Sedex Members Ethical Trade Audit Report

Version 6.1

Audit Details			
Sedex Company Reference: *(only available on Sedex System)*	ZC1068371	Sedex Site Reference: *(only available on Sedex System)*	ZS1055100
Business name (Company name):	Opal Cosmetics (HK) Ltd.		
Site name:	Karsten Cosmetic Gifts Pty Ltd		
Site address:	Licheng Industrial District, Shuikou Town, Huicheng District, Huizhou City, Guangdong Province, P.R.China 广东省惠州市惠城区水口镇荔城工业区 惠州市 516255 CN	Country:	CN
Site contact and job title:	Mr. He Gaoxu / Compliance Dept. Manager		
Site phone:	0752-3318888	Site e-mail:	zjbqa@opalhk.com
SMETA Audit Pillars:	☑ Labour Standards ☑ Health and Safety (plus Environment 2-Pillar)	☑ Environment 4-pillar	☑ Business Ethics
Date of Audit:	2024-04-15		

Audit Company Name:
Intertek Shenzhen

Audit Conducted By					
Affiliate Audit Company	☑	Purchaser	☐	Retailer	☐
Brand owner	☐	NGO	☐	Trade Union	☐
Multi-stakeholder	☐		Combined Audit (select all that apply)		

Audit Content:

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

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

2-Pillar SMETA Audit

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

4-Pillar SMETA

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

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

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

SMETA Declaration

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

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

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

Auditor Team			
Lead Auditor:	Stanley Zhan	APSCA Number:	21700215
Additional Auditors:			
Date of declaration:	2024-04-17		

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

Site Representation	
Full Name:	Mr. He Gaoxu
Title:	Compliance Dept. Manager
Date of declaration:	2024-04-17
Comments: *Any exceptions to this must be recorded here (e.g. different sample size):* *Sampled wage records from the past 5 months were provided for review (5 months only since the operation for digital thermometer just started last Sep 2020).* *The audit took 2.0 man-days (9AM-6PM per day). Audit time was extended until 8PM due to the extent of documentation; this was agreed upon with the factory representatives*	
None	

Summary of Findings

Issue (please click on the issue title to go direct to the appropriate audit results by clause)	Area of Non–Conformity		Number of issues			Findings
	ETI	Local Law	NC	Obs	GE	
0A - Universal rights covering UNGP			0	0	0	
0B - Management systems and code implementation			0	0	0	
1 - Freely chosen employment			0	0	0	
2 - Freedom of association and right to collective bargaining are respected			0	0	0	
3 - Working conditions are safe and hygienic			0	0	0	
4 - Child labour shall not be used			0	0	0	
5 - Living wages are paid			0	0	0	
6 - Working hours are not excessive	6.1	§1	1	0	0	NC - ZAF600424533
7 - No discrimination is practiced			0	0	0	
8 - Regular employment is provided			0	0	0	
8A - Subcontracting and homeworking			0	0	0	
9 - No harsh or inhumane treatment is allowed			0	0	0	
10A - Entitlement to work and immigration			0	0	0	
10B2 - Environment 2–pillar			0	0	0	
10B4 - Environment 4–pillar			0	0	0	
10C - Business ethics 4-pillar			0	0	0	

Local Law Issues

Issue	Description
§1	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.

Site Details

Site Details		
Company Name	Opal Cosmetics (HK) Ltd.	
Site Name	Karsten Cosmetic Gifts Pty Ltd	
GPS location (if available)	**GPS Address:**	Licheng Industrial District, Shuikou Town, Huicheng District, Huizhou City, Guangdong Province, P.R.China
	Coordinates:	Not provided
Applicable business and other legally required licence numbers and documents, for example, business license number, liability insurance, any other required government inspections	Uniform Social Credit Number: 914413007684330655 Valid Date: from 10th November 2004 to 9th November 2054	
Products/Activities at site, for example, garment manufacture, electricals, toys, grower, cutting, sewing, packing etc	Bath gift sets	
Site description: (Include size, location, and age of site. Also, include structure and number of buildings)	This audit is semi-announce audit with the scheduling window from 8th April 2024 to 26th April 2024. Karsten Cosmetic Gifts Pty. Ltd. was located at Licheng Industrial District, Shuikou Town, Huicheng District, Huizhou City, Guangdong Province, P.R.China. The total land area occupied by the facility was about 132,000 square meters with structure area as 70,000 square meters. They started their operation at existing location since November 2004. A total of 488 employees including 172 male employees and 316 female employees were working in the facility. The ages ranged from 18 to 63 years old. 52 employees were management and 436 were non-management. There were 292 local employees in the facility. Migrant employees mostly come from other provinces in China, such as Hunan, Henan, Jiangxi and Guangxi, etc. All employees were hired by the facility directly. The working hour for all departments was from 08:00 to 17:30 with 1.5 hours' lunch break from 12:00 to 13:30. IC timecard attendance system was used for time keeping. Employees' wages were calculated on hourly-rated basis and paid monthly by bank transfer. The peak month was not obvious as per the facility management. In view of the facilities, the facility consisted of three flat production buildings, one flat warehouse building, two 5-storey dormitory buildings and one flat kitchen and canteen building. And There was one small flat building used as chemical warehouse (50 square meters) and two small flat buildings used as security room(8 square meters respectively)	

<table>
<tr><td rowspan="30">Structure and number of buildings</td><td>Building Name:</td><td colspan="2">Production building No. A</td></tr>
<tr><td>Floor</td><td>Description</td><td>Remark</td></tr>
<tr><td>Floor 1</td><td>Finished goods warehouse, soap workshop</td><td>Construction year: 2006</td></tr>
<tr><td>Building Name:</td><td colspan="2">Production building No. B</td></tr>
<tr><td>Floor</td><td>Description</td><td>Remark</td></tr>
<tr><td>Floor 1</td><td>Filling, packing, office</td><td>Construction year: 2006</td></tr>
<tr><td>Building Name:</td><td colspan="2">Production building No. C</td></tr>
<tr><td>Floor</td><td>Description</td><td>Remark</td></tr>
<tr><td>Floor 1</td><td>Perfume workshop</td><td>Construction year: 2008</td></tr>
<tr><td>Building Name:</td><td colspan="2">Warehouse building No. 1</td></tr>
<tr><td>Floor</td><td>Description</td><td>Remark</td></tr>
<tr><td>Floor 1</td><td>Material warehouse</td><td>Construction year: 2006</td></tr>
<tr><td>Building Name:</td><td colspan="2">Dormitory building No. 1</td></tr>
<tr><td>Floor</td><td>Description</td><td>Remark</td></tr>
<tr><td>Floors 1-5</td><td>Bedrooms</td><td>Construction year: 2006</td></tr>
<tr><td>Building Name:</td><td colspan="2">Dormitory building No. 2</td></tr>
<tr><td>Floor</td><td>Description</td><td>Remark</td></tr>
<tr><td>Floors 1-5</td><td>Bedrooms</td><td>Construction year: 2006</td></tr>
<tr><td>Building Name:</td><td colspan="2">Kitchen and canteen building</td></tr>
<tr><td>Floor</td><td>Description</td><td>Remark</td></tr>
<tr><td>Floor 1</td><td>kitchen and canteen</td><td>Construction year: 2006</td></tr>
<tr><td>Building Name:</td><td colspan="2">Small building 1</td></tr>
<tr><td>Floor</td><td>Description</td><td>Remark</td></tr>
<tr><td>Floor 1</td><td>Chemical warehouse</td><td>Construction year: 2006</td></tr>
<tr><td>Building Name:</td><td colspan="2">Small building 2</td></tr>
<tr><td>Floor</td><td>Description</td><td>Remark</td></tr>
<tr><td>Floor 1</td><td>Security room</td><td>Construction year: 2006</td></tr>
<tr><td>Building Name:</td><td colspan="2">Small building 3</td></tr>
<tr><td>Floor</td><td>Description</td><td>Remark</td></tr>
<tr><td>Floor 1</td><td>Security room</td><td>Construction year: 2006</td></tr>
</table>

Visible structural integrity issues (large cracks) observed?	☐ Yes ☑ No Please give details: No visible structural integrity issues were observed.
Does the site have a structural engineer evaluation?	☑ Yes ☐ No Please give details: The facility provided Construction Structure Safety Inspection Reports of these buildings for review.
Site function	☐ Agent ☑ Factory Processing/Manufacturer ☐ Finished Product Supplier ☐ Grower ☐ Homeworker ☐ Labour Provider ☐ Pack house ☐ Primary Producer ☐ Service Provider ☐ Sub-contractor
Months of peak season	
Process overview	The main products manufactured by the facility were bath gift sets. The main production processes are listed as follows: Filling and packing. The main machine list of the facility is as following: There were 2 production lines, and the main equipment include mixing and moulding machines: 2 sets; filling machines: 26 sets, labelling machines: 15 sets, etc.
What form of worker representation is there on site?	☐ Union ☑ Worker Committee ☐ Other ☐ None
Please give details:	Karsten Cosmetic Gifts Pty. Ltd. worker committee presented on site.
Is there any night production work at the site?	☑ Yes ☐ No
Are there any on site provided worker accommodation buildings	☑ Yes ☐ No Please give details: Approx. 30% of workers in on site accommodation
Are there any off site provided worker accommodation buildings	☐ Yes ☑ No Please give details:
Were all site provided accommodation buildings included in this audit	☑ Yes ☐ No Please give details:

Audit Parameters						
Time in and time out	Day 1		Day 2		Day 3	
	In	09:15	In	09:05	In	09:15
	Out	17:25	Out	17:10	Out	13:20
Audit type:	PERIODIC					
Was the audit announced?	SEMI_ANNOUNCED					
Was the Sedex SAQ available for review?	Yes					
Any conflicting information SAQ/Pre-Audit Info to Audit findings?	No					
Who signed and agreed CAPR	Mr. He Gaoxu / Compliance Dept. Manager					
Is further information available	No					

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

Worker Analysis

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

Worker Analysis								
	Local			Migrant*			Home workers	Total
	Permanent	Temporary	Agency	Permanent	Temporary	Agency		
Worker numbers – male	110	0	0	42	0	0	0	152
Worker numbers – female	164	0	0	120	0	0	0	284
Total	274	0	0	162	0	0	0	436
Number of Workers interviewed – male	4	0	0	6	0	0	0	10
Number of Workers interviewed – female	11	0	0	5	0	0	0	16
Total – interviewed sample size	15	0	0	11	0	0	0	26

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

Worker Interview Summary	
Were workers aware of the audit?	☐ Yes ☑ No
Were workers aware of the code?	☑ Yes ☐ No
Number of group interviews:	4 groups of 5 members evenly including 8 males and 12 females.
Number of individual interviews:	Male: 2 Female: 4
All groups of workers are included in the scope of this audit such as; Direct employees, Casual and agency workers, Workers employed by service providers such as security and catering staff as well as workers supplied by other contractors.	☑ Yes ☐ No Please give details:
Interviews were done in private and the confidentiality of the interview process was communicated to the workers?	☑ Yes ☐ No
In general, what was the attitude of the workers towards their workplace?	☑ Favorable ☐ Non-favourable ☐ Indifferent
What was the most common worker complaint?	Nil
What did the workers like the most about working at this site?	Wages were paid on time and in compliance with legal requirements.
Any additional comment(s) regarding interviews:	Nil
Attitude of workers to hours worked:	Favourable
Is there any worker survey information available?	☐ Yes ☑ No Please give details:

Attitude of workers:
26 employees were randomly selected for interview including 10 males and 16 female employees, and they were interviewed as 4 groups of 5 employees evenly and the balance of 6 employees were interviewed individually. The employees were assured of confidentiality and they spoke freely of their views of the facility. All employees said they were satisfied with their employment at the facility. All employees said they were satisfied with their employment at the facility and that they were satisfied with the current wages which in their view were in line with wages in the locality. They felt free to leave this employer and understood the notice period required. They had good relationships with their supervisors and managers who treated them with respect. They were able to make suggestions to their supervisors and team leaders and sometimes they had seen these suggestions used. They felt able to complain directly to their supervisors but also felt free to give their general concerns to their worker representatives who would take it to the management.
Attitude of worker's committee/union reps:
There was no union exited in this facility. One worker representative was interviewed, she was favourable with the management and the working conditions, and she stated that the worker representatives could give suggestions on all parts of the site's practices, and the facility management would investigate their suggestions or concerns and respond to them in a timely manner.
Attitude of managers:
The facility management had a system in place to check their current practices against their clients' requirements and the local laws, and they took notice of the findings of the internal audit team and had established a Health & Safety committee to take care of health and safety concerns. Managers responsible for implementing legal and code standards and the independent and internal audits included the general manager, production manager and HR staff. The facility managements were interested in audit process and were able to discuss the found issues in open and honest manner. All necessary areas were allowed access for tour and a private room was arranged for employees' interview. In the closing meeting, the management appeared receptive to the current finding.

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

Current Systems and Evidence Examined *To complete 'current systems' Auditors examine policies and written procedures in conjunction with relevant managers, to understand, and record what controls and processes are currently in place e.g. record what policies are in place, what relevant procedures are carried out, who is /are responsible for the management of this item of the code. Evidence checked should detail any documentary or verbal evidence shown to support the systems.*
Current Systems:
1. This facility had established relevant policy and endorsed at the highest level to cover the human rights impacts and issues, and such policy had been communicated to all appropriate parties, including its own suppliers. 2. The facility had a designated Mr. He Gao Xu / Compliance Department Manager to responsible for implementing standards concerning Human rights.
Evidence examined:
Details: 1. Policy regarding human rights issues provided for review; 2. Appointment letters to enhance the implement of human right issues; 3. Training records provided for employees regarding communications and acknowledgement; 4. Internal audit documents; 5. Written social compliance commitments from suppliers and social compliance assessment reports for its suppliers; 6. Management interviewed, and employee interviewed.
Any other comments:
Nil

Policy statement that expresses commitment to respect human rights?	☑ Yes ☐ No Please give details: The policy expressed that human rights would be respected by the facility.
Are the policies included in workers' manuals?	☑ Yes ☐ No Please give details: The policies such as human rights procedure was included in the workers' manuals.

Does the business have a designated person responsible for implementing standards concerning Human Rights?	☑ Yes ☐ No Please give details: Mr. He Gao Xu / Compliance Department Manager was responsible for implementing standards concerning Human Rights.
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?	☑ Yes ☐ No Please give details: The reporter’s personal information would not be revealed, and the reporting practice would never affect the working arrangement or promotion/position.
Does the grievance mechanism meet UNGP expectations? (Legitimate, Accessible, Predictable, Equitable, Transparent, Rights-compatible, a source of continuous learning and based on stakeholder engagement)	☑ Yes ☐ No
Does the business demonstrate effective data privacy procedures for workers’ information, which is implemented?	☑ Yes ☐ No Please give details: Relevant training regarding privacy procedures would be provided to employees when they joined the facility.
Measuring Workplace Impact	
Annual worker turnover(Number of workers leaving in last 12 months as a % of average total number of workers on site over the year (annual worker turnover))	Last year 2.8% This year 3.0%
Current % quarterly (90 days) turnover(Number of workers leaving from the first of the 90 day period through to the last day of the 90 day period / [(number of employees on the 1st day of 90 day period + number of employees on the last day of the 90 day period) / 2])	1.0%
Annual % absenteeism(Number of days lost through job absence in the year / [(number of employees on 1st day of the year + number employees on the last day of the year) / 2] * number available workdays in the year)	Last year 10.0% This year 3.0%
Quarterly (90 days) % absenteeism(Number of days lost through job absence in the period / [(Number of employees on 1st of the period + Number of employees on the last day of the period / 2] * Number of available workdays in the month)	2.0%

Are accidents recorded?	☑ Yes ☐ No Please give details: Accident with detailed course description, corrective and preventive actions etc. were recorded by Mr. He Gao Xu / Compliance Department Manager.	
Annual Number of work related accidents and injuries per 100 workers((Number of work related accidents and injuries * 100) / Number of total workers)	Last year This year	0.0% 0.0%
Quarterly (90 days) number of work related accidents and injuries per 100 workers((Number of work related accidents and injuries * 100) / Number of total workers)	0.0%	
Lost day work cases per 100 workers([(Number of lost days due to work accidents and work related injuries * 100) / Number of total workers)	Last year This year	0.0% 0.0%
% of workers that work on average more than 48 standard hours / week in the last 6 / 12 months	6 month 12 month	0.0% 0.0%
% of workers that work on average more than 60 total hours / week in the last 6 / 12 months	6 month 12 month	0.0% 0.0%

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

Current Systems and Evidence Examined *To complete 'current systems' Auditors examine policies and written procedures in conjunction with relevant managers, to understand, and record what controls and processes are currently in place e.g. record what policies are in place, what relevant procedures are carried out, who is /are responsible for the management of this item of the code. Evidence checked should detail any documentary or verbal evidence shown to support the systems.*
Current Systems:
1. The facility implemented and maintained systems for delivering compliance to this Code. 2. One senior management Mr. He Gao Xu / Compliance Department Manager was responsible for compliance with the Code. 3. The facility communicated this Code to all employees by training as confirmed by training records and employee interviewed. 4. The ETI based code was posted on-site for employee review. 5. The facility had set up policy and pointed one staff to update labour law requirements. 6. Implementation of any necessary changes was then given to the individual department heads after agreement with the facility manager.
Evidence examined:
Details: 1. Employee Handbook was reviewed. It stipulated complying with ETI Code, written policies and procedure that being provided individually to employees. 2. Company Manual contains details of Code and Business Ethics with the commitment of being compliant in all aspects of business and integrity aligned with the client's requirement and local law. 3. Employees' training records showed the facility conducted training for employees about the social compliance when they entered the facility.
Any other comments:
Nil

Management Systems	
In the last 12 months, has the site been subject to any fines/prosecutions for non–compliance to any regulations?	☐ Yes ☑ No Please give details: N/A, no any fine/prosecution in past year.
Do policies and/or procedures exist that reduce the risk of forced labour, child labour, discrimination, harassment & abuse?	☑ Yes ☐ No Please give details: The facility had established the policies and procedures for forced labour, child labour and discrimination, harassment and abuse.
If Yes, is there evidence (an indication) of effective implementation? Please give details.	The facility had provided relevant trainings for employees.

Have managers and workers received training in the standards for forced labour, child labour, discrimination, harassment & abuse?	☑ Yes ☐ No 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.
If Yes, is there evidence (an indication) that training has been effective e.g. training records etc.? Please give details	☑ Yes ☐ No Please give details: Regular training records were provided for review. The latest training was held on 28th March 2023. The employees were aware clearly of the facility's relevant policies and procedures according to the interviews.
Does the site have any internationally recognised system certifications e.g. ISO 9000, 14000, OHSAS 18000, SA8000 (or other social audits)?	☑ Yes ☐ No Please give details: The facility obtained ISO 14001 certificate (EMS 517748) with valid period to 14th September 2024.
Is there a Human Resources manager/department?	☑ Yes ☐ No The facility had Human Resources department in charge of the recruitment of employees, assignment of employees' post, etc.
Is there a senior person /manager responsible for implementation of the code?	☑ Yes ☐ No Please give details: Mr. He Gao Xu / Compliance Department Manager was assigned to responsible for implementation of the Code.
Is there a policy to ensure all worker information is confidential?	☑ Yes ☐ No Please give details: All employees' personal information would be kept and only accessed by authorized staff, such as HR.
Is there an effective procedure to ensure confidential information is kept confidential?	☑ Yes ☐ No Please give details: All employees' personal information would be kept and only accessed by authorized staff, such as HR.
Are risk assessments conducted to evaluate policy and procedure effectiveness?	☑ Yes ☐ No Please give details: Risk assessment would be conducted regularly to evaluate policy and procedure effectiveness.
Does the facility have a process to address issues found when conducting risk assessments, including implementation of controls to reduce identified risks?	☑ Yes ☐ No Please give details: Any risk identified during assessment would be corrected immediately.

Does the facility have a policy/code which require labour standards of its own suppliers?	☑ Yes ☐ No Please give details: The facility had its supplier filter program to ensure all suppliers in compliance with legal requirements regarding labour standards.
Land Rights	
Does the site have all required land rights licenses and permissions (see SMETA Measurement Criteria)?	☑ Yes ☐ No Please give details: The facility had provided property ownership certificate for all occupied buildings for review.
Does the site have systems in place to conduct legal due diligence to recognize and apply national laws and practices relating to land title?	☐ Yes ☑ No Please give details: No such national law requirement.
Does the site have a written policy and procedures specific to land rights?	☐ Yes ☑ No Please give details: N/A. Remark: The land in China mainland was belonged to the nation. Anybody or facility, no matter the character, could only rent the land from governmental department for a period. If the facility would like to use the land, it should apply for it from governmental department. The governmental department would make decision on whether to provide the approval.
Is there evidence that facility/site compensated the owner/lessor for the land prior to the facility being built or expanded?	☑ Yes ☐ No Please give details: The facility had provided property ownership certificates for all occupied buildings for review.
Does the facility demonstrate that alternatives to a specific land acquisition were considered to avoid or minimize adverse impacts?	☑ Yes ☐ No Please give details: N/A. The facility did not have plan of land acquisition.
Is there any evidence of illegal appropriation of land for facility building or expansion of footprint?	☐ Yes ☑ No Please give details: N/A, no illegal appropriation of land for facility building or expansion of footprint.

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

Current Systems and Evidence Examined *To complete 'current systems' Auditors examine policies and written procedures in conjunction with relevant managers, to understand, and record what controls and processes are currently in place e.g. record what policies are in place, what relevant procedures are carried out, who is /are responsible for the management of this item of the code. Evidence checked should detail any documentary or verbal evidence shown to support the systems.*
Current Systems:
1. The factory had a policy which prohibits forced labour and this was available for review. 2. There was a non-formalised application procedure which stated that workers must present their ID's for proof of age but that only copies must be kept in the personnel files and the original given back to the workers. 3. The employee handbook – given to all workers on joining, stated that workers within their probation period were free to leave with 3 days written notice and once a worker was permanent (this was out of probation) they could resign from the factory with one month's prior written notice, given to their supervisor or the personnel office. The handbook also stated that they will be given their full wages on their last day of work. 4. The terms and conditions of employment in the handbook stated that the workers were free to leave the workplace outside of their working hours. 5. The factory did not require any payment for work tools, PPE, training, etc. 6. The factory did not use prison labour.
Evidence examined:
Details: 1. Personnel files (all were checked) 2. Factory rules 3. Employee handbook 4. Management and employee interviewed.
Any other comments:
Nil

Is there any evidence of retention of original documents, e.g. passports/ID' (If yes, please give details and category of workers affected)	☐ Yes ☑ No Please give details:
Is there any evidence of a loan scheme in operation (If yes, please give details and category of workers affected)	☐ Yes ☑ No Please give details:
Is there any evidence of retention of wages / deposits (If yes, please give details and category of workers affected)	☐ Yes ☑ No Please give details:
Are there any restrictions on workers' freedom to terminate employment?	☐ Yes ☑ No Please give details: There was no any restriction on employees' freedom to terminate employment.

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?	☐ Yes ☐ No ☑ Not Applicable Please give details: The facility was registered in China and not based in UK.
Is there evidence of any restrictions on workers' freedoms to leave the site at the end of the work day?	☐ Yes ☑ No Please give details: There was no any restriction on employees' freedoms to leave the site at the end of the working day. According to the onsite observation and employee interviews, the employees were free to leave the workplace after their working hours every day.
Does the site understand the risks of forced / trafficked / bonded labour in its supply chain	☐ Yes ☐ No ☑ Not Applicable Please give details: According to the document review and management interviews, there was no risk of forced / trafficked / bonded labour in its supply chain.
Is the site taking any steps taking to reduce the risk of forced / trafficked labour?	☑ Yes ☐ No Please give details: The facility gave trainings on prohibition of forced / trafficked labour to all employees and conducted internal audit annually to reduce the risk of forced / trafficked labour.

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

Current Systems and Evidence Examined *To complete 'current systems' Auditors examine policies and written procedures in conjunction with relevant managers, to understand, and record what controls and processes are currently in place e.g. record what policies are in place, what relevant procedures are carried out, who is /are responsible for the management of this item of the code. Evidence checked should detail any documentary or verbal evidence shown to support the systems.*
Current Systems:
• The facility had a written policy of freedom of association and right to collective bargaining. The policy stated that the employees were free to form or join trade union or workers' organisation and enjoy the right to collective bargaining, and nobody would be treated differently if they were members of the trade union or workers' organisation, etc. • The facility had a written policy about suggestions and appeals, which stated that employees could raise their concerns or appeals through worker representatives, telephone, suggestion box, and their team leaders or above. •There was no union exited in this facility. •There was a worker committee in the facility. 14 worker representatives were selected by the employees on 6th April 2023, the worker representatives conducted meetings regularly and latest meeting was on 28th March 2024. • The interviewed workers confirmed that they were free to join trade union or workers' organisation and enjoy the right to collective bargaining. • The interviewed worker representative confirmed that the facility did not interfere their activities and did not discriminate the worker representatives. • The response records for employees' suggestions and appeals were available for review. For example, the worker representatives raised that the employees hoped that the facility could arrange more entertainment activities, and the factory taken corrective actions and arranged amusement activities within one month.
Evidence examined:
Details: • Policy of freedom of association and right to collective bargaining • Policy about suggestions and appeals • Worker representatives' selection records and meeting records • Response records for employees' suggestions and appeals • Interviewed with worker representative, management and employees.
Any other comments:
Nil

What form of worker representation/union is there on site? (Please add the name of the union or committee in the textbox)	☐ Union ☐ Other	☑ Worker Committee ☐ None
Other details:	Karsten Cosmetic Gifts Pty. Ltd. Worker committee presented on site.	
Is it a legal requirement to have a union?	☐ Yes ☑ No	

Is it a legal requirement to have a worker's committee?	☐ Yes ☑ No
Is there any other form of effective worker/management communication channel? (Other than union/worker committee e.g. H&S, sexual harassment)	☑ Yes ☐ No Please give details: Suggestion box and meeting with management
Is there evidence of free elections?	☑ Yes ☐ No
Does the supplier provide adequate facilities to allow the Union or committee to conduct related business?	☑ Yes ☐ No Please give details: The worker's committee could conduct free deployment without interference or restriction.
Name of union and union representative, if applicable:	N/A, no union in the facility.
Is there evidence of free elections?	☐ Yes ☐ No ☑ Not Applicable
If there is no union, is there a parallel means of consultation with workers e.g. worker committees?	There was one worker committee in the facility.
Is there evidence of free elections?	☑ Yes ☐ No ☐ Not Applicable
Are all workers aware of who their representatives are?	☑ Yes ☐ No Please give details: Through employees interview, all employees were aware of who their representatives were.
Were worker representatives freely elected?	☑ Yes ☐ No
Date of last election:	2023-04-06
Do workers know what topics can be raised with their representatives?	☑ Yes ☐ No
Were worker representatives/union representatives interviewed?	☑ Yes ☐ No
If Yes, please state how many:	1.0
Please describe any evidence that union/worker's committee is effective? Specify date of last meeting; topics covered; how minutes were communicated etc.	Employees could send their grievances through worker representation and regularly meeting would be hold. For instance, the facility conducted meeting on 28th March 2024 and the main topics covered were EHS issues. Based on onsite observation and employee interview, the meeting minute was posted at the notice board for employee reference after the meeting as per employee interview.
Are any workers covered by Collective Bargaining Agreement (CBA)?	☐ Yes ☑ No

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

Current Systems and Evidence Examined *To complete 'current systems' Auditors examine policies and written procedures in conjunction with relevant managers, to understand, and record what controls and processes are currently in place e.g. record what policies are in place, what relevant procedures are carried out, who is /are responsible for the management of this item of the code. Evidence checked should detail any documentary or verbal evidence shown to support the systems.*
Current Systems:
1. General Health and Safety management •Written Heal and Safety Policy and Health and Safety Manual were available. •Mr. He Gao Xu / Compliance Department Manager was appointed as Health & Safety Supervisor for the site. •Minutes of meetings showed that there were monthly meetings between the H&S committee (workers) and the H&S supervisor, and each point was acted on. •Potable water was freely available in all areas for all employees and test certificates were up-to-date. •Sufficient clean toilets segregated by gender were available at all times to employees. •Ventilation, temperature and lighting were adequate for the workplaces. •Accident reports were available. 2. Fire Safety •In production building, there were at least 2 exits from each work area and these were clearly marked. •Fire-fighting equipments' monthly inspection records were available. •Fire-fighting equipments were maintained well. •The open directions of the exit doors were adequate. • "No smoking signs" were available throughout the factory. •Evacuation diagrams were posted in all areas and understood by all employees interviewed. •Fire drills were organised and recorded every 6 months for all employees. 3. Electrical safety •All electrical equipment was maintained in good condition such as sockets, plugs, switches and main fuse boards. •Qualification certificate of electrician was available for review. 4. Chemical safety •The hazardous chemicals observed were stored separately from any ignition sources. 5. Medical services •There were adequate first aid kits in each production area and they were well stocked. •There were 30 first aiders and they had been trained at a local hospital.
Evidence examined:

Details: •Health and safety policy •Health and safety manual •Appointment document for the Health and Safety Supervisor •Health and safety committee minutes •Potable water testing report •Toilet cleaning records •Temperature recording sheets •Fire certificate or registered record •Accident reports •PPE issuing and receiving records •Fire equipments' monthly maintenance and inspection records •Fire drill records •Register certificate and inspection report of forklift •Forklift operators' certificates •Electrician's license •Electrical equipments' maintenance and inspection records •First aider's training records •Onsite observation •Interviewed with H&S supervisor •Interviewed with employees and H&S committee members
Any other comments:
Nil

Does the facility have general and occupational Health & Safety policies and procedures that are fit for purpose and are these communicated to workers?	☑ Yes ☐ No Please give details: The facility had established general Health & Safety and occupational Health & Safety policies and procedures and employees would be given relevant training on their entry date.
Are the policies included in workers' manuals?	☑ Yes ☐ No Please give details: Employees' manual including facility's general Health & Safety and occupational Health & Safety policies and procedures and detailed requirements.
Are there any structural additions without required permits/inspections (e.g. floors added)?	☐ Yes ☑ No Please give details: N/A, not applicable for this facility.
Are visitors to the site informed on H&S and provided with personal protective equipment?	☑ Yes ☐ No Please give details: All visitors would be introduced with H&S and provided with personal protective equipment if necessary.
Is a medical room or medical facility provided for workers?(This section is to list evidence to support system description (Documents examined & relevant comments. Include renewal/expiry date where appropriate))	☐ Yes ☑ No Please give details: N/A, no medical room or medical facility provided and no such legal requirement.

Is there a doctor or nurse on site or there is easy access to first aider/ trained medical aid?	☑ Yes ☐ No Please give details: there were trained 30 first aiders available in facility.
Where the facility provides worker transport – is it fit for purpose, safe, maintained and operated by competent persons e.g. buses and other vehicles?	☐ Yes ☑ No Please give details: N/A, no transportation was provided for employees.
Is secure personal storage space provided for workers in their living space and is fit for purpose?	☑ Yes ☐ No Please give details: Secure personal storage space was provided for workers in their dormitory room and fit for purpose.
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?	☑ Yes ☐ No Please give details: Such as overtime working hours were strictly controlled by HR.
Is the site meeting its legal obligations on environmental requirements including required permits for use and disposal of natural resources?	☑ Yes ☐ No Please give details: All legal required Environmental Impact Assessment report, Environmental Impact Assessment approval and annual pollutants monitoring reports were provided for review in this audit.
Is the site meeting its customer requirements on environmental standards, including the use of banned chemicals?	☑ Yes ☐ No Please give details: Customer requirements were collected and implemented by the facility well. No banned chemicals were used by the facility.

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

Current Systems and Evidence Examined *To complete 'current systems' Auditors examine policies and written procedures in conjunction with relevant managers, to understand, and record what controls and processes are currently in place e.g. record what policies are in place, what relevant procedures are carried out, who is /are responsible for the management of this item of the code. Evidence checked should detail any documentary or verbal evidence shown to support the systems.*
Current Systems:
•There was an informal procedure for checking ages of employees at application stage, and this included checking ID's. •Once employees had joined, their original ID's were copied and given back to them whilst copies only were kept in their personnel file. •Checked of all employees' files showed that the youngest employee present was age 18 years old.
Evidence examined:
Details: •Personnel files of all employees •Latest list of employees •Records of any health checks
Any other comments:
Nil

Legal age of employment:	16
Age of youngest worker found:	18
Are there children present on the work floor but not working at the time of audit?	☐ Yes ☑ No
Percentage of under 18's at this site (of total workers)	0.0%
Are workers under 18 subject to hazardous work assignments?	☐ Yes ☑ No Please give details: N/A, no employee under 18 was found in this facility.

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

Current Systems and Evidence Examined *To complete 'current systems' Auditors examine policies and written procedures in conjunction with relevant managers, to understand, and record what controls and processes are currently in place e.g. record what policies are in place, what relevant procedures are carried out, who is /are responsible for the management of this item of the code. Evidence checked should detail any documentary or verbal evidence shown to support the systems.*
Current Systems:
• Wage & benefit policy and controlling procedure were established and implemented. • Wage & benefit policy and controlling procedure were communicated to the employees through regular trainings. • Local minimum wage standard was RMB 1720 per month equivalent to RMB 9.89 (1720/21.75/8) since 1st December 2021. • Adequate wages and attendance records were kept in the facility. • Employees' wages were calculated by hourly rate and all employees were paid at about 15th of each month for the last working period. • Based on the provided attendance records and payrolls, 1) Due to last audit was conducted on 25th-27th April 2023. Payrolls for the period from April 2023 to March 2024 and attendance records for the period from 28th April 2023 to 17th April 2024 (audit day) were provided for review in this audit. Randomly sampled 26 employees' payrolls and attendance records from March 2024 (current month), December 2023 (random month) and June 2023 (random month) for further checking on status of wages and working hours. 2) The minimum wage paid by the facility was RMB 9.89 per hour since December 2021. 3) 150% and 200% of the normal wages for overtime hours on weekdays and rest days respectively (there was no overtime on Statutory Holidays). • Sufficient maternity leave was provided to female employees. • All employees were 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 were paid. • Based on provided payrolls, social insurance receipt and employees interview, sufficient social insurance participated. • Social insurance payments were passed on to the relevant authorities in a timely manner. • Benefits such as annual leave, sick leave, and child-bearing leave, etc. were provided to relevant employees adequately. • All employees were paid by bank autopay and each employee was given a pay slip and signed for their wages. • No monetary fine was used by the factory as disciplinary measure.
Evidence examined:

Details: •Wage & benefit policy and controlling procedure •Training records about wage and benefit policy and controlling procedure • Local legal minimum wage documents • Local and national laws • Labour contracts for all employees (to examine agreed wage rates) • Due to last audit was conducted on 25th-27th April 2023. Payrolls for the period from April 2023 to March 2024 and attendance records for the period from 28th April 2023 to 17th April 2024 (audit day) were provided for review in this audit. Randomly sampled 26 employees' payrolls and attendance records from March 2024 (current month), December 2023 (random month) and June 2023 (random month) for further checking on status of wages and working hours. • Cross-checked the attendances between the attendance records and production records such as daily production records, QC report, material delivering records, etc. • Social insurance and payment receipts from the local authority • Leave records • Resignation records • Payslips of all interviewed employees • Disciplinary records • Employee interviewed, and management interviewed.
Any other comments:
Nil

Summary Information			
Criteria	Local Law	Actual at the Site	Is this part of a Collective Bargaining Agreement?
Standard/Contracted work hours: (Maximum legal and actual required working hours excluding overtime, please state if possible per day, week, and month)	Legal Maximum Per Day: 8.0 Per Week: 40.0 Per Month: null	Actual Per Day: 8.0 Per Week: 40.0 Per Month: 176.0	NO
Overtime hours: (Maximum legal and actual overtime hours, please state if possible per day, week, and month)	Legal Maximum Per Day: 3.0 Per Week: null Per Month: 36.0	Actual Per Day: 2.0 Per Week: 20.0 Per Month: 72.0	NO
Wage for standard/contracted hours: (Minimum legal and actual minimum wage at site, please state if possible per hr, day, week, and month)	Legal Maximum Per Day: null Per Week: null Per Month: 1720	Actual Per Day: 79.08 Per Week: 395.4 Per Month: 1720	NO
Overtime wage: (Minimum legal and actual minimum overtime wage at site, please state if possible per hr, day, week, and month)	Legal Maximum Per Day: null Per Week: null Per Month: null	Actual Per Day: 0 Per Week: 0 Per Month: 0	YES
Wages Analysis:			
Were accurate records shown at the first request?	☑ Yes ☐ No		
Sample Size Checked (State number of worker records checked and from which weeks/months – should be current, peak, and random/low. Please see SMETA Best Practice Guidance and Measurement Criteria)	26 samples in March 2024 (current month) 26 samples in December 2023 (random month) 26 samples in June 2023 (random month)		
Are there different legal minimum wage grades? If Yes, please specify all.	☐ Yes ☑ No		

If there are different legal minimum grades, are all workers graded and paid correctly?	☐ Yes ☐ No ☑ Not Applicable Please give details:
For the lowest paid production workers, are wages paid for standard/contracted hours (excluding overtime) below or above the legal minimum?	☐ Below legal min ☑ Meet ☐ Above
Lowest actual wages found: Note: full time employees and please state hour / week / month etc.	RMB 1720 per month as equivalent to RMB 9.89 (1720/21.75/8) per hour
Please indicate the breakdown of workforce per earnings	0.0% of workforce earning under minimum wage 100.0% of workforce earning minimum wage 0.0% of workforce earning above minimum wage
Bonus Scheme found: Please specify details:	Bonus Scheme found:Bonus Scheme found: Monthly bonus would be provided for employees based on their personal working performance. and the bonus scheme found were ranged from RMB 400-1200 per month for random selected samples. Note: type of employee (e.g. full time, temp, etc.) and please state which units e.g. /hour /week /month etc.
What deductions are required by law e.g. social insurance? Please state all types:	Social insurance: basic endowment, unemployment, maternity, injury and basic medical insurance
Have these deductions been made?	☑ Yes ☐ No
Please list all deductions that have been made.	Social insurance and personal tax
Please list all deductions that have not been made.	Nil
Were appropriate records available to verify hours of work and wages?	☑ Yes ☐ No
Were any inconsistencies found? (if yes describe nature)	☐ Yes ☑ No
Do records reflect all time worked? (For instance, are workers asked to attend meetings before or after work but not paid for their time)	☑ Yes ☐ No Please give details: Through employee interview, cross-checked the production records with attendance records, it was noted that all time worked were reflected.
Is there a defined living wage: This is not normally minimum legal wage. If answered yes, please state amount and source of info: Please see SMETA Best Practice Guidance and Measurement Criteria.	☐ Yes ☑ No Please give details:
If yes, what was the calculation method used.	☐ ISEAL/Anker Benchmarks ☐ Asia Floor Wage ☐ Figures provided by Unions ☐ Living Wage Foundation UK ☐ Fair Wear Wage Ladder ☐ Fairtrade Foundation ☐ Other – please give details:

Are there periodic reviews of wages? If Yes give details (include whether there is consideration to basic needs of workers plus discretionary income).	☑ Yes ☐ No Please give details: The facility conducted assessment at least once per year.
Are workers paid in a timely manner in line with local law?	☑ Yes ☐ No
Is there evidence that equal rates are being paid for equal work:	☑ Yes ☐ No 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.
How are workers paid:	☐ Cash ☐ Cheque ☑ Bank Transfer ☐ Other

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

Current Systems and Evidence Examined *To complete 'current systems' Auditors examine policies and written procedures in conjunction with relevant managers, to understand, and record what controls and processes are currently in place e.g. record what policies are in place, what relevant procedures are carried out, who is /are responsible for the management of this item of the code. Evidence checked should detail any documentary or verbal evidence shown to support the systems.*
Current Systems:
• Working time policy and controlling procedure were established and implemented in the factory. • Overtime was voluntary. • Working time policy and controlling procedure were communicated to the employees through regular trainings. • Working time was adequately recorded and kept by the factory. • IC timecard attendance system was used for time keeping; and the shift start time and shift end time were recorded accordingly. • Based on provided attendance records and employee interview, basic working hours were 8 hours per day and 40 hours per week. Maximum monthly overtime hours exceeded local law limit, the maximum monthly overtime hours were 72 hours in June 2023; maximum daily overtime hours were 2 hours (in all randomly selected months); maximum weekly working hours were 60 hours (in all randomly selected months).
Evidence examined:
Details: • Working time policy and controlling procedure • Voluntary overtime policy • Employees contracts • Local and national laws • Training records about working time policy and controlling procedure • Due to last audit was conducted on 25th-27th April 2023. Payrolls for the period from April 2023 to March 2024 and attendance records for the period from 28th April 2023 to 17th April 2024 (audit day) were provided for review in this audit. Randomly sampled 26 employees' payrolls and attendance records from March 2024 (current month), December 2023 (random month) and June 2023 (random month) for further checking on status of wages and working hours. • Cross-checked the attendances between the attendance records and production records such as daily production records, QC report, material delivering records, etc. • Sample pay slips with recorded hours of all employees interviewed • Employee interviewed, and management interviewed.
Any other comments:
Nil

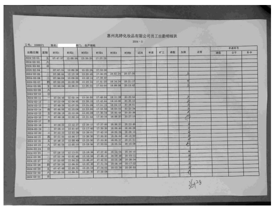
Working hours' analysis	
Systems & Processes	
What timekeeping systems are used?	IC timecard attendance system
Is sample size same as in wages section?	☑ Yes ☐ No Please give details:
Are standard/contracted working hours defined in all contracts/employment agreements? (If no, please give details including % and which type of workers do NOT have standard hours defined in contracts/employment agreements.)	☑ Yes ☐ No
Are there any other types of contracts/employment agreements used?	☐ Yes ☑ No
Do any standard/contracted working hours defined in contracts/employment agreements exceed 48 hours per week? (If yes, please detail hours, %, types of workers affected and frequency.)	☐ Yes ☑ No
Are workers provided with at least 1 day off in every 7-day-period, or 2 in 14-day-period?	☑ 1 in 7 days ☐ 2 in 14 days ☐ No (please explain)
Is this allowed by local law?	☑ Yes ☐ No
Maximum number of days worked without a day off (in sample):	6
Standard/Contracted Hours worked	
Were standard working hours over 48 hours per week found? (If yes, % of workers & frequency)	☐ Yes ☑ No % of workers: null% Frequency:
Any local waivers/local law or permissions which allow averaging/annualised hours for this site? (If yes, please give details.)	☐ Yes ☑ No
Overtime Hours worked	
Actual overtime hours worked in sample (State per day/week/month)	March 2024 (current month): 2 hours per day, 20 hours per week and 68 hours per month; December 2023 (random month): 2 hours per day, 18 hours per week and 52 hours per month; June 2023 (random month): 2 hours per day, 20 hours per week and 72 hours per month
Combined hours (standard or contracted + overtime hours = total) over 60 found?	☐ Yes ☑ No Please give details: The maximum weekly working hours were 60 hours in all sampled months.
Approximate percentage of total workers on highest overtime hours:	20.0%

Is overtime voluntary? (Please detail evidence e.g. Wording of contract / employment agreement / handbook / worker interviews / refusal arrangements)	☑ Yes ☐ No ☐ Conflicting Information Please give details: The voluntary overtime policy was provided for review. Regular trainings were provided for employees. Through employees' interview and documentation review, it was confirmed that overtime was voluntary
Overtime premium	
Are the correct legal overtime premiums paid? (Please give details of normal day overtime premium as a % of standard wages)	☑ Yes ☐ No ☐ N/A – there is no legal requirement to OT premium Please give details: 150% of the normal wages for the overtime hours on weekdays; 200% of the normal wages for overtime hours on rest days; 300% of the normal wages for overtime hours on Statutory Holidays.
Is overtime paid at a premium?	☑ Yes ☐ No 100% employees were paid legal premium rate monthly.
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.	☐ No ☐ Consolidated pay ☐ Collective Bargaining agreements ☑ Other
Please give details	N/A. As per local law, the facility should pay no less than 150%, 200% and 300% of the normal wages for the extension of working hours on weekdays, rest days and holidays respectively.
If more than 60 total hours per week and this is legally allowed, are there other considerations? Please complete the boxes where relevant. (Please explain any checked boxes above e.g. detail of consolidated pay / CBA or Other)	☐ Overtime is voluntary ☐ Onsite Collective bargaining allows 60+ hours/week is voluntary ☐ Safeguards are in place to protect worker's health and safety ☐ Site can demonstrate exceptional circumstances ☑ Other reasons (please specify)
Please give details	N/A. The maximum weekly working hours did not exceed 60 hours.
Please explain any checked boxes above e.g. detail of consolidated pay / CBA or other	N/A. The maximum weekly working hours did not exceed 60 hours.
Is there evidence that overtime hours are being used for extended periods to make up for labour shortages or increased order volumes?	☐ Yes ☑ No
If sufficient workers cannot be hired, are new working time arrangements explored to ensure that overtime is the exception rather than the rule?	☐ Yes ☑ No

Non-Compliance	Evidence

[Back to findings summary]

Non-Compliance	
Status	OPEN
Reference	ZAF600424533
Clause	6 - Working Hours are not Excessive
Issue Title	480 - Overtime is not used responsibly i.e. extent, frequency and level of hours worked by individual workers and / or whole workforce are excessive
Subcategory	Overtime
New or carried over?	☐ New ☑ Carried Over
Raised by audit	ZAA423651396
Root cause	☐ Training ☐ System ☐ Costs ☑ Lack of workers ☐ Other
Root cause - Other	
Local law issue	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.
Explanation to the non compliance	Monthly overtime hours exceeded the legal requirement. Through document review, auditor found that the monthly overtime hours of 20 out of 26 randomly selected employees were 44-68 hours in March 2024 (current month); monthly overtime hours of 14 out of 26 randomly selected employees were 40-52 hours in December 2023 (random month); monthly overtime hours of 23 out of 26 randomly selected employees were 49-72 hours in June 2023 (random month). 加班时间超过法规要求。通过文件审核，审核员发现在抽取的2024年3月份（当前月）的考勤中，26名随机抽取的员工中20人的月加班时间为44-68小时；2023年12月份（随机月）的考勤中，26名随机抽取的员工中14人的月加班时间为40-52小时; 2023年6月份（随机月）的考勤中，26名随机抽取的员工中23人的月加班时间



monthly overtime hours exceeded the legal requirement.jpg

	为49-72小时.
Follow up method	☑ Follow up audit ☐ Desktop audit
Timescale	☐ Immediate ☐ 30 days ☑ 60 days ☐ 90 days ☐ 120 days ☐ 180 days ☐ 365 days ☐ Other
Actions	Facility would control the overtime hours to comply with the law. Facility would hire more employees to reduce the overtime hours to comply with the law.

7 - No Discrimination is Practiced [Summary of Findings]
7: Compliance Requirements 7.1 There is no discrimination in hiring, compensation, access to training, promotion, termination or retirement based on race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation.

Current Systems and Evidence Examined *To complete 'current systems' Auditors examine policies and written procedures in conjunction with relevant managers, to understand, and record what controls and processes are currently in place e.g. record what policies are in place, what relevant procedures are carried out, who is /are responsible for the management of this item of the code. Evidence checked should detail any documentary or verbal evidence shown to support the systems.*
Current Systems:
•The facility had a documented policy pertaining to prohibiting discrimination, which stipulated the facility shall prohibit any kind of discrimination in hiring, compensation, access to training, promotion, termination or retirement. •The facility's policy, practices and procedures on discriminatory behaviour was effectively communicated to all employees through internal training. •Through payroll records review, facility policy review and employee interview, employees with the same job and seniority were paid with the same rate irresponsible of gender, age, or other issues. •Employees signed statements affirming their receipt and understanding of the facility's anti-discrimination practices.
Evidence examined:
Details: •Site policy on Prohibition of Discrimination. •Training records and training material in past one year. •Statements signed by employees. •Facility tour •Management interview and employee interview
Any other comments:
Nil

Gender breakdown of Management + Supervisors (Include as one combined group)	Male: 35.0%		Female: 65.0%
Number of women who are in skilled or technical roles (e.g. where specific qualifications are needed i.e. machine engineer / laboratory analyst)	Not applicable. There were no jobs that specific qualifications are needed in the facility.		
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?	☐ Hiring ☐ Promotion	☐ Compensation ☐ Termination or retirement	☐ Access to training ☑ No evidence of discrimination found
Please give details	No discrimination was found in the facility		
Professional Development			
What type of training and development are available for workers?	On-going training was available to enable workers to progress. The equal and fair selection criteria were in place for all promotions and benefits		

Are HR decisions e.g. promotion, training, compensation based on objective, transparent criteria? (If no, please provide details)	☑ Yes ☐ No

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

Current Systems and Evidence Examined *To complete 'current systems' Auditors examine policies and written procedures in conjunction with relevant managers, to understand, and record what controls and processes are currently in place e.g. record what policies are in place, what relevant procedures are carried out, who is /are responsible for the management of this item of the code. Evidence checked should detail any documentary or verbal evidence shown to support the systems.*
Current Systems:
1. The facility signed labor contracts with all employees, the terms and conditions stated in the contracts complied with local laws. All employees received copies of the contracts of employment. 2. All 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 worker existed in the facility
Evidence examined:
Details: 1. The hiring and termination procedure 2. Personal files including a copy of employee's contract 3. Payroll records were provided for review. 4. Management interview and employee interview
Any other comments:
Nil

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

Migrant Workers	
Type of work undertaken by migrant workers:	All types of work included migrant workers.
Please give details about recruitment agencies for migrant workers:	Number of (in country) recruitment agencies used: 0 Number of (outside of local country) recruitment agencies used: 0
Are migrant workers' voluntary deductions (such as for remittances) confirmed in writing by the worker and is evidence of the transaction supplied by the facility to the worker?	☐ Yes ☑ No Please give details: There was no such kind of deduction from the workers' wages.
Is there any observation on this finding?	None
Are any migrant workers in skilled, technical or management roles? (This should include all migrant workers including permanent workers, temporary and/or seasonal workers)	☑ Yes ☐ No About 30% management staffs such as financial supervisor and HR supervisor, etc. were migrant employees.
Non-employee workers	
Recruitment Fees	
Are there any fees?	☐ Yes ☑ No
Agency Workers (if applicable) (Workers sourced from a local agent who are not directly paid by the site, but paid by the agency. Usually the agencies are paid by the site and the wages of the individual workers are paid by the agency.)	
Number of agencies used (average):	0
Please provide the names of agencies if applicable	N/A, no agency used by the facility
Were agency workers' age / pay / hours included within the scope of this audit?	☐ Yes ☑ No
Were sufficient documents for agency workers available for review?	☐ Yes ☑ No
Is there a legal contract agreement with all agencies?	☐ Yes ☑ No Please give details: N/A, no agency used by the facility
Does the site have a system for checking labour standards of agencies?	☐ Yes ☑ No Please give details: N/A, no agency used by the facility
Contractors (Contractors in this context are generally individuals who supply several workers to a site. Usually the contractors are paid by the site and the wages of the workers are paid by the contractor. Common terms include, gang bosses, labor provider.)	
Any contractors on site?	☐ Yes ☑ No Please give details: No contractors were used on site
Do all contractor workers understand their terms of employment?	☐ Yes ☑ No Please give details: N/A. No contractors were used on site.

8A - Sub–Contracting and Homeworking [Summary of Findings]
8A: Compliance Requirements 8.A.1 There should be no sub–contracting unless previously agreed with the main client. 8.A.2 Systems and processes should be in place to manage sub–contracting, homeworking and external processing.

Current Systems and Evidence Examined *To complete 'current systems' Auditors examine policies and written procedures in conjunction with relevant managers, to understand, and record what controls and processes are currently in place e.g. record what policies are in place, what relevant procedures are carried out, who is /are responsible for the management of this item of the code. Evidence checked should detail any documentary or verbal evidence shown to support the systems.*
Current Systems:
1. 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 worker was used by this facility.
Evidence examined:
1. Factory tour 2. Materials In/Out Records 3. Employees' interview 4. Management interview
Any other comments:
Nil

Summary of sub–contracting – if applicable	
Is there any sub-contracting at this site?	☐ Yes ☑ No
Summary of homeworking – if applicable	
Is homeworking used at this site?	☐ Yes ☑ No

9 - No Harsh or Inhumane Treatment is Allowed [Summary of Findings]
9: Compliance Requirements 9.1 Physical abuse or discipline, the threat of physical abuse, sexual or other harassment and verbal abuse or other forms of intimidation shall be prohibited. 9.2 companies should provide access to a confidential grievance mechanism for all workers

Current Systems and Evidence Examined *To complete 'current systems' Auditors examine policies and written procedures in conjunction with relevant managers, to understand, and record what controls and processes are currently in place e.g. record what policies are in place, what relevant procedures are carried out, who is /are responsible for the management of this item of the code. Evidence checked should detail any documentary or verbal evidence shown to support the systems.*
Current Systems:
1. The facility established anti-harsh or anti-inhumane treatment policy. The policy stated that physical abuse or discipline, the threat of physical abuse, sexual or other harassment and verbal abuse or other forms of intimidation shall be prohibited. 2. The facility established a disciplinary procedure for employees' misbehaviour which included oral warning, written warning and finally termination. 3. The anti-harsh or anti-inhumane treatment policy and disciplinary procedure were communicated to the employees through regular trainings. 4. Employee interview confirmed that employees were aware of anti-harsh or anti-inhumane treatment policy and disciplinary procedure. 5. There is an internal process for grievance, where employees can report any grievances (harassment, bullying, discrimination etc.) and any received complaint will be handled by management.
Evidence examined:
Details: 1. 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 and employee interview
Any other comments:
Nil

Are there published, anonymous and/or open channels available for reporting any violations of Labour standards and H&S or any other grievances to a 3rd party?	☑ Yes ☐ No Please give details: The facility provided a grievance mechanism to employees (such as worker representatives and suggestion box) to report any violations of Labour standards and H&S or any other grievances. And the reporter would be confidential for all reporters
If yes, are workers aware of these channels and have access? Please give details.	Through onsite interview, all interviewed employees stated that they were clear about the channels
If yes, what type of mechanism is used e.g. hotline, whistle blowing mechanism,comment box etc. Please give details.	Suggestion box and verbal exchanges.
Which of the following groups is there a grievance mechanism in place for?	☑ Worker ☑ Communities ☑ Suppliers ☐ Other

Please provide grievance mechanism details	The grievance mechanism included a provision for non-retaliation and it allowed workers to report issues anonymously
Are there any open disputes?	☐ Yes ☑ No Please give details:
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)	☑ Yes ☐ No Please give details:
Is there a published and transparent disciplinary procedure?	☑ Yes ☐ No Please give details:
If yes, are workers aware of these the disciplinary procedure?	☑ Yes ☐ No Please give details:
Does the disciplinary procedure allow for deductions from wages (fines) for disciplinary purposes (see wages section)?	☐ Yes ☑ No Please give details:

10A - Entitlement to Work and Immigration [Summary of Findings]
10A: Compliance Requirements 10.A.1 Only workers with a legal right to work shall be employed or used by the supplier. 10.A.2 All workers, including employment agency staff, must be validated by the supplier for their legal right to work by reviewing original documentation.

Current Systems and Evidence Examined *To complete 'current systems' Auditors examine policies and written procedures in conjunction with relevant managers, to understand, and record what controls and processes are currently in place e.g. record what policies are in place, what relevant procedures are carried out, who is /are responsible for the management of this item of the code. Evidence checked should detail any documentary or verbal evidence shown to support the systems.*
Current Systems:
Per document review, facility management representation and employee interview, all employees in the facility were Chinese. All 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.
Evidence examined:
1. Employment contracts and hiring policy were reviewed and they contained the clause that only employees with a legal right to work will be hired by the company. 2. Management interview, and employee interview
Any other comments:
Nil

10B4 - Environment 4–Pillar [Summary of Findings]
10B4: Compliance Requirements 10.B4.1 Businesses as a minimum must meet the requirements of local and national laws related to environmental standards. 10.B4.2 Where it is a legal requirement, businesses must be able to demonstrate that they have the relevant valid permits including for use and disposal of resources e.g. water, waste etc. 10.B4.3 Businesses shall be aware of their end client's environmental standards/code requirements 10.B4.4 Suppliers should have an environmental policy, covering their environmental impact, which is communicated to all appropriate parties, including its own suppliers. 10.B4.5 Suppliers shall be aware of the significant environmental impact of their site and its processes. 10.B4.6 The site should measure its impacts, including continuous recording and regular reviews of use and discharge of natural resources e.g. energy use, water use (see 4–pillar audit report and audit checks for details). 10.B4.7 Businesses shall make continuous improvements in their environmental performance. 10.B4.8 Businesses shall have available for review any environmental certifications or any environmental management systems documentation 10.B4.9 Businesses should have a nominated individual responsible for co–ordinating the site's efforts to improve environmental performance. 10B4: Guidance for Observations 10.B4.10 Suppliers should have completed the appropriate section of the SAQ and made it available to the auditor. 10.B4.11 Has the site recently been subject to (or pending) any fines/prosecutions for noncompliance to environmental regulations. Note for auditors and readers. This environment section is intended to take not more than 0.25 auditor days. It is an assessment only and the main requirement is to establish whether a site is meeting applicable environmental laws and/or has any certifications or environmental management systems in place. Following this assessment the client/supplier may decide a full environmental audit is required (see also best practice guidance/environment and guidance for auditor)

Current Systems and Evidence Examined *To complete 'current systems' Auditors examine policies and written procedures in conjunction with relevant managers, to understand, and record what controls and processes are currently in place e.g. record what policies are in place, what relevant procedures are carried out, who is /are responsible for the management of this item of the code. Evidence checked should detail any documentary or verbal evidence shown to support the systems.*
Current Systems:
1. The facility was registered on Sedex. 2. The facility established the environmental protection policy for review. 3. The facility had compiled one written significant environmental factors of their site and its processes. 4. The facility measured and monitored its energy usage. The facility monitored electricity and water monthly. 5. The facility established a comprehensive and tested emergency plan to mitigate environmental impact in case of incidents. 6. Mr. He Gao Xu / Compliance Department Manager was appointed to responsible for environmental issues. 7. The facility had not been subject to (or pending) any fines/prosecutions for noncompliance to environmental regulations. 8. The facility provided all legally required environmental permits/licenses 9. The facility had conducted monitoring for the discharged domestic wastewater/perimeter noise.
Evidence examined:
Details: 1. Environmental Impact Assessment report, Environmental Impact Assessment approval, Environmental Protection Acceptance Check for their construction project and pollutants annual monitoring reports; 2. Environmental policy; 3. Energy bills and water bill; 4. Employee and management interview; 5. On-site tour
Any other comments:

Nil

Environmental Analysis	
Is there a manager responsible for Environmental issues (Name and Position):	Mr. He Gao Xu / Compliance Department Manager
Has the site conducted a risk assessment on the environmental impact of the site, including implementation of controls to reduce identified risks?	☑ Yes ☐ No Please give details: Risk assessment on the environmental impact of the site was provided for review.
Does the site have a recognised environmental system certification such as ISO 14000 or equivalent?	☑ Yes ☐ No Please give details: The facility obtained ISO 14001 certificate (EMS 517748) with valid period to 14th September 2024.
Does the site have an Environmental policy?	☑ Yes ☐ No
If yes, is it publicly available?	☑ Yes ☐ No
If yes, does it address the key impacts from their operations and their commitment to improvement?	☑ Yes ☐ No Please give details: The facility provided the environmental impact report form and environment impact assessment approval
Does the site have a Biodiversity policy?	☐ Yes ☑ No
Is there any other sustainability systems present such as Chain of Custody, Forest Stewardship Council (FSC), Marine Stewardship Council (MSC) etc.?	☐ Yes ☑ No Please give details: Site did not have any such certification.
Have all legally required permits been shown?	☑ Yes ☐ No Please give details: The facility obtained all legally required permits including but not limited to Environmental Impact Assessment report, Environmental Impact Assessment approval, Environmental Protection Acceptance Check for their construction project and pollutants annual monitoring reports; valid contract between the facility and the hazardous wastes disposal unit, duplicated forms for transferring hazardous waste, etc.
Is there a documentation process to record hazardous chemicals used in the manufacturing process?	☑ Yes ☐ No ☐ Not Applicable Please give details: The facility established a documentation process to record hazardous chemicals used in the manufacturing process.
Is there a system for managing client's requirements and legislation in the destination countries regarding environmental and chemical issues?	☑ Yes ☐ No Please give details: This was included in the site's internal management system.

Facility has reduction targets in place for environmental aspects e.g. water consumption and discharge, waste, energy and green-house gas emissions:	☑ Yes ☐ No Please give details: Reduction target was included in environmental policy.	
Facility has evidence of waste recycling and is monitoring volume of waste that is recycled.	☑ Yes ☐ No Please give details: Waste recycling data was provided for review.	
Does the facility have a system in place for accurately measuring and monitoring consumption of key utilities of water, energy and natural resources that follows recognised protocols or standards?	☑ Yes ☐ No Please give details: Water and energy consumption records were provided for review	
Has the facility checked that any Sub-Contracting agencies or business partners operating on the premises have the appropriate permits and licences and are conducting business in line with environmental expectations of the facility?	☑ Yes ☐ No Please give details: This was included in assessment of suppliers.	
Usage/Discharge analysis		
Criteria	Previous year: 2023	Current year: 2024
Electricity Usage: Kw/hrs	3093284	493088
Renewable Energy Usage: Kw/hrs	0	0
Gas Energy Usage: Kw/hrs	0	0
Has site completed any carbon Footprint Analysis?	No	No
If Yes, please state result		
Water Sources	Local water authority	Local water authority
Water Volume Used	91130	19082
Water Discharged	Municipal sewage network	Municipal sewage network
Water Volume Discharged	11308	2280
Water Volume Recycled	0	0
Total waste produced	170 tons	51.53 tons
Total hazardous waste produced	0.27 tons	0.07 tons
Waste to recycling	100 tons	30 tons
Waste to landfill	0	0
Waste to other	320 tons	60 tons
Total Product Produced	48825089 sets	13323350 sets

10C - Business Ethics – 4-Pillar Audit [Summary of Findings]
10C: Compliance Requirements 10.C.1 Businesses shall conduct their business ethically without bribery, corruption, or any type of fraudulent Business Practice. 10.C.2 Businesses as a minimum must meet the requirements of local and national laws related to bribery, corruption, or any type of fraudulent Business Practices. 10.C.3 Where it is a legal requirement, businesses must be able to demonstrate that they comply with all fiscal legislative requirements. 10.C.4 Businesses shall have access to a transparent system in place for confidentially reporting, and dealing with unethical Business Ethics without fear of reprisals towards the reporter. 10.C.5 Businesses should have a Business Ethics policy, covering bribery, corruption, or any type of fraudulent Business Practice, 10.C.6 Businesses should have a designated person responsible for implementing standards concerning Business Ethics 10.C.7 Suppliers should ensure that the staff whose job roles carry a higher level of risk in the area of ethical Business Practice e.g. sales, purchasing, logistics are trained on what action to take in the event of an issue arising in their area. 10C: Guidance for Observations 10.C.8 Businesses should communicate their Business Ethics policy, covering bribery, corruption, or any type of fraudulent Business Practice to all appropriate parties, including its own suppliers. 10.C.9 Has the site recently been subject to (or pending) any fines/prosecutions for non-compliance to Business Ethics regulations. If so is there evidence that sustainable corrective actions have been implemented Note for auditors and readers. This Business Ethics section is intended to take not more than 0.25 auditor days. It is an assessment not an audit.

Current Systems and Evidence Examined *To complete 'current systems' Auditors examine policies and written procedures in conjunction with relevant managers, to understand, and record what controls and processes are currently in place e.g. record what policies are in place, what relevant procedures are carried out, who is /are responsible for the management of this item of the code. Evidence checked should detail any documentary or verbal evidence shown to support the systems.*
Current Systems:
The facility had registered on Sedex and the SAQ was completely finished. •The Intertek integrity policy was given to the facility by the auditors. The management acknowledged this, signed it and kept a copy. •The company manual contains the details of Business Ethics, which are also published on the company's notice board. •Based on management interview, the facility was familiar with national regulations/laws concerning business integrity standards. And the document was collected and kept as a handbook. •Business integrity policy was established and communicated to all employees by company manual, employee manual and induction training and regular training, and each employee has signed the agreement. • Mr. He Gao Xu / Compliance Department Manager was appointed responsible for business integrity. •A corporate telephone number is in place for monitoring and whistle blowing confidentially; posters and cards with these details were found throughout the facility's notice board. •The employees have their induction training on business ethics and signed the agreement when they first start their job. They have their regular training on business ethics every year. The HR department determines all job roles categorised by section; through this, workers are identified the level of risk.
Evidence examined:
Details: •Environment Management Manual •Law, regulations and client requirements list •Employee manual, social •Business ethics training records •Confidential agreement •Management interview and employee interview
Any other comments:

Nil

Does the facility have a Business Ethics Policy and is the policy communicated and applied internally, externally or both, as appropriate?	☑ Internal Policy ☑ Policy for third parties including suppliers Please give details: The facility will train the information to all employees per year, and will sign up a contract to supply with this information.
Does the site give training to relevant personnel (e.g. sales and logistics) on business ethics issues?	☑ Yes ☐ No Please give details: The facility had trained the relevant personnel (e.g. sales and logistics) on business ethics issues
Is the policy updated on a regular (as needed) basis?	☑ Yes ☐ No Please give details: The facility will update the policy per year.
Does the site require third parties including suppliers to complete their own business ethics training	☑ Yes ☐ No Please give details: The facility will assess the suppliers per year.

Attachments

 Waste water treatment facility.JPG	 Toilet.JPG
 Suggestion box.JPG	 Reacting.JPG
 Smoking detector and Fire sprinkler.JPG	 No firework sign.JPG

 Packaging material warehouse.JPG	 Fire extinguishers.JPG
 First aid box.JPG	 Production building overview 2.JPG
 Hazardous chemical warehouse.JPG	 Finished goods warehouse.JPG

 Personal locker in dormitory room.JPG	 Drinking water facility.JPG
 Hazards factors notice and PPE using signs.JPG	 ETI stardard posted.JPG
 Canteen.JPG	 Main aisle with evacuation sign.JPG

Fire alarm.JPG

Production building overview 1.JPG

Facility main gate.JPG

Exit sign and emergency light.JPG

Dormitory room.JPG

Kitchen.JPG

 Dormitory building.JPG	 Filling.JPG
 Raw material warehouse.JPG	 Evacuation plan.JPG
 Mixing.JPG	 Packing.JPG

 kitchen and canteen building.JPG	 Assembly.JPG
 Electric box.JPG	 Fire hydrant.JPG
 Facility Name.JPG	A5145184 CAP.pdf

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