production building</p> |

| | | |
|-------------------------|--------------------|-------------------|
| | | |
| Warehouse building | CNC workshop | Test lab |
| | | |
| Tube cutting workshop | Laser cutting area | Punching workshop |
| | | |
| Tube storage area | Bending area | Welding workshop |
| | | |
| Powder coating workshop | ETP | Office building |



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:](https://www.surveymonkey.com/s.aspx?sm=riPsbE0PQ52ehCo3lnq5lw_3d_3d)

[http://www.surveymonkey.com/s.aspx?sm=riPsbE0PQ52ehCo3lnq5lw_3d_3d](https://www.surveymonkey.com/s.aspx?sm=riPsbE0PQ52ehCo3lnq5lw_3d_3d)

[Click here for Supplier \(B\) members:](https://www.surveymonkey.com/s.aspx?sm=d3vYsCe48fre69DRgIY_2brg_3d_3d)

[http://www.surveymonkey.com/s.aspx?sm=d3vYsCe48fre69DRgIY_2brg_3d_3d](https://www.surveymonkey.com/s.aspx?sm=d3vYsCe48fre69DRgIY_2brg_3d_3d)

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