



Sedex Members Ethical Trade Audit Report

Version 6.1



Audit Details				
Sedex Company Reference: <i>(only available on Sedex System)</i>	ZC5000015031	Sedex Site Reference: <i>(only available on Sedex System)</i>	ZS1000016569	
Business name (Company name):	Cypress Precision Industrial Co.			
Site name:	Cypress Precision Industrial Co			
Site address:	No.2, Lane 146, Fu-Yi Rd., Taiping Dist., Taichung city 411 TW	Country:	TW	
Site contact and job title:	Jimmy LEE / General Manager			
Site phone:	+886422780775	Site e-mail:	bs.sales@borsheng.com.tw	
SMETA Audit Pillars:	<input checked="" type="checkbox"/> Labour Standards	<input checked="" type="checkbox"/> Health and Safety (plus Environment 2-Pillar)	<input checked="" type="checkbox"/> Environment 4-pillar	<input checked="" type="checkbox"/> Business Ethics
Date of Audit:	2024-01-15			

Audit Company Name:
SGS Taiwan

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

Audit Content:

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

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

2-Pillar SMETA Audit

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

4-Pillar SMETA

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

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

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

SMETA Declaration

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

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

Auditor Team			
Lead Auditor:	Charles Su	APSCA Number:	21705083
Additional Auditors:			
Date of declaration:	2024-01-16		

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:	Jimmy LEE
Title:	General Manager
Date of declaration:	2024-01-16
Comments: <i>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</i>	
Nil	

Summary of Findings

Issue <small>(please click on the issue title to go direct to the appropriate audit results by clause)</small>	Area of Non-Conformity		Number of issues			Findings
	ETI	Local Law	NC	Obs	GE	
<u>0A - Universal rights covering UNGP</u>			0	0	0	
<u>0B - Management systems and code implementation</u>	0.B.1 0.B.3 0.B.5		3	0	0	NC - ZAF600322145 NC - ZAF600322146 NC - ZAF600322147
<u>1 - Freely chosen employment</u>	1.1		1	0	0	NC - ZAF600322143
<u>2 - Freedom of association and right to collective bargaining are respected</u>			0	0	0	
<u>3 - Working conditions are safe and hygienic</u>	3.1 3.1	§1	2	0	0	NC - ZAF600322148 NC - ZAF600322149
<u>4 - Child labour shall not be used</u>			0	0	0	
<u>5 - Living wages are paid</u>			0	0	0	
<u>6 - Working hours are not excessive</u>			0	0	0	
<u>7 - No discrimination is practiced</u>			0	0	0	
<u>8 - Regular employment is provided</u>			0	0	0	
<u>8A - Subcontracting and homeworking</u>			0	0	0	
<u>9 - No harsh or inhumane treatment is allowed</u>			0	0	0	
<u>10A - Entitlement to work and immigration</u>			0	0	0	
<u>10B2 - Environment 2-pillar</u>			0	0	0	
<u>10B4 - Environment 4-pillar</u>	10.B4.6		1	0	0	NC - ZAF600322144
<u>10C - Business ethics 4-pillar</u>			0	0	0	

Local Law Issues

Issue	Description
§1	Occupational Safety and Health Act: Chapter II Safety and Health Facilities: Article 6 The employers shall have the necessary safety and health equipment and measures that comply with regulations for the following items: 1. To prevent the risks of injuries posed by items such as machinery, equipment, and tools.

Site Details

Site Details			
Company Name	Cypress Precision Industrial Co.		
Site Name	Cypress Precision Industrial Co		
GPS location (if available)	GPS Address:	N/A	
	Coordinates:	24.209498462298374, 120.71667229974477	
Applicable business and other legally required licence numbers and documents, for example, business license number, liability insurance, any other required government inspections	Business license: 42669406; Factory registration: 66010413		
Products/Activities at site, for example, garment manufacture, electricals, toys, grower, cutting, sewing, packing etc	SCISSORS		
Site description: (Include size, location, and age of site. Also, include structure and number of buildings)	CYPRESS PRECISION (BOR SHENG) INDUSTRIAL CO., LTD. was established in Taichung, Taiwan as a blade processing factory originally in 1989, specialized in the design and manufacture blades and now a specialized production facility for manufacturing scissors.		
Structure and number of buildings	Building Name:		Building 1
	Floor	Description	Remark
	1	Office, QC room, Warehouse, Production area	N/A
	2	Office, meeting room, Employee Rest Area	N/A
Visible structural integrity issues (large cracks) observed?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: There were no visible structural integrity issues observed during factory tour including any cracks.		
Does the site have a structural engineer evaluation?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: Factory obtained valid public safety inspection certificate.		
Site function	<input type="checkbox"/> Agent <input checked="" type="checkbox"/> Factory Processing/Manufacturer <input type="checkbox"/> Finished Product Supplier <input type="checkbox"/> Grower <input type="checkbox"/> Homeworker <input type="checkbox"/> Labour Provider <input type="checkbox"/> Pack house <input type="checkbox"/> Primary Producer <input type="checkbox"/> Service Provider <input type="checkbox"/> Sub-contractor		
Months of peak season	August to December		

Process overview	The main production processes as follow: Raw Materials > IQC > Storage > Material Cutting > IPQC > Blade storage > STAMPING > SURFACE GRINDING > PQC > Assembly > PACKING > Finished product storage > QC > Shipping
What form of worker representation is there on site?	<input type="checkbox"/> Union <input checked="" type="checkbox"/> Worker Committee <input checked="" type="checkbox"/> Other <input type="checkbox"/> None
Please give details:	The Labour-Management Meeting was held quarterly.
Is there any night production work at the site?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Are there any on site provided worker accommodation buildings	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details:
Are there any off site provided worker accommodation buildings	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details:
Were all site provided accommodation buildings included in this audit	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: The HR management at the factory says they don't provide dorms for employees. Instead, foreign workers in the factory find their own housing through an agency (UNI-PROFESSION INT'L GROUP) and make rental agreements with landlords directly. This information has been confirmed through interviews with employees and by reviewing documents.

Audit Parameters				
Time in and time out	Day 1		Day 2	
	In	09:00	In	08:30
	Out	16:50	Out	14:30
Audit type:	FULL_INITIAL			
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	Jimmy LEE / General Manager			
Is further information available	No			

Audit attendance	Management	Worker Representatives	
	Senior management	Worker Committee representatives	Union representatives
A: Present at the opening meeting?	Yes	Yes	No
B: Present at the audit?	Yes	Yes	No
C: Present at the closing meeting?	Yes	Yes	No
<i>Reason for absence at the opening meeting</i>	No union existed at this factory. Local law did not require the trade union as a must. Worker Representatives were present.		
<i>Reason for absence during the audit</i>	No union existed at this factory. Local law did not require the trade union as a must. Worker Representatives were present.		
<i>Reason for absence at the closing meeting</i>	No union existed at this factory. Local law did not require the trade union as a must. Worker Representatives were present.		

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	15	0	0	4	0	0	0	19
Worker numbers – female	35	0	0	2	0	0	0	37
Total	50	0	0	6	0	0	0	56
Number of Workers interviewed – male	3	0	0	2	0	0	0	5
Number of Workers interviewed – female	6	0	0	2	0	0	0	8
Total – interviewed sample size	9	0	0	4	0	0	0	13

Nationalities Structure			
Nationality of Management	Taiwanese		
Please list the nationalities of all workers, with the three most common nationalities listed first.	Nationality 1:	Taiwanese	approx %: 89.3%
	Nationality 2:	Vietnamese	approx %: 10.7%
Was this list completed during peak season?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details:		
Worker remuneration	Workers on piece rate:	0%	
	Paid hourly:	0%	
	Salaried:	100%	
Payment cycle	Paid daily:	0%	
	Paid weekly:	0%	
	Paid monthly:	100%	
	Other:	0%	
	Details for other:	Nil	

Worker Interview Summary	
Were workers aware of the audit?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Were workers aware of the code?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Number of group interviews:	Thirteen workers were interviewed, consisting of one group of five and eight individuals. The interview included five males and eight females, among whom were two male and two female migrant workers from Vietnam.
Number of individual interviews:	Male: 4 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.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details:
Interviews were done in private and the confidentiality of the interview process was communicated to the workers?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
In general, what was the attitude of the workers towards their workplace?	<input checked="" type="checkbox"/> Favorable <input type="checkbox"/> Non-favourable <input type="checkbox"/> Indifferent
What was the most common worker complaint?	Workers generally satisfied with the working condition at this factory. No complaint or unhappiness to the factory management was stated during the interviews.
What did the workers like the most about working at this site?	They were all satisfied with the working condition, wages and treatment from factory management.
Any additional comment(s) regarding interviews:	All interviewed workers were cooperative and had a good relationship with management in general.
Attitude of workers to hours worked:	They were all satisfied with the working hours and overtime hours. Their overtime was voluntary. They could refuse overtime without any punishment and threat.
Is there any worker survey information available?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details:

Attitude of workers:
SGS auditor conducted confidential interviews with workers who were chosen freely without any influence from the factory management; 13 workers were selected for individual or group interviews; The worker interviews were conducted at an isolated area (meeting room). The workers were cooperative during the interview process and objective evidences / information were collected accordingly. They had good relationships with their supervisors and managers who treated them with respect. Based on worker interviews, all workers were satisfied with working condition and benefits offered by factory.
Attitude of worker's committee/union reps:
All worker representatives were open and friendly during the interview process. They showed up a positive attitude toward management and the workplace. Based on the interviews, they were pleased with the working conditions and benefits.
Attitude of managers:
In general, the factory fully assisted the audit, and demonstrated willingness to adopt continuous improvements on all the issues found during the audit.

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:

Factory appointed a person (Ms. Dian LEE/ Assistant Manager) of senior level responsible for implementing standards concerning Human Rights. They published a human rights statement on their bulletin board, training gave to any employee on the need to protect human rights. The terms and conditions for employees were stated in the working rules and all workers were communicated and aware of the grievance procedure.

Evidence examined:

- Working rules
- Human rights statement and policy posted on the bulletin board
- Interview with management and employees

Any other comments:

Nil

Policy statement that expresses commitment to respect human rights?

☒ Yes ☐ No

Please give details:

Businesses let the policy endorse at the highest level, covering human rights impacts and issues, and ensure it is communicated to all appropriate parties, including its own supplier.

Are the policies included in workers' manuals?

☒ Yes ☐ No

Please give details:

The policies were included in work rule.

Does the business have a designated person responsible for implementing standards concerning Human Rights?

☒ Yes ☐ No

Please give details:

Ms. Dian LEE/ Assistant Manager

Does the business have a transparent system in place for confidentially reporting, and dealing with human rights impacts without fear of reprisals towards the reporter?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: Suggestion box, confidential e-mail and hotline were established and an appointed employee (Ms. Dian LEE/ Assistant Manager) was responsible for dealing with the grievance issues.
Does the grievance mechanism meet UNGP expectations? (Legitimate, Accessible, Predictable, Equitable, Transparent, Rights-compatible, a source of continuous learning and based on stakeholder engagement)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the business demonstrate effective data privacy procedures for workers' information, which is implemented?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: All employee information and personnel files were kept locked in the human resources office and only viewed by the HR Section Manager and HR team.
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 3.3% This year 1.2%
Current % quarterly (90 days) turnover(Number of workers leaving from the first of the 90 day period through to the last day of the 90 day period / [(number of employees on the 1st day of 90 day period + number of employees on the last day of the 90 day period) / 2])	2.6%
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 0.0% This year 0.0%
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)	0.0%
Are accidents recorded?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: Factory recorded the work accidents in accordance with legal requirement.
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 0.0% This year 0.0%

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

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

0B: Compliance Requirements

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

Current Systems and Evidence Examined

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

Current Systems:

- Based on document review (Conduct of social responsibility code) and interview with management and site tour observation, ETI Code was announced and communicated to all employees in this factory.
1. Factory appointed a senior management (Ms. Dian LEE/ Assistant Manager) to be responsible for the compliance of the Code.
2. The factory obtained correct business license as legal permissions, also obtained the land ownership certificate from land owner to ensure land rights which complied with legal requirement.
3. SA management system for compliance to this Code was in place for delivering compliance to this Code.

Evidence examined:

- Interview with management and employees
- Ethical code of conduct at the factory
- Business license
- Factory registration certificate
- Land ownership certificate

Any other comments:

Nil

Management Systems

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

☐ Yes ☒ No

Please give details:

No such condition happened in the last 12 months.

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

☒ Yes ☐ No

Please give details:

Policies existed for Child Labour, Recruitment, Forced labour, Health and Safety, Living Wage, Working Hours, Discrimination, No harsh treatment and abuse, Business Ethics and Environment.

If Yes, is there evidence (an indication) of effective implementation? Please give details.	Policies existed for Child Labour, Recruitment, forced labour, Health and Safety, Living Wage, Working Hours, Discrimination, No harsh treatment and abuse, and Business Ethics.; these were communicated to workers via poster and some of these (e.g. H&S and Business Ethics issue) were via annual training. Workers stated no forced labour existed and no child labour was found (through interview and document checks), there were both female and male among management/supervisors.
Have managers and workers received training in the standards for forced labour, child labour, discrimination, harassment & abuse?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: Standards on forced labour, child labour, discrimination, harassment & abuse were communicated to workers through posters and regular training on these issues.
If Yes, is there evidence (an indication) that training has been effective e.g. training records etc.? Please give details	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: Training records with evaluation score were well kept in file.
Does the site have any internationally recognised system certifications e.g. ISO 9000, 14000, OHSAS 18000, SA8000 (or other social audits)?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: ISO 9001:2015 (Cert.#: ARES/TW/I2311141Q, Issue date: 2023-11-23, Expiration date: 2026-11-22; ISO 14001:2015 (Cert.#: ARES/TW/I2311141E, Issue date: 2023-11-23, Expiration date: 2026-11-22)
Is there a Human Resources manager/department?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Ms. Sandy Huang/ HR management representative
Is there a senior person /manager responsible for implementation of the code?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: Ms. Dian LEE/ Assistant Manager
Is there a policy to ensure all worker information is confidential?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: Factory complied with personal information protection notification as policy. All worker information was kept in files and locked in the HR office.
Is there an effective procedure to ensure confidential information is kept confidential?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: All worker information was kept in files and locked in the HR office.
Are risk assessments conducted to evaluate policy and procedure effectiveness?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: Factory had conducted risk evaluation about code implementation. However, the risk assessment content does not include the control measures for suppliers and certain occupational safety risks.

Does the facility have a process to address issues found when conducting risk assessments, including implementation of controls to reduce identified risks?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: Factory had conducted risk evaluation about code implementation.
Does the facility have a policy/code which require labour standards of its own suppliers?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: The factory did not communicate the code nor had provide CSR training to the employee.
Land Rights	
Does the site have all required land rights licenses and permissions (see SMETA Measurement Criteria)?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The Land ownership certificate was available at site. Factory had lease contract with the land owner.
Does the site have systems in place to conduct legal due diligence to recognize and apply national laws and practices relating to land title?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: Mr. Jimmy Lee / Factory Manager was responsible for this issue, and the business license was available which complied with legal requirement.
Does the site have a written policy and procedures specific to land rights?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The Land ownership certificate, policy and procedures were available at site.
Is there evidence that facility/site compensated the owner/lessor for the land prior to the facility being built or expanded?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: Not applicable. The Land ownership certificate was available at site.
Does the facility demonstrate that alternatives to a specific land acquisition were considered to avoid or minimize adverse impacts?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: Not applicable. The Land ownership certificate was available at site.
Is there any evidence of illegal appropriation of land for facility building or expansion of footprint?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: Not applicable. The Land ownership certificate was available at site.

Non-Compliance		Evidence																													
[Back to findings summary]																															
<table border="1"> <thead> <tr> <th colspan="2">Non-Compliance</th> </tr> </thead> <tbody> <tr> <td>Status</td> <td>OPEN</td> </tr> <tr> <td>Reference</td> <td>ZAF600322145</td> </tr> <tr> <td>Clause</td> <td>0B - Management Systems and code Implementation</td> </tr> <tr> <td>Issue Title</td> <td>36 - No / inadequate system in place to monitor the site's own suppliers against social standards</td> </tr> <tr> <td>Subcategory</td> <td>Site's Systems to Manage Supplier Compliance</td> </tr> <tr> <td>New or carried over?</td> <td> <input checked="" type="checkbox"/> New <input type="checkbox"/> Carried Over </td> </tr> <tr> <td>Root cause</td> <td> <input type="checkbox"/> Training <input type="checkbox"/> System <input type="checkbox"/> Costs <input type="checkbox"/> Lack of workers <input checked="" type="checkbox"/> Other </td> </tr> <tr> <td>Root cause - Other</td> <td>Concept insufficiency</td> </tr> <tr> <td>ETI code</td> <td>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.</td> </tr> <tr> <td>Explanation to the non compliance</td> <td>The factory did not communicate this ethical code to their own suppliers and, where reasonably practicable, extend the principles of this Ethical Code through their supply chain. (E.g. suppliers, HR agency)</td> </tr> <tr> <td>Follow up method</td> <td> <input type="checkbox"/> Follow up audit <input checked="" type="checkbox"/> Desktop audit </td> </tr> <tr> <td>Timescale</td> <td> <input type="checkbox"/> Immediate <input type="checkbox"/> 30 days <input checked="" type="checkbox"/> 60 days <input type="checkbox"/> 90 days <input type="checkbox"/> 120 days <input type="checkbox"/> 180 days <input type="checkbox"/> 365 days <input type="checkbox"/> Other </td> </tr> <tr> <td>Actions</td> <td>The factory should communicate this ethical code to their own suppliers and, where reasonably practicable, extend the principles of this Ethical Code through their supply chain.</td> </tr> </tbody> </table>			Non-Compliance		Status	OPEN	Reference	ZAF600322145	Clause	0B - Management Systems and code Implementation	Issue Title	36 - No / inadequate system in place to monitor the site's own suppliers against social standards	Subcategory	Site's Systems to Manage Supplier Compliance	New or carried over?	<input checked="" type="checkbox"/> New <input type="checkbox"/> Carried Over	Root cause	<input type="checkbox"/> Training <input type="checkbox"/> System <input type="checkbox"/> Costs <input type="checkbox"/> Lack of workers <input checked="" type="checkbox"/> Other	Root cause - Other	Concept insufficiency	ETI code	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.	Explanation to the non compliance	The factory did not communicate this ethical code to their own suppliers and, where reasonably practicable, extend the principles of this Ethical Code through their supply chain. (E.g. suppliers, HR agency)	Follow up method	<input type="checkbox"/> Follow up audit <input checked="" type="checkbox"/> Desktop audit	Timescale	<input type="checkbox"/> Immediate <input type="checkbox"/> 30 days <input checked="" type="checkbox"/> 60 days <input type="checkbox"/> 90 days <input type="checkbox"/> 120 days <input type="checkbox"/> 180 days <input type="checkbox"/> 365 days <input type="checkbox"/> Other	Actions	The factory should communicate this ethical code to their own suppliers and, where reasonably practicable, extend the principles of this Ethical Code through their supply chain.	
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ETI code	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.																														
Explanation to the non compliance	The factory did not communicate this ethical code to their own suppliers and, where reasonably practicable, extend the principles of this Ethical Code through their supply chain. (E.g. suppliers, HR agency)																														
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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 in place.
2. Based on interview with the management / workers and documents review, effective employment policy & procedure were established.
3. All workers could resign freely by notifying the management 7~30 days in advance.
4. All workers were not requested to leave any deposit or document to factory such as training fee, fee for tools, fee for uniforms, or original documents such as ID papers. Only copies of ID must be kept in the personnel files and the original given back to the workers.
5. No forced, bonded, involuntary labour and prison labour was used in accordance with on-site observation and worker interview.
6. All workers were free to leave at the end of their shift.
7. All workers were permitted time-off with doctor's certificate or note when sick or maternity.

Evidence examined:

- Personnel files
- Resignation records
- Leave records
- Working rules
- Management and worker interview

Any other comments:

Nil

Is there any evidence of retention of original documents, e.g. passports/ID' (If yes, please give details and category of workers affected)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details:
Is there any evidence of a loan scheme in operation (If yes, please give details and category of workers affected)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details:
Is there any evidence of retention of wages / deposits (If yes, please give details and category of workers affected)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details:
Are there any restrictions on workers' freedom to terminate employment?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: No such condition existed in the factory.
If any part of the business is UK based or registered there & has a turnover over £36m, is there a published a 'modern day slavery statement?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not Applicable Please give details: No such condition existed in the factory.

Is there evidence of any restrictions on workers' freedoms to leave the site at the end of the work day?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: According to onsite observation and interview with workers, no restriction on workers' freedom to leave the site at the end of the working day.
Does the site understand the risks of forced / trafficked / bonded labour in its supply chain	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable Please give details: The factory representative acknowledges the risks of forced, trafficked, or bonded labor in its supply chain. They have taken steps to address these concerns by establishing relevant policies and procedural documents.
Is the site taking any steps taking to reduce the risk of forced / trafficked labour?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The factory had set up grievance system/procedure such as suggestion box, confidential e-mail and hotline, employee could raise concerns to their supervisors directly or through grievance system/procedure.

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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:

Based on interview with the management / workers and documents review, the effective policy & procedure were established on Working Rules, Labour Consultative Meeting, Policy of association and collective bargaining.

1. Although trade union was not formed, communication between management and workers ran well.
2. All interviewees were aware that they had right to choose and join any trade union and confirmed that they could raise concerns to their supervisors directly or through grievance system/procedure.
3. No grievance and complaint to the management as confirmed by interviewed workers.
4. The Labour Consultative Meeting was set up and regularly held once per 3 months which much better than the legal requirement. The related and last records were well kept in file.

Evidence examined:

- Workers interview
- Management interview
- The Labour Consultative Meeting records
- Working rules (policy on freedom of association)

Any other comments:

Nil

What form of worker representation/union is there on site? (Please add the name of the union or committee in the textbox)	<input type="checkbox"/> Union <input checked="" type="checkbox"/> Worker Committee <input type="checkbox"/> Other <input type="checkbox"/> None
Other details:	2 worker representatives via election existed (Labour Consultative Meeting)
Is it a legal requirement to have a union?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is it a legal requirement to have a worker's committee?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Is there any other form of effective worker/management communication channel? (Other than union/worker committee e.g. H&S, sexual harassment)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: Labour Consultative Meeting
Is there evidence of free elections?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

Does the supplier provide adequate facilities to allow the Union or committee to conduct related business?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: Factory conducted labour-management conference with representative employee who was freely elected. Due to no formal union and worker committee existed.
Name of union and union representative, if applicable:	N/A. Due to no formal union existed.
Is there evidence of free elections?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not Applicable
If there is no union, is there a parallel means of consultation with workers e.g. worker committees?	They could raise concerns to their supervisors directly or through suggestion box/ hotline / confidential email or through Labour Management Meeting.
Is there evidence of free elections?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable
Are all workers aware of who their representatives are?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: 2 worker representatives via election existed in the factory.
Were worker representatives freely elected?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Date of last election:	2023-06-12
Do workers know what topics can be raised with their representatives?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Were worker representatives/union representatives interviewed?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
If Yes, please state how many:	2.0
Please describe any evidence that union/worker's committee is effective? Specify date of last meeting; topics covered; how minutes were communicated etc.	Factory conducted labour-management conference with representative employee who was freely elected. Due to no formal union and worker committee existed.
Are any workers covered by Collective Bargaining Agreement (CBA)?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

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

3: Compliance Requirements

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

Current Systems and Evidence Examined

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

Current Systems:

Based on interview with the management / workers and documents review, effective safety, health and hygienic policy & procedure were established such as machines maintenance records, fire safety inspection records and evacuation map, etc.

1. For factory, there were at least two fire exits at each floor and these were clearly marked.
2. The maps of factory evacuation route were publicly posted at each layer on site.
3. One first aid kits filled with adequate medicines were placed at each working area.
4. Firefighting equipment were properly installed and checked regularly.
5. There was 1 qualified first-aid personnel in the factory in accordance with legal requirement.
6. The fire safety inspection had been conducted on Oct. 23, 2023, and the reports were submitted to the local fire department as record.
7. The factory conducted fire drill which covered the use of firefighting system and evacuation drill twice per year.
8. Firefighting equipment were properly installed and checked regularly.
9. There were training records/ photos on the use of fire extinguishers/ hydrants, and factory evacuation procedures were implemented.
10. 1 employee attended the forklift driver training course and obtained their certificates.
11. The injury/ accident records were well kept.
12. All machines were fitted with emergency stop button. Proper protective devices were installed at relevant machines.
13. Toilets were sufficient and separated by sex.
14. There were one personnel in the factory had been trained by Occupational safety and health management personnel in accordance with legal requirement.
15. Material Safety Data Sheets were posted on chemical storage and handling area.
16. Smoking was restricted at specific area in the factory and the signs of « No Smoking» were posted in the public area in the buildings.

Evidence examined:

- Health and safety policy
- Health and safety manual
- Health and safety training records
- Fire equipment maintenance records
- Fire drill and evacuation drill records
- Evacuation map
- Training records/ photos on the use of fire extinguishers/ hydrants
- Regular health examination record
- Pest control plan and record
- Injury/ accident records
- Electrical wires/appliances inspection records
- Chemical list and MSDS for each chemical
- Interview with H&S manager
- Interviews with workers


Any other comments:

Nil

Does the facility have general and occupational Health & Safety policies and procedures that are fit for purpose and are these communicated to workers?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The factory had established H&S policies and procedures. One H&S manager was appointed to be responsible for H&S issues, and H&S training courses were provided to workers regularly as well.
Are the policies included in workers' manuals?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: H&S policies and procedures were established in working rules and H&S working rules.
Are there any structural additions without required permits/inspections (e.g. floors added)?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: There were not any structural additions including added floors and partitions.
Are visitors to the site informed on H&S and provided with personal protective equipment?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: Appropriate PPE was provided at production area if needed.
Is a medical room or medical facility provided for workers?(This section is to list evidence to support system description (Documents examined & relevant comments. Include renewal/expiry date where appropriate))	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: No professional medical room provided. Based on site observation, the factory is equipped with first aid kits in each work area, and there is also an AED system installed within the premises.
Is there a doctor or nurse on site or there is easy access to first aider/ trained medical aid?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: 1 employee attended the first aid training course and obtained the certificate.
Where the facility provides worker transport – is it fit for purpose, safe, maintained and operated by competent persons e.g. buses and other vehicles?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: Not applicable. Factory did not provide worker transport.
Is secure personal storage space provided for workers in their living space and is fit for purpose?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: Locked personal storage is provided for workers in this factory.
Are H&S Risk assessments are conducted (including evaluating the arrangements for workers doing overtime e.g. driving after a long shift) and are there controls to reduce identified risk?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: Factory had conducted risk evaluation. However, the risk assessment content does not include the control measures for suppliers and certain occupational safety risks.

<p>Is the site meeting its legal obligations on environmental requirements including required permits for use and disposal of natural resources?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Please give details:</p> <p>The factory register certificate and business license were available as per local legal requirement. No environmental permit and license were required by local government because no hazardous waste, no air emission, and no manufacturing wastewater was generated. General wastes and solid manufacturing wastes were properly managed such as recycling and handling by other product company or garbage truck.</p>
<p>Is the site meeting its customer requirements on environmental standards, including the use of banned chemicals?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Please give details:</p> <p>No banned chemicals existed in the factory. The factory had the MSDS and a copy of the chemical list from its customer and met those requirements.</p>

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

4: Compliance Requirements

4.1 There shall be no new recruitment of child labour.

4.2 Companies shall develop or participate in and contribute to policies and programmes which provide for the transition of any child found to be performing child labour to enable her or him to attend and remain in quality education until no longer a child.

4.3 Children and young persons under 18 shall not be employed at night or in hazardous conditions.

4.4 These policies and procedures shall conform to the provisions of the relevant ILO Standards.

Current Systems and Evidence Examined

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

Current Systems:

Based on interview with the management/ workers and documents review, effective employment policy & procedure were established such as working rules, personnel files, policy of forbidding child labour, ID card and site observation. No evidence of child labour and young worker was identified during the audit.

1. According to the requirement procedure, original ID card was verified for age issue at the beginning of recruitment.

2. Copies of ID card were kept in personnel profile.

3. No evidence of child labour and young worker was identified during the audit.

4. The age of youngest worker was 23 years old (Birthday: Jun. 18, 2000, Hiring date: Nov. 14, 2023).

5. The factory established effective employment policy and recruitment procedure.

Evidence examined:

- Personnel files of sampled workers
- Latest list of employees
- Employment policy and recruitment procedure
- On site observation
- Interview with workers

Any other comments:

Nil

Legal age of employment:	16
Age of youngest worker found:	23
Are there children present on the work floor but not working at the time of audit?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Percentage of under 18's at this site (of total workers)	0.0%
Are workers under 18 subject to hazardous work assignments?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: N/A (No worker under 18 was hired in this factory.)

5 - Living Wages are Paid [Summary of Findings]
<p>5: Compliance Requirements</p> <p>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.</p> <p>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.</p> <p>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.</p>
Current Systems and Evidence Examined
<p><i>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.</i></p>
Current Systems:
<p>Based on interview with the management / workers and documents review, effective Living Wages policy & procedure were established such as updated regulations and excel system management.</p> <p>1. Factory paid wages to all workers by bank transfer for all workers on the 5th of each month for 1st to end date wage of last month.</p> <p>2. All employees were provided with a written and understandable statement of their pay.</p> <p>3. Deduction items were fair, reasonable and legal such as income tax and fees of National Health Insurance/ Labor Insurance.</p> <p>4. The minimum wage was NTD 26,400 /month that met legal requirement. (The salary review period spans from January 2023 to December 2023.)</p>
Evidence examined:
<ul style="list-style-type: none"> · Document review · Worker interview · Wages and benefits policy · Local legal minimum wage documents · Payroll records from Jan. 2023 to Dec. 2023 · Leave records · Payment receipts of National Health Insurance/ Labor Insurance · Resignation records · Payslips of all interviewed workers
Any other comments:
<p>Nil</p>

Summary Information			
Criteria	Local Law	Actual at the Site	Is this part of a Collective Bargaining Agreement?
Standard/Contracted work hours: (Maximum legal and actual required working hours excluding overtime, please state if possible per day, week, and month)	Legal Maximum Per Day: 8.0 Per Week: 40.0 Per Month: null	Actual Per Day: 8.0 Per Week: 40.0 Per Month: null	NO
Overtime hours: (Maximum legal and actual overtime hours, please state if possible per day, week, and month)	Legal Maximum Per Day: 4.0 Per Week: null Per Month: 46.0	Actual Per Day: 3.0 Per Week: 14.0 Per Month: 20.0	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: 26400.0	Actual Per Day: null Per Week: null Per Month: 26400.0	NO
Overtime wage: (Minimum legal and actual minimum overtime wage at site, please state if possible per hr, day, week, and month)	Legal Maximum Per Day: null Per Week: null Per Month: null	Actual Per Day: null Per Week: null Per Month: null	NO
Wages Analysis:			
Were accurate records shown at the first request?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
Sample Size Checked (State number of worker records checked and from which weeks/months – should be current, peak, and random/low. Please see SMETA Best Practice Guidance and Measurement Criteria)	Factory paid wages to workers by transfer to worker's personal bank account at the 5th of next month for the wage period from 1st date to end last month. 13 samples from Dec. 2023(current), 13 samples from Jun. 2023, 13 samples from Feb. 2023.		
Are there different legal minimum wage grades? If Yes, please specify all.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
If there are different legal minimum grades, are all workers graded and paid correctly?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not Applicable Please give details:		
For the lowest paid production workers, are wages paid for standard/contracted hours (excluding overtime) below or above the legal minimum?	<input type="checkbox"/> Below legal min <input checked="" type="checkbox"/> Meet <input type="checkbox"/> Above		
Lowest actual wages found: Note: full time employees and please state hour / week / month etc.	The lowest wage paid to a production employee was NTD26,400 per month that met the legal requirement.		
Please indicate the breakdown of workforce per earnings	0.0% of workforce earning under minimum wage 32.0% of workforce earning minimum wage 68.0% of workforce earning above minimum wage		
Bonus Scheme found: Please specify details:	Bonus Scheme found: Bonus Scheme found: Bonus Scheme found: Annual bonus; Overtime bonus; Production bonus. Note: type of employee (e.g. full time, temp, etc.) and please state which units e.g. /hour /week /month etc. 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:	Fee for health insurance and labour insurance, Income tax.		
Have these deductions been made?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
Please list all deductions that have been made.	1. Fee for labor insurance 2. Fee for health insurance 3. Income tax.		
Please list all deductions that have not been made.	Nil		
Were appropriate records available to verify hours of work and wages?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
Were any inconsistencies found? (if yes describe nature)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		

Do records reflect all time worked? (For instance, are workers asked to attend meetings before or after work but not paid for their time)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: As per records check, all records reflected all time worked.
Is there a defined living wage: This is not normally minimum legal wage. If answered yes, please state amount and source of info: Please see SMETA Best Practice Guidance and Measurement Criteria.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: NTD 15,472 / Month in Kaohsiung City
If yes, what was the calculation method used.	<input type="checkbox"/> ISEAL/Anker Benchmarks <input type="checkbox"/> Asia Floor Wage <input type="checkbox"/> Figures provided by Unions <input type="checkbox"/> Living Wage Foundation UK <input type="checkbox"/> Fair Wear Wage Ladder <input type="checkbox"/> Fairtrade Foundation <input checked="" type="checkbox"/> Other – please give details:
If other, please explain:	Local announcement from Ministry of Health and Welfare
Are there periodic reviews of wages? If Yes give details (include whether there is consideration to basic needs of workers plus discretionary income).	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: HR department would collect and review the minimum local wage rate regularly.
Are workers paid in a timely manner in line with local law?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Is there evidence that equal rates are being paid for equal work:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: Based on payroll review, equal work was paid with equal rate in general. Some wage difference existed due to different working position, seniority, etc.
How are workers paid:	<input type="checkbox"/> Cash <input type="checkbox"/> Cheque <input checked="" type="checkbox"/> Bank Transfer <input type="checkbox"/> 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:

Based on interview with the management / workers and documents review, Working Hours policy & procedure were established such as updating the latest regulations and computer system management.

1. The factory recorded the workers working hours by facial recognition for attendance tracking for all workers.

2. Based on attendance records review, the actual working hours were within legal requirements

3. All workers had two days off in every seven days.

4. Normal working hour was 8 hours per day, 5 days/ Week, 40 hours/ week.

5. All employees and workers work from 8:00 am to 5:00 pm with 60 minutes lunch break and rest each day on 10:00-10:10 and 15:00-15:10.

6. Based on employees' interview, all interviewed employees stated that their overtime is voluntary, and they can refuse overtime without any punishment.

Evidence examined:

- Employee interview
- Management interview
- Factory policy on working hours
- Attendance records
- Payrolls with recorded hours of all interviewed workers
- Attendance record

Any other comments:

Nil

Working hours' analysis

Systems & Processes

What timekeeping systems are used?

The factory recorded the workers working hours by facial recognition for attendance tracking system for all workers.

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.)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Are there any other types of contracts/employment agreements used?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Do any standard/contracted working hours defined in contracts/employment agreements exceed 48 hours per week? (If yes, please detail hours, %, types of workers affected and frequency.)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Are workers provided with at least 1 day off in every 7-day-period, or 2 in 14-day-period?	<input checked="" type="checkbox"/> 1 in 7 days <input type="checkbox"/> 2 in 14 days <input type="checkbox"/> No (please explain)
Is this allowed by local law?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Maximum number of days worked without a day off (in sample):	5
Standard/Contracted Hours worked	
Were standard working hours over 48 hours per week found? (If yes, % of workers & frequency)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No % of workers: null% Frequency:
Any local waivers/local law or permissions which allow averaging/annualised hours for this site? (If yes, please give details.)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Overtime Hours worked	
Actual overtime hours worked in sample (State per day/week/month)	Highest OT hours: Sample from Dec. 2023(Current): 3 hours on normal day; 14 hours/week; 20 hours/month Sample from Jun. 2023(random): 0 hours on normal day; 0 hours/week; 0 hours/month Sample from Feb. 2023(random): 0 hours on normal day; 0 hours/week; 0 hours/month
Combined hours (standard or contracted + overtime hours = total) over 60 found?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: Maximum week hours in Sep. 2023: 20 hours
Approximate percentage of total workers on highest overtime hours:	5.3%
Is overtime voluntary? (Please detail evidence e.g. Wording of contract / employment agreement / handbook / worker interviews / refusal arrangements)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Conflicting Information Please give details: Interviewed employees stated that their overtime was voluntary. They could refuse overtime without any punishment and threat.
Overtime premium	

Are the correct legal overtime premiums paid? (Please give details of normal day overtime premium as a % of standard wages)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A – there is no legal requirement to OT premium Please give details: Added additional 1/3 on respective worker's hourly wage for the first 2 overtime hours on weekday, Additional 2/3 for the second 2 consecutive overtime hours on weekday Rest days: Added additional 1-1/3 on respective worker's hourly wage for the first 2 overtime hours on rest day Additional 1-2/3 for the consecutive overtime hours over two hours on rest day. Two times for the regular hourly wage on Holiday.
Is overtime paid at a premium?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No 134% - 267% of respective worker's hourly wage.
If the site pays less than 125% OT premium and this is allowed under local law, are there other considerations? Please complete the boxes where relevant.	<input checked="" type="checkbox"/> No <input type="checkbox"/> Consolidated pay <input type="checkbox"/> Collective Bargaining agreements <input type="checkbox"/> Other
Please give details	N/A
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)	<input checked="" type="checkbox"/> Overtime is voluntary <input type="checkbox"/> Onsite Collective bargaining allows 60+ hours/week is voluntary <input type="checkbox"/> Safeguards are in place to protect worker's health and safety <input type="checkbox"/> Site can demonstrate exceptional circumstances <input type="checkbox"/> Other reasons (please specify)
Please explain any checked boxes above e.g. detail of consolidated pay / CBA or other	N/A. Not any employees overtime than 60 total hours per week in the past.
Is there evidence that overtime hours are being used for extended periods to make up for labour shortages or increased order volumes?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Based on document review and interview management. Factory declared that overtime hours are being used for extended periods to make up for labour shortages or increased order volumes.
If sufficient workers cannot be hired, are new working time arrangements explored to ensure that overtime is the exception rather than the rule?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

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:

Based on interview with the management / workers and documents review, effective no discrimination policy & procedure were established and implemented such as working rules, documented policy, training records and recruiting procedure

1. Policy on discrimination was available.
2. Factory did not request pregnancy testing for hired female workers.
3. No discrimination in hiring, compensation, welfare, dismiss and retirement despite of race, nationality, religion, disability, gender, age, sexual orientation or political affiliation was found in this factory.
4. Employees were assigned jobs based on their working experiences and ability, and same wage was paid for the same job.
5. No evidence of any form of discrimination was identified during the audit.
6. None of interviewed female workers complained any form of sexual discrimination.
7. Gender divisions did not exist in the factory; both female and male workers were distributed in all types of work.
8. There was an internal grievance process in this factory and all workers were aware of the grievance channels in case they encountered any discrimination cases.

Evidence examined:

- Documented policy on discrimination
- The hiring and termination procedure
- Payrolls
- Termination records
- Training records

Any other comments:

Nil

Gender breakdown of Management + Supervisors (Include as one combined group)	Male: 50.0%	Female: 50.0%
Number of women who are in skilled or technical roles (e.g. where specific qualifications are needed i.e. machine engineer / laboratory analyst)	1 Production chief, 2 Administrative chief, 1 Finance & Accounting	
Is there any evidence of discrimination based on race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation?	<input type="checkbox"/> Hiring <input type="checkbox"/> Promotion	<input type="checkbox"/> Compensation <input type="checkbox"/> Termination or retirement <input type="checkbox"/> Access to training <input checked="" type="checkbox"/> No evidence of discrimination found
Please give details	N/A	
Professional Development		
What type of training and development are available for workers?	All workers were given Labor and H&S training.	

Are HR decisions e.g. promotion, training, compensation based on objective, transparent criteria? (If no, please provide details)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
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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:

Based on interview with the management / workers and documents review, effective Regular Employment policy & procedure were established and implemented such as working rules, documented policy and other benefit records.

All employees were recruited by the factory through hiring service of legal foreign migrant labour agency. No temporary worker, apprenticeship schemes or home worker was identified by the auditors.

1. Continual employment was provided to all workers.

2. No negative evidence was identified for home working and apprenticeship use.

3. Annual leave, health inspection, benefits and bonus were provided to all employees.

4. The factory employed 6 Vietnam (4 male & 2 female) workers through legal process which approved by sending countries' government. The fees were paid by workers within allowable limit set by law. However, it meets the requirements of the law but does not meet ETI expectations.

Evidence examined:

- The hiring and termination records
- Personal files
- Payroll records were provided for review
- Attendance records were provided for review

Any other comments:

Nil

Responsible Recruitment

All Workers

Were all workers presented with terms of employment at the time of recruitment, did they understand them and are they same as current conditions?

- | | |
|--|---|
| <input checked="" type="checkbox"/> Terms & Conditions presented | <input checked="" type="checkbox"/> Understood by workers |
| <input checked="" type="checkbox"/> Same as actual conditions | |

Did workers pay any fees, taxes, deposits or bonds for the purpose of recruitment/placement? (If yes, please describe details and specific category(ies) of workers affected)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No The factory employed 6 Vietnam workers through legal process which approved by sending countries' government. The fees were paid by workers within allowable limit set by law. However, it meets the requirements of the law but does not meet ETI expectations.	
If yes, check all that apply:	<div style="display: flex; flex-wrap: wrap;"> <div style="width: 50%;"> <input checked="" type="checkbox"/> Recruitment / hiring fees <input checked="" type="checkbox"/> Application costs <input type="checkbox"/> Placement fees <input type="checkbox"/> Skills tests <input type="checkbox"/> Medical screenings <input checked="" type="checkbox"/> Work / resident permits <input type="checkbox"/> Police clearance fees <input type="checkbox"/> Any transport costs between work place and home <input type="checkbox"/> New hire training / orientation fees <input type="checkbox"/> Deposit bonds or other deposits <input checked="" type="checkbox"/> Other (please specify) </div> <div style="width: 50%;"> <input checked="" type="checkbox"/> Service fees <input type="checkbox"/> Recommendation fees <input type="checkbox"/> Administrative, overhead or processing fees <input type="checkbox"/> Certifications <input type="checkbox"/> Passports/ID's <input type="checkbox"/> Birth certificates <input type="checkbox"/> Any transportation and lodging costs after employment offer <input type="checkbox"/> Any relocation costs after commencement of employment <input checked="" type="checkbox"/> Medical exam fees <input type="checkbox"/> Any other non-monetary assets </div> </div>	
Please give details for others	Airplane ticket fee	
If any checked, give details	The factory employed 6 Vietnam workers through legal process which approved by sending countries' government. The fees were paid by workers within allowable limit set by law. However, it meets the requirements of the law but does not meet ETI expectations.	
Migrant Workers		
Type of work undertaken by migrant workers:	Machine and packing operator	
Please give details about recruitment agencies for migrant workers:	Number of (in country) recruitment agencies used: 1 Number of (outside of local country) recruitment agencies used: 0	
Are migrant workers' voluntary deductions (such as for remittances) confirmed in writing by the worker and is evidence of the transaction supplied by the facility to the worker?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The fees were paid by workers within allowable limit set by law such as the fees of national health and labor insurance met local law requirement.	
Is there any observation on this finding?	No negative evidence was identified.	
Are any migrant workers in skilled, technical or management roles? (This should include all migrant workers including permanent workers, temporary and/or seasonal workers)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Non-employee workers		

Recruitment Fees	
Are there any fees?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Agency Workers (if applicable) (Workers sourced from a local agent who are not directly paid by the site, but paid by the agency. Usually the agencies are paid by the site and the wages of the individual workers are paid by the agency.)	
Number of agencies used (average):	0
Please provide the names of agencies if applicable	N/A. No agency worker was used.
Were agency workers' age / pay / hours included within the scope of this audit?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Were sufficient documents for agency workers available for review?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is there a legal contract agreement with all agencies?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: N/A
Does the site have a system for checking labour standards of agencies?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: N/A
Contractors (Contractors in this context are generally individuals who supply several workers to a site. Usually the contractors are paid by the site and the wages of the workers are paid by the contractor. Common terms include, gang bosses, labor provider.)	
Any contractors on site?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: No contractor was hired in this factory.
Do all contractor workers understand their terms of employment?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: No contractor was hired in this factory.

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

8A: Compliance Requirements

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

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

Current Systems and Evidence Examined

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

Current Systems:

Based on site observation, document review and interview with management.

1. There were no sub-contractors.
2. No home-working existed in the factory.

Evidence examined:

- Materials in/out records
- Management interview
- Worker interview

Any other comments:

Nil

Summary of sub-contracting – if applicable

Is there any sub-contracting at this site? ☐ 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:

Based on interview with the management / workers and documents review, the policies of No Harsh or Inhumane Treatment were established and implemented.

1. No evidence of physical abuse or discipline, threat of physical abuse, sexual coercion, verbally threaten, exploitation, harassment or intimidation was identified. Interviewed workers generally expressed positive feedback to the treatment from factory management.

2. Communications between management and the workers were unimpeded. The interviewed workers confirmed that any complaint or unhappiness could be reflected to their employer directly or through internal confidential email or hotline.

3. Written management rule was established; workers were communicated and aware of the rules.

Evidence examined:

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

Any other comments:

Nil

Are there published, anonymous and/or open channels available for reporting any violations of Labour standards and H&S or any other grievances to a 3rd party?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: There were suggestion box, internal confidential e-mail and hotline for reporting grievances.
If yes, are workers aware of these channels and have access? Please give details.	All workers were aware of these processes for reporting grievances.
If yes, what type of mechanism is used e.g. hotline, whistle blowing mechanism, comment box etc. Please give details.	Suggestion box, confidential e-mail and hotline were used in this factory. Issues were discussed and investigated by appointed senior management.
Which of the following groups is there a grievance mechanism in place for?	<input checked="" type="checkbox"/> Worker <input type="checkbox"/> Communities <input type="checkbox"/> Suppliers <input type="checkbox"/> Other
Please provide grievance mechanism details	Grievance process was set up. All workers could express their concerns or complaints to the employer directly or through suggestion box/ e-mail/ phone call/, grievance process, and labor management conference.
Are there any open disputes?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details:
Is there a published and transparent disciplinary procedure?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details:
If yes, are workers aware of these the disciplinary procedure?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details:
Does the disciplinary procedure allow for deductions from wages (fines) for disciplinary purposes (see wages section)?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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:

Based on interview with the management/ workers and documents review, the entitlement of labour and working was stated in worker rules and published to all workers.

1. All workers were reviewed and validated for the legal right to work during the hiring process.

2. For local workers, the factory recruited the new workers through advertisement in employment service station / internet (Manpower bank) and another employee's recommendation.

3. The workers were aware of the terms and conditions of employment (wage, working hours, pay day, benefits, job position, annual leave, rules, etc) by proper training courses at commencement of employment, which was confirmed by the interviewed workers.

Evidence examined:

- Hiring procedure
- Personnel files
- Working rules
- Training records

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:

Based on site observation and document review (such as Business license, Factory registration permit, environmental policy / procedures, etc.)

1. The factory had approved manufacturing license/ certificates/ permits issued by relevant local authorities.

2. The factory contracted with legal environmental & cleaning company to dispose manufacturing waste (general garbage, plastic waste).

3. No deficiency issued by government agencies in the past years.

Evidence examined:

·Business license

·Factory registration permit

·Contract of legal environmental & cleaning company

Any other comments:

Nil

Environmental Analysis

Is there a manager responsible for Environmental issues (Name and Position):

Ms. Dian LEE/ Assistant Manager

Has the site conducted a risk assessment on the environmental impact of the site, including implementation of controls to reduce identified risks?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The environmental impact assessment or risk identification was available.
Does the site have a recognised environmental system certification such as ISO 14000 or equivalent?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The factory have environmental certifications: ISO 14001:2015.
Does the site have an Environmental policy?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
If yes, is it publicly available?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
If yes, does it address the key impacts from their operations and their commitment to improvement?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: In the factory's ISO 14001 management system, this is reflected in the policies and procedural documents.
Does the site have a Biodiversity policy?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is there any other sustainability systems present such as Chain of Custody, Forest Stewardship Council (FSC), Marine Stewardship Council (MSC) etc.?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: No air emission or wastewater is generated during the production processes. The factory also contracted with qualified environmental and disposal contractors to handle the general garbage and recyclable wastes.
Have all legally required permits been shown?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: Neither waste air emission nor wastewater discharge from manufacturing process in the factory. No legally required permit was needed per local law requirement except Business license and factory registration certificate, factory had obtained relative documents.
Is there a documentation process to record hazardous chemicals used in the manufacturing process?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not Applicable Please give details: No hazardous chemicals used in the factory. Factory had established the chemical management procedure to handle and record the chemical using on site.
Is there a system for managing client's requirements and legislation in the destination countries regarding environmental and chemical issues?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: This is 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:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: Energy usage and waste weren't monitored with reduction targets to reduce costs. Factory didn't establish and conduct the plan to make continuous improvements in their environmental performance this year.

Facility has evidence of waste recycling and is monitoring volume of waste that is recycled.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: The weight of recycled waste was not recorded for continuous improvement targets	
Does the facility have a system in place for accurately measuring and monitoring consumption of key utilities of water, energy and natural resources that follows recognised protocols or standards?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: The facility only measured the bills of water, energy and natural resources to reduce costs.	
Has the facility checked that any Sub-Contracting agencies or business partners operating on the premises have the appropriate permits and licences and are conducting business in line with environmental expectations of the facility?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: The factory did not monitor the environmental performance of their sub-contractors.	
Usage/Discharge analysis		
Criteria	Previous year: 2023	Current year: 2024
Electricity Usage: Kw/hrs	0	0
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	From water supply company	From water supply company
Water Volume Used	0	0
Water Discharged	No wastewater existed from manufacturing process in the factory. Only domestic wastewater discharge to Wastewater Treatment Plant of Industrial Zone	No wastewater existed from manufacturing process in the factory. Only domestic wastewater discharge to Wastewater Treatment Plant of Industrial Zone
Water Volume Discharged	0	0
Water Volume Recycled	0	0
Total waste produced	No information	No information
Total hazardous waste produced	No hazardous waste	No hazardous waste
Waste to recycling	No information	No information
Waste to landfill	No such condition happened	No such condition happened
Waste to other	No information	No information
Total Product Produced	No information	No information

Non-Compliance		Evidence																												
[Back to findings summary]																														
<table><tr><th colspan="2">Non-Compliance</th></tr><tr><td>Status</td><td>OPEN</td></tr><tr><td>Reference</td><td>ZAF600322144</td></tr><tr><td>Clause</td><td>10B4 - Environment 4–Pillar</td></tr><tr><td>Issue Title</td><td>647 - No monitoring of energy usage as per legal requirements</td></tr><tr><td>Subcategory</td><td>Energy usage</td></tr><tr><td>New or carried over?</td><td><input checked="" type="checkbox"/> New <input type="checkbox"/> Carried Over</td></tr><tr><td>Root cause</td><td><input type="checkbox"/> Training <input type="checkbox"/> System <input type="checkbox"/> Costs <input type="checkbox"/> Lack of workers <input checked="" type="checkbox"/> Other</td></tr><tr><td>Root cause - Other</td><td>Concept insufficiency</td></tr><tr><td>ETI code</td><td>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).</td></tr><tr><td>Explanation to the non compliance</td><td>The factory did not measure its impacts, including continuous recording and regular reviews of use and discharge of natural resources e.g. energy use, water use.</td></tr><tr><td>Follow up method</td><td><input type="checkbox"/> Follow up audit <input checked="" type="checkbox"/> Desktop audit</td></tr><tr><td>Timescale</td><td><input type="checkbox"/> Immediate <input type="checkbox"/> 30 days <input checked="" type="checkbox"/> 60 days <input type="checkbox"/> 90 days <input type="checkbox"/> 120 days <input type="checkbox"/> 180 days <input type="checkbox"/> 365 days <input type="checkbox"/> Other</td></tr><tr><td>Actions</td><td>The factory should measure its impacts, including continuous recording and regular reviews of use and discharge of natural resources e.g. energy use, water use.</td></tr></table>			Non-Compliance		Status	OPEN	Reference	ZAF600322144	Clause	10B4 - Environment 4–Pillar	Issue Title	647 - No monitoring of energy usage as per legal requirements	Subcategory	Energy usage	New or carried over?	<input checked="" type="checkbox"/> New <input type="checkbox"/> Carried Over	Root cause	<input type="checkbox"/> Training <input type="checkbox"/> System <input type="checkbox"/> Costs <input type="checkbox"/> Lack of workers <input checked="" type="checkbox"/> Other	Root cause - Other	Concept insufficiency	ETI code	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).	Explanation to the non compliance	The factory did not measure its impacts, including continuous recording and regular reviews of use and discharge of natural resources e.g. energy use, water use.	Follow up method	<input type="checkbox"/> Follow up audit <input checked="" type="checkbox"/> Desktop audit	Timescale	<input type="checkbox"/> Immediate <input type="checkbox"/> 30 days <input checked="" type="checkbox"/> 60 days <input type="checkbox"/> 90 days <input type="checkbox"/> 120 days <input type="checkbox"/> 180 days <input type="checkbox"/> 365 days <input type="checkbox"/> Other	Actions	The factory should measure its impacts, including continuous recording and regular reviews of use and discharge of natural resources e.g. energy use, water use.
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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:

- 1.The factory manager was the designated person responsible for implementing standards concerning Business Ethics.
- 2.The practices in this factory were conducted without any corruption and/or bribery.
- 3.The company established a business ethics policy which was communicated to workers through posters and training.
- 4.There is an internal grievance process, which is an anonymous email address

Evidence examined:

- The company business ethics policy which included
- Bribery
- Corruption
- Training records
- Working rules

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:

Factory had a Business Ethics Policy communicated and applied their employees, sub-contractors and suppliers.

Does the site give training to relevant personnel (e.g. sales and logistics) on business ethics issues?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: Formal training was provided to relevant personnel such as sales, purchasing department and logistics.
Is the policy updated on a regular (as needed) basis?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: Examined each year by factory manager and adjusted if needed.
Does the site require third parties including suppliers to complete their own business ethics training	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: No discussion on this topic with 3rd parties.

Attachments

 Photo_ZAA600042253.pdf	
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Your feedback on your experience of the SMETA audit you have observed is extremely valuable. It will help to make improvements to future versions.

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

[Click here for Buyer \(A\) & Buyer/Supplier \(A/B\) members:](http://www.surveymonkey.com/s.aspx?sm=riPsbE0PQ52ehCo3lnq5lw_3d_3d)

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

[Click here for Supplier \(B\) members:](http://www.surveymonkey.com/s.aspx?sm=d3vYsCe48fre69DRglY_2brg_3d_3d)

http://www.surveymonkey.com/s.aspx?sm=d3vYsCe48fre69DRglY_2brg_3d_3d

[Click here for Auditors:](https://www.surveymonkey.co.uk/r/BRTVCKP)

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