

Sedex Members Ethical Trade Audit Report

Version 7



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Attachments

Audit content

(1) A SMETA audit was conducted which included some or all of Labour Standards, Health & Safety, Environment and Business Ethics. The SMETA Minimum Requirements were applied and the SMETA Auditor Manual was followed. 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.

The audit scope includes an assessment of the Workplace Requirements and the Management Systems Assessment against the following Code Areas:

Included in a 2-Pillar audit:

1. Labour Standards Code Areas:

- Q: Enabling accurate Assessment
- **1:** Employment is Freely Chosen
- 1.A: Responsible Recruitment & Entitlement to Work
- 2: Freedom of Association and Right to Collective Bargaining are Respected
- 4: Child Labour Shall Not be Used
- 5: Legal Wages are Paid
- 5.A: Living Wages are Paid
- 6: Working Hours are Not Excessive
- 7: No Discrimination is Practiced
- 8: Regular Employment is Provided
- 8.A: Sub-contracting and Homeworkers are Used Responsibly
- 9: No Harsh or Inhumane Treatment is Allowed

2. Health & Safety Code Area:

- 3: Working Conditions are Safe and Hygienic

3. Environment Code Area:

- 10.A: Environment 2-Pillar

Included in a 4-Pillar audit:

1. Labour Standards Code Areas

- As 2-pillar

2. Health & Safety Code Area

- As 2-pillar

3. Environment Code Area:

- 10.A: Environment 2-Pillar
- 10.B: Environment 4-Pillar

4. Business Ethics Code Area:

- 10.C: Business Ethics

(2) Where appropriate, non-compliances or non-conformances were raised where either local law or the Base Code were not met, and recorded as non-compliances on both the audit report, CAPR and on the Sedex Platform.

(3) Any non-conformance against customer code shall not be uploaded to Sedex, but sent directly to the customer in question.

Audit and site details

Audit details

Sedex company reference	ZC1076430	Auditor company name	LRQA
Date of audit	2025-05-06	Audit conducted by	Sedex member
Audit pillars	Labour Standards Health and safety Environment 4-Pillar Business ethics		

Site details

Sedex site reference	ZS1038612	Site name	XXXXXXXXXXXXXXXXXX
Business name	XXXXXXXXXXXX XXXXXXXX.	Site address	XXXXXXX, CN
Site phone	+XXXXXXXXXXXX	Site email	XXXXXXXXXXXXXXXXXX

Audit parameters

Time in and out	Day 1	
	In	09:20
	Out	17:20
Audit type	Periodic	
Was the audit announced?	Semi announced	
Was the Sedex SAQ available for review?	Yes	
Who signed and agreed CAPR?	XXXXXXXXXXXX / Manager	
Any conflicting information SAQ/Pre-Audit Info	No	
Is further information available?	No	

Audit attendance

	Senior management	Worker representative	Union representative
A: Present at the opening meeting?	Yes	Yes	No
B: Present at the audit?	Yes	Yes	No
C: Present at the closing meeting?	Yes	Yes	No
Reason for absence at the opening meeting	There was no union established in the factory.		
Reason for absence during the audit	There was no union established in the factory.		
Reason for absence at the closing meeting	There was no union established in the factory.		

SMETA declaration

Auditor team

SMETA declaration	<p>I declare that the audit underpinning the following report was conducted in accordance with SMETA Minimum Requirements and the SMETA Auditor Manual.</p> <ol style="list-style-type: none"> Where appropriate non-compliances/ non-conformances were raised against the Base Code and local law and recorded as non-compliances/ non-conformances on both the audit report, CAPR and on the Sedex Platform. Any non-conformance against customer code alone shall not be uploaded to Sedex, and will be shared directly with the customer in question. <p>This report provides a summary of the findings and other applicable information found/gathered during the social audit conducted on the above date only and does not officially confirm or certify compliance with any legal regulations or industry standards. The social audit process requires that information be gathered and considered from records review, worker interviews, management interviews and visual observation. More information is gathered during the social audit process than is provided here. The audit process is a sampling exercise only and does not guarantee that the audited site prior, during or post - audit, are in full compliance with the Code being audited against. The provisions of this Code constitute minimum and not maximum standards and this Code should not be used to prevent companies from exceeding these standards. Companies applying this Code are expected to comply with national and other applicable laws and where the provisions of law and this Code address the same subject, to apply that provision which affords the greater protection. The ownership of this report remains with the party who has paid for the audit. Release permission must be provided by the owner prior to release to any third parties.</p>		
Any exceptions to the SMETA Methodology must be recorded here (e. g. different sample size)	Audit window: May 06, 2025 to June 03, 2025.		
Lead auditor	will liao	APSCA Number	21705176
Additional auditor	Ping Chen	APSCA Number	21701252
	Thomas Zeng	APSCA Number	32400316
Date of declaration	2025-05-06		

Site representation

Declaration	I acknowledge that details from this report can change during the review process and that I will be given the opportunity to dispute the content once the review has been published.
Full name	XXXXXXXXXXXXXXXXXX
Title	Manager
Date of declaration	2025-05-06

Summary of findings

Code area	Workplace requirement	Local law	Finding
3. Working conditions are safe and hygienic	3. K Ensure that all premises are safe and hav...		NC ZAF600906542
	3. R Provide clean and secure toilets, wash ar...	§1	NC ZAF600917927
6. Working hours are not excessive	6. F Ensure that where overtime is used, it is...	§2	NC ZAF600906543
5. Legal wages are paid	5. B Ensure that workers receive the insurance...	§3	NC ZAF600917928

Local law issues

- § 1 In accordance with Article 18 of Rules for Warehouse Fire Prevention Safety Management: The goods in warehouse should be classified for storage. The area occupied by any single stack should not be greater than 100 square meters. Space shall be at least 1 meter between stacks; Space shall be at least 0.5 meter between stacks and the wall; Space shall be at least 0.3 meter between stacks and beams or posts. The width of main passages shall be at least 2 meters. 根据《仓库防火安全管理规则》第18条：库存物品应当分类、分类储存，每垛占地面积不宜大于100平方米，垛与垛间距不小于1米，垛与墙间距不小于0.5米，垛与梁、柱的间距不小于0.3米，主要通道的宽度不小于2米。
- § 2 Social Insurance Act of the People's Republic of China, article 2, the state establishes basic pension insurance, basic medical insurance, occupational injury insurance, unemployment insurance, maternity insurance to form the social security system, to protect citizens' right to receive material assistance from the state and society in accordance with the law from old age, illness, work injury, unemployment, childbirth, etc.
Article 4. Employers and employees within the territory of the People's Republic of China should pay social insurance premiums in accordance with the law.
《中华人民共和国社会保险法》第二条，国家建立基本养老保险、基本医疗保险、工伤保险、失业保险、生育保险等社会保险制度，保障公民在年老、疾病、工伤、失业、生育等情况下依法从国家和社会获得物质帮助的权利。第四条，中华人民共和国境内的用人单位和个人依法缴纳社会保险费。
- § 3 People's Republic of China Labor Law article 41, the employer may extend working hours due to the requirements of its production or business after consultation with the trade union and laborers, but the extended working hour for a day shall generally not exceed one hour; if such extension is called for due to special reasons, the extended hours shall not exceed three hours a day under the condition that the health of laborers is guaranteed. However, the total extension in a month shall not exceed thirty-six hours.
《中华人民共和国劳动法》第41条，用人单位由于生产经营需要，经与工会和劳动者协商后可以延长工作时间，一般每日不得超过一小时；因特殊原因需要延长工作时间的，在保障劳动者身体健康的条件下延长工作时间每日不得超过三小时，但是每月不得超过三十六小时。

Management systems

	Policies and procedures	Resources	Communication and training	Monitoring
1. Employment is freely chosen				
1. A. Responsible recruitment and entitlement to work				
2. Freedom of association and right to collective bargaining are respected				
3. Working conditions are safe and hygienic				
4. Child labour shall not be used				
5. Legal wages are paid				
6. Working hours are not excessive				
7. No discrimination is practiced				
8. Regular employment is provided				

 Not addressed

 Fundamental improvements required

 Some improvements recommended

 Robust management systems

	Policies and procedures	Resources	Communication and training	Monitoring
8. A. Sub-contracting and homeworkers are used responsibly				
9. No harsh or inhumane treatment is allowed				
10. A. Environment 2-Pillar				
10. C. Business ethics				

Not addressed

Fundamental improvements required

Some improvements recommended

Robust management systems

Site details

Company and site details

Sedex company reference	xxxxxxx		
Sedex site reference	xxxxxxx		
Company name	XXXXXXXXXXXXXXXXXXXX.		
Business ownership type	GOODS		
Site name	XXXXXXXXXXXXXXXXXXXX		
Site name in local language	CHINESE		
GPS location	GPS address	xxxxxxx, China	
Is the worksite in a remote location, far from habitation?	Coordinates	xxxxxxx	
	No		
Site contact	Contact name	xxxxxxx	
	Job title	Manager	
	Phone number	xxxxxxxxxxx	
	Email	xxxxxxxxxxxxxxxxxxx	
Applicable business and other legally required business license numbers and documents	Business license number: xxxxxxxxxx. Valid date: May 11, 2018 to May 10, 2068.		

Site activities

Site function	Factory Processing/Manufacturer
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Site activities

Site activities	Primary	Manufacture of other textiles n. e. c.
	Secondary	Manufacture of luggage, handbags and the like, saddlery and harness
	Other	
Product type	Outdoor equipment (such as handbags and carpets)	
Process overview	<p>The factory specialized in manufacturing Outdoor equipment (such as handbags and carpets).</p> <p>The main production processes included: cutting, sewing, weaving, inspection and packing.</p> <p>There were 2 production lines in the factory and the main equipment included: cutting, sewing, weaving machines etc.</p>	
What level of mechanization best describes the work at this site?	Fair mechanisation / manual Labour	

Site scope

Is the audited site a physically continuous area?	Yes	
What is the area of audited site to its boundary?	11465m ²	
Building 1	Last construction works on site	2006
	If building is shared, provide details	Nil
	Number of floors	3
	Description of floor activities	1F: used as warehouse 2F: not used 3F: used as warehouse

Site scope

Building 2	Last construction works on site	2004
	If building is shared, provide details	Nil
	Number of floors	6
	Description of floor activities	1F: cutting, weaving workshops 2F: not used 3F: sewing, inspection and packing workshops 4F: sewing, inspection and packing workshops 5F: sewing workshop 6F: finished goods warehouse

Is there any difference between the site scope of the audit and the Sedex site profile? No

Does the scope of the audit subdivide any building or is limited to particular processes, products or businesses within the physical site? No

Is any activity conducted onsite not included within the scope of the audit? No

Worker accommodation and transport

Are there any site-provided worker accommodation buildings? No

Does the site organise worker transport to the worksite? Not provided
The transportation was not provided by the factory to workers to the worksite and it is not a legal requirement for this.

Work patterns

Approximate workers on site per month (% of peak)	January	75-90%	February	75-90%
	March	90-95%	April	90-95%
	May	90-95%	June	90-95%
	July	75-90%	August	75-90%
	September	90-95%	October	90-95%
	November	90-95%	December	90-95%

Is there any night shift work at the site? No

Site assessments

Does this site hold any certifications that address labour standards, human rights, corruption or environmental impact? No

Has the site assessed for negative impacts on the human rights, lands, resources, territories, livelihoods or food security of indigenous peoples or the local community? Yes
 No negative impacts were applicable for this factory on human rights, lands, resources, territories, livelihoods or food security of indigenous peoples or the local community in the past.
 The factory has conducted those negative impacts assessment each year in their internal audit.

Has there been a Human Rights Impact Assessment (HRIA) conducted within the last three years at this site? Yes
 The factory had established and implemented Human Rights Impact Assessment system and conducted the HRIA once per year in their internal audit.

Worker analysis

Gender disaggregated data available Men and women

Worker totals

	Men	Women	Other	Total
Number of workers	73 (41.5%)	103 (58.5%)	- -	176 (100%)

Workers by type

	Men	Women	Other	Total
Permanent workers (employees)	0 -	0 -	- -	0 (0%)
Temporary or fixed term employees	73 (41.5%)	103 (58.5%)	- -	176 (100%)
Agency or subcontracted workers	0 -	0 -	- -	0 (0%)
Seasonal workers	0 -	0 -	- -	0 (0%)
Self-employed workers	0 -	0 -	- -	0 (0%)
Informal workers including home workers	0 -	0 -	- -	0 (0%)
Apprentices, trainees or interns	0 -	0 -	- -	0 (0%)

* % of total workforce

Migrant workers

	Men	Women	Other	Total
Domestic migrant workers	54 (40%)	81 (60%)	- -	135 (76.7%)
International migrant workers	0 -	0 -	- -	0 (0%)
Total migrant workers	54 (40%)	81 (60%)	- -	135 (76.7%)

*% of total workforce

Where workers have migrated internally, list the most common internal states workers have moved from

The ethnic background of all management and production workers was mainland Chinese, 77% workers were migrated from other provinces of Guizhou, Chongqing and Sichuan, Jiangxi. All workers were recruited directly by the factory.

Workers by age

	Men	Women	Other	Total
18 – 24 years old	1 (100%)	0 (0%)	- -	1 (0.6%)
15 – 17 years old	0 -	0 -	- -	0 (0%)
Under 15 years old	0 -	0 -	- -	0 (0%)

*% of total workforce

Is the worker analysis data relevant for peak season and current to the audit? No

Describe how this may vary during peak periods There was no obvious peak or non-peak month in the factory.

Please list the nationalities of all workers, with the three most common nationalities listed first Chinese

Most common nationalities as approximate % of workforce

	Men	Women	Other	Total
Chinese	42%	58%	-	100%

Workers by remuneration type

	Men	Women	Other	Total
Workers paid per unit (piece rate)	0 -	0 -	- -	0 (0%)
Workers paid based on a mix of 'piece work' and hourly rate	0 -	0 -	- -	0 (0%)
Workers paid hourly / daily rate	73 (41.5%)	103 (58.5%)	- -	176 (100%)
Salaried workers	0 -	0 -	- -	0 (0%)

* % of total workforce

Workers by payment cycle

	Men	Women	Other	Total
Paid daily	0 -	0 -	- -	0 (0%)
Paid weekly	0 -	0 -	- -	0 (0%)
Paid monthly	73 (41.5%)	103 (58.5%)	- -	176 (100%)
Other	0 -	0 -	- -	0 (0%)

* % of total workforce

If other payment cycle entered, please provide details Nil

People in managerial, supervisory and administrative roles

	Men	Women	Other	Total
Employees in management positions	5 (50%)	5 (50%)	- -	10
Supervisors or team leaders	5 (45.5%)	6 (54.5%)	- -	11
Administrative staff	26 (44.8%)	32 (55.2%)	- -	58

Worker interview summary

Gender disaggregated data available	Men and women
Which methods of worker engagement were used?	Group interviews Individual interviews

Digital worker survey participants

	Men	Women	Other	Total
Number of workers	-	-	-	-

Were any of the audit findings attributable to the survey?

Was the interview sample representative of all types of nationality and employment types of workers? Yes

Was the interview sample representative of the gender composition of the workforce? Yes

Number and size of group interviews 1 group of 5 workers

Did workers understand the purpose of the audit? Yes

Were interviews conducted in circumstances to ensure privacy, with the confidentiality of the interview process communicated to the workers? Yes

Was there any indication that workers had been 'coached' in how they should respond to questions? No

What was the general attitude of the workers towards their workplace? Favorable

Attitude of workers

In which areas did workers raise significant concerns or complaints?	Other (provide details) Nil
What did the workers like the most about working at this site?	Freedom of movement Job security
Additional comments	Monthly wages could be paid on time and workers could easily leave even during the working day.
Attitude of workers' committee/union representatives	There is no labor union established in the factory. The workers' representatives attended the whole assessment process. They were open to the assessor. They stated that they were elected by workers. Workers could raise suggestions or complaints through workers representative meeting. They would participate in grievance investigations and give a solution.
Attitude of managers	Site management were cooperative with LRQA staff and provided full access to the whole facility. Management provided required documents and records in time, accompanied assessor with site tour and helped select workers for interviews. Management staff attended the closing meeting, confirmed all the findings and signed on the CAPR without any argument.

Workers interviewed by type

	Total
Permanent workers	0
Temporary or fixed-term employees	11
Agency or subcontracted workers	0
Seasonal workers	0
Other workers	0
Total number of workers interviewed	11

Workers interviewed by group/individual

	Men	Women	Other	Total

Workers interviewed by group/individual

Workers interviewed in groups	2	3	-	5
Workers interviewed individually	2	4	-	6

Migrant workers interviewed

	Men	Women	Other	Total
Domestic migrant workers interviewed	3	5	-	8
International migrant workers interviewed	0	0	-	0
Total migrant workers interviewed	3	5	-	8

Measuring workplace impact

Gender disaggregated data available Men and women

Annual worker turnover (%)*

	Men	Women	Other	Total
Last full quarter (90 days)	1.0%	1.0%	-	2.0%
Last full calendar year (2024)	1.0%	1.0%	-	2.0%
Previous full calendar year (2023)	1.0%	1.0%	-	2.0%

*Number of workers leaving in last 12 months as a % of average total number of workers on site over the year.

Rate of absenteeism (%)*

	Men	Women	Other	Total
Last full quarter (90 days)	1.0%	1.0%	-	2.0%
Last full calendar year (2024)	1.0%	1.0%	-	2.0%
Previous full calendar year (2023)	1.0%	1.0%	-	2.0%

* Number of days lost through job absence in the year, calculated as (the 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 * 100

Are accidents recorded? Yes

All accidents would be recorded and maintained for at least 12 months. However, no accident occurred in the factory during last year.

Annual number of work related accidents and injuries (per 100 workers)*

	Men	Women	Other	Total
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Annual number of work related accidents and injuries (per 100 workers)*

Last full quarter (90 days)	0.0%	0.0%	-	0.0%
Last full calendar year (2024)	0.0%	0.0%	-	0.0%
Previous full calendar year (2023)	0.0%	0.0%	-	0.0%

* Calculated as (number of work related accidents and injuries * 100) / number of total workers.

Lost day work cases (per 100 workers)*

	Men	Women	Other	Total
Last full quarter (90 days)	0.0%	0.0%	-	0.0%
Last full calendar year (2024)	0.0%	0.0%	-	0.0%
Previous full calendar year (2023)	0.0%	0.0%	-	0.0%

* Calculated as (number of lost days due to work accidents and work related injuries * 100) / number of total workers.

Percentage of workers that work on average more than 48 total hours in a given week

	Men	Women	Other	Total
Last full quarter (90 days)	0.0%	0.0%	-	0.0%
Last full calendar year (2024)	0.0%	0.0%	-	0.0%
Previous full calendar year (2023)	0.0%	0.0%	-	0.0%

Percentage of workers that work on average more than 60 total hours in a given week

	Men	Women	Other	Total
Last full quarter (90 days)	0.0%	0.0%	-	0.0%

Percentage of workers that work on average more than 60 total hours in a given week

Last full calendar year (2024)	0.0%	0.0%	-	0.0%
Previous full calendar year (2023)	0.0%	0.0%	-	0.0%

0. Enabling accurate assessment

Summary of findings

Code area	Workplace requirement	Local law	Finding
No findings			
Systems and evidence examined to validate this code section	<p>The factory has established written policies and procedures to meet the workshop requirements of ensuring accurate assessment required by local law and customers. xxxxxxxx / Manager was responsible for implementing the workshop requirement and communicating to all employees and its personnel concerned, including its suppliers, customers etc. through email, training, handbooks and postings at the facility.</p> <p>Details:</p> <ol style="list-style-type: none"> 1. Business license. 2. Employee Handbook. 3. Business ethic code of conduct. 4. Appointment book of person responsible for implementing standards concerning Enabling accurate assessment. 5. Factory rules. 6. Social compliance management handbook. 7. Training records of the Code, social compliance, human rights. 8. Management and worker interview. 9. Employee interview, employees could raise issues regarding accurate assessment by suggestion box confidentially or call the hotline to the management who was responsible for implementing standards of ensuring accurate assessment. 		

0. Enabling accurate assessment

Data points

Has the site received an official notice, No
fine, prosecution, or withhold release
order (WRO) for non-compliance with
legislation, regulation, consent, or permits
within the last three years, relating to
Health and Safety, labour rights or the
environment?

Did any workers selected by the auditor No
decline to be interviewed?

1. Employment is freely chosen

Management systems

Develop and maintain relevant policies and procedures to ensure workplace requirements are met Robust Management Systems

Appoint a manager with sufficient seniority who is responsible for implementing procedures Robust Management Systems

Communicate and train employees and other workers, including managers and supervisors, on relevant policies and procedures Robust Management Systems

Monitor the effectiveness of procedures to meet policy and workplace requirements Robust Management Systems

Explanation for management systems grades

Policy and Procedure:
The factory had established policy and procedure “Forced labor management procedure” in place.
Responsible Person:
The factory management staff were assigned to be responsible for ensuring employment is freely chosen in the factory. They were familiar with labor laws, regulation and other requirements on forced labor issues.
Implementation:
Internal audits were conducted for labour management system and corrective actions were implemented to ensure continuous improvement. Based on the internal audit report and management review report, no compliance regarding forced labor issue was raised in the past 2 years.
Communications:
The policy and procedures were communicated to workers through trainings and posters etc. Training exam was taken to ensure communication was effective.

Summary of findings

Code area	Workplace requirement	Local law	Finding
			No findings

Systems and evidence examined to validate this code section

The factory has established a hiring policy and procedure in place to ensure employment is freely chosen. xxxxxx / Manager was responsible for ensuring employment is freely chosen. No deposits, recruitment fees or costs, or any original ID are required to be detained during employment. Resignation is free and wages are paid to resigned workers on time after reasonable notice (usually 30 days in advance). The terms and conditions of employment in the handbook state that the workers are free to leave the workplace outside of their working hours. No forced, bonded or involuntary prison labor was identified during the audit.

Details:

1. The facility policy to ensure employment is freely chosen was reviewed. The policy includes the following clause: the facility does not require deposit or withhold employees' ID cards; the facility does not limit the employees' freedom; there is no forced, bonded, or involuntary prison labour; and employees are free to leave their employer after reasonable notice.
2. Training of forced, bonded or involuntary prison labour for all employees at the time employee, and re-fresh training was conducted once per year for all employees.
3. As per the worker interview, they were free to leave their working stations once their shifts ended, all overtime workings were voluntary, and they are not required to pay any 'deposits' or withheld their ID cards.
4. Employees' manual, Factory rules.
5. Personnel files records.
6. Resignation records.
7. Management and worker interview.

1. Employment is freely chosen

Data points

If required under local law, is there a published 'modern slavery' or similar statement? Not Applicable

Does the site utilise any workers who are prisoners? No

Does the site use the labour of persons required to work under any government scheme? No

1. A. Responsible recruitment and entitlement to work

Management systems

Develop and maintain relevant policies and procedures to ensure workplace requirements are met	Robust Management Systems
Appoint a manager with sufficient seniority who is responsible for implementing procedures	Robust Management Systems
Communicate and train employees and other workers, including managers and supervisors, on relevant policies and procedures	Robust Management Systems
Monitor the effectiveness of procedures to meet policy and workplace requirements	Robust Management Systems
Explanation for management systems grades	<p>Policy and Procedure: The factory had established policy and procedure “Recruitment management procedure” in place.</p> <p>Responsible Person: The factory management staff were assigned to be responsible for ensuring responsible recruitment and entitlement to work is complied with legal requirements in the factory. They were familiar with labor laws, regulation and other requirements on recruitment issues.</p> <p>Implementation: Internal audits were conducted for labour management system and corrective actions were implemented to ensure continuous improvement. Based on the internal audit report and management review report, all workers were hired directly by the factory, no compliance regarding recruitment issue was raised in the past 2 years.</p> <p>Communications: The policy and procedures were communicated to workers through trainings, posters etc. Training exam was taken to ensure communication was effective.</p>

Summary of findings

Code area	Workplace requirement	Local law	Finding
			No findings

Systems and evidence examined to validate this code section

The factory had established the effective employment policies & program to ensure responsible recruitment and entitlement to work in the factory. xxxxxx / Manager was responsible for compliance with the implementation of the policies and programs, and the policies and procedures were communicated to all employees through trainings, handbooks and postings at the facility. The factory hired workers directly, no labor agents or labor contractors were used by the factory.

Details:

1. Employee manual.
 2. Factory rules.
 3. Personnel files records.
 4. Training records.
 5. Labor contracts.
 6. Management and worker interview.
-

1. A. Responsible recruitment and entitlement to work

Data points

Labour hire

Does the site use labour providers and/or formal, temporary, seasonal or guest worker programmes?	Workers are recruited, selected, and hired directly by our company
How do the labour providers recruit and hire workers?	N/A - Recruitment providers not used
Where labour providers were used to recruit, what was the highest number of tiers identified in a workers recruitment journey?	0
Are there any subcontracted workers (excluding dispatched labour) on site?	No
Were all non-employee (e.g. agency or subcontracted) workers included within the scope of this audit for the purpose of document review and (if onsite on date of audit) interview?	Not Applicable
Were sufficient documents for non-employee (e.g. agency or other subcontracted) workers available for review?	Not Applicable

Migrant workers

Do any workers migrate across international borders to work at this site?	No
Percentage of workers that are migrant	77%
Do any workers migrate from other states, provinces or regions within the country to work at this site?	Yes
List the sending states/provinces/regions	The ethnic background of all management and production workers was mainland Chinese, 77% workers were migrated from other provinces of Guizhou, Chongqing and Sichuan, Jiangxi. All workers were recruited directly by the factory.

Recruitment fees

Were you able to detect recruitment fees and costs paid by workers during the recruitment and employment process? Not Applicable

Were recruitment fees or costs identified during worker interviews? No

No recruitment fee or cost was required to be paid by the workers during recruitment processes.
There was no such cost during employment as per interview.

2. Freedom of association and right to collective bargaining are respected

Management systems

Develop and maintain relevant policies and procedures to ensure workplace requirements are met

Robust Management Systems

Appoint a manager with sufficient seniority who is responsible for implementing procedures

Robust Management Systems

Communicate and train employees and other workers, including managers and supervisors, on relevant policies and procedures

Robust Management Systems

Monitor the effectiveness of procedures to meet policy and workplace requirements

Robust Management Systems

Explanation for management systems grades

Policy and Procedure:
The factory had established policy and procedure “Freedom of association management procedure” in place.
Responsible Person:
The factory management staff were assigned to be responsible for ensuring freedom of association and right to collective bargaining are respected in the factory. They were familiar with labor laws, regulations and other requirements on freedom and association issues.
Implementation:
Internal audits were conducted for labour management system and corrective actions were implemented to ensure continuous improvement. Based on the internal audit report and management review report, no risk regarding freedom and association happened in the past 2 years.
Communications:
The policy and procedures were communicated to workers through training, posters etc. Training exams were taken to ensure communication was effective.

Summary of findings

Code area	Workplace requirement	Local law	Finding
			No findings

Systems and evidence examined to validate this code section

The factory has written policy on freedom of association, which states that workers are free to form any union or any form of other workers organization in the facility. Currently, there was no labor union established in the factory. There was no collective bargain agreement signed in the factory. A worker committee was available with workers representatives, the workers representatives were elected by workers. All employees have the right to join labor union. Worker representatives are not discriminated against and have access to carry out their representative functions in the workplace. The workers could raise any issue or express their concerns through leaders, worker representatives, suggestion box etc. There was a relevant written policy / procedure documented in place. The meetings between factory management and workers representatives were conducted quarterly.

Details:

1. The policy on freedom of association.
 2. Worker representatives' election records.
 3. Worker representatives meeting records.
 4. Interview with workers committee members.
 5. Management and worker interview.
-

2. Freedom of association and right to collective bargaining are respected

Data points

Are trade unions allowed by law in the national context? Yes

Are there any registered trade unions in the workplace? No

Are they active?

Does the employer recognise the trade union? Not Applicable

Are the worker representative bodies, trade union or otherwise, accessible to all workers, including more vulnerable workers (such as female, migrant, agency, and seasonal workers)? Yes

Are the worker representatives freely elected by the workforce as a whole? Yes

Does union/worker committee membership reflect the gender composition of the workforce? Yes

Does the membership reflect the nationality composition of the workforce? Not Applicable

Has there been any industrial action (e.g. strikes, unrest, or cases raised to formal tribunals or labour courts) in the past two years? No

3. Working conditions are safe and hygienic

Management systems

Develop and maintain relevant policies and procedures to ensure workplace requirements are met

Robust Management Systems

Appoint a manager with sufficient seniority who is responsible for implementing procedures

Robust Management Systems

Communicate and train employees and other workers, including managers and supervisors, on relevant policies and procedures

Some Improvements Recommended

Monitor the effectiveness of procedures to meet policy and workplace requirements

Some Improvements Recommended

Explanation for management systems grades

Policy and Procedure:
The factory had established policy and procedure “Environment, Health and Safety management procedure” in place. Based on the procedure, the factory should be complied with all legal requirements on health and safety issues.
Responsible Person:
The factory management staff were assigned to be responsible for ensuring working conditions are safe and hygienic in the factory. They were familiar with labor laws, regulation and other requirements on health and safety issues.
Implementation:
Internal audits were conducted for labour management system and corrective actions were implemented to ensure continuous improvement. Based on the internal audit report and management review report, minor issues happened occasionally, the factory was working on enhancing the supervision and regular inspection to reduce the health and safety risks.
Communications:
The policy and procedures were communicated to workers through training, posters etc. Training exams were taken to ensure communication was effective. However, some workers were still reported they did not know some of health and safety risks, the factory should enhance the training method or frequency to ensure more effective of communication.

Summary of findings

Code area	Workplace requirement	Local law	Finding
3. Working conditions are safe and hygienic	3. K Ensure that all premises are safe and hav...		NC ZAF600906542
	3. R Provide clean and secure toilets, wash ar...	§ 1	NC ZAF600917927

Systems and evidence examined to validate this code section

The facility had established a EHS policy and procedures in place.

1. General Health and Safety management in the factory.
 - A Senior Manager was responsible for issue of Health & Safety in the factory.
 - Minutes of meetings show that there were regularly meetings between H&S committee and manager.
 - Ventilation, temperature and lighting were adequate for the production processes.
 - Sufficient clean toilets segregated by gender were available at all times to workers.
 - The factory provided potable water to workers free of charge in workshop.
2. Fire Safety
 - Evacuation plans were posted in all workshops and understood by all interviewed workers.
 - The adequate emergency exits for all workshops.
 - Sufficient fire-fighting equipment such as fire extinguishers and hydrants in production building. Regular inspection was taken by the factory per month.
 - Fire drill was conducted in the factory twice per year according to the fire drill plans and the records were provided for review.
3. Electrical safety
 - All parts of electrical equipment were maintained in good condition such as sockets, plugs, switches, and main fuse boards.
 - Qualified electricians were presented in the factory, and the certificates were available for review.
4. Chemical safety
 - Chemical inventory list was available.
 - Workers in the chemical store area confirmed that they had been trained on correct handling procedures as well as what to do in an emergency.
5. Medical services
 - Sufficient first aid kit in production area and they were well stocked.
 - Sufficient first aiders were available in the factory cover all shifts and the certificates were provided for review.

Details:

1. Fire-fighting equipment inspection and maintenance records
2. PPE training
3. Workplace occupational hazards factor testing report
4. License for special operation
5. Registration of special equipment
6. Inspection certificate of special equipment
7. Certificate of special equipment operator
8. Fire drill records
9. First aider certificates
10. Drinking water testing report
11. EHS inspection records
12. Management and worker interview.

Findings: non-compliances

ZAF600906542

Non-compliance

Due 2021-07-31

Code area

3 Working conditions are safe and hygienic

Status

Closed (2025-05-06)*

Workplace requirement

3. K Ensure that all premises are safe and have valid safety certifications for their current layout and use. If it is currently not possible for a required license or certificate to be obtained, implement inspections by appropriate third parties to ensure building safety.

Time given to resolve

30 days

Issue title

252 - Premises used for combined purposes (e.g. commercial or residential premises) and therefore could pose a safety threat

Verification method

Desktop audit

Area of non-compliance/non-conformance

Base code

Description

Periodic audit on May 06, 2025. It was noted that no other occupant shared the same building with the auditee. As per the lease contract and management interview, "XXXXXXXXXXXXXXXXXX" no longer rented the second floor of the two production buildings since August 31, 2024, and the second floor of the two production buildings was idle. So it was not applicable to raise a non-compliance finding for this issue title.

Description (carried over)

1. It was noted that there was another company "XXXXXXXXXXXXXXXXXX" (short as "Yodo Camp") located in same site and shared the same building with the auditee, both companies were under the same group company "XXXXXXXXXXXXXXXXXX." The auditee was a manufacturing factory, while "Yodo Camp" focus on camp education. Both companies had independent business license and management under different management. No worker exchanged between the auditee and other company. The auditee rented 1/F, 3/F~6/F of one 6-storey Chengxin building as workshop and warehouse, Yodo rented 2F as commercial education area. Meanwhile, the auditee rented 1F, 3F of another 3-storey Building 5# as workshop and warehouse, Yodo rented 2F as commercial education area. The Auditee also rented the 2F of a 5-storey Service building as office, while Yodo rented the 1F, 3F-4F as office and show room. One canteen was found on the 5th floor of Service building, which was claimed to belong to "Yodo Camp", the auditee did not use the canteen. Per factory tour, there was no central panel for fire alarm or PA system in all buildings. No sprinkler system was installed in those buildings. Smoke detectors were installed on each floor of the production buildings. Joint fire drill was conducted twice per year with "Yodo camp" who shared Chengxin building with the auditee. 2. It was noted that there was another company (XXXXXXXXXXXXXXXXXX) (short as "Dude") located in same site and shared the same building with the auditee. The auditee was a manufacturing factory, while "Dude" focus on E-commerce. Both companies had independent business license and management under different management. No worker exchanged between the auditee and other company. The auditee rented the 2F of a 3-storey production building (located in NO.17, Tianyang Road) as workshop and warehouse, while "Dude" used the 1F and 3F of this building as packing areas, warehouse and office area. Per factory tour, there was no central panel for fire alarm or PA system in all buildings. Fire sprinkler system was installed in the building. Smoke detectors were installed on each floor of the production buildings. Joint fire drill was conducted once a year with "Dude" who shared the production building with the auditee. (The production building was coming into use since March 1, 2021) ETI requirement / Customer code: In accordance with ETI base code 3.1, A safe and hygienic working environment shall be provided, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Adequate steps shall be taken to prevent accidents and injury to health arising out of, associated with, or occurring in the course of work, by minimizing, so far as is reasonably practicable, the causes of hazards inherent in the working environment. In accordance with client requirement, Multi-tenancy (more than one tenant in an area) should have permission from the Director for Tesco Ethical Trade. Recommended corrective action: It is recommended that factory should ensure that no other occupant would share with the same production building.

Corrective and preventative actions

N/A

Corrective and preventative actions (carried over)

N/A

Explanation of difference in resolution time or verification method from the SMETA issue title recommendation

Periodic audit on May 06, 2025. It was noted that this non-compliance finding was raised in 2021. The resolution time or verification method was not applicable for this finding now.

Evidence



[Corrected NC-the 2rd floor was idle.jpg](#)

[Corrected NC-lease contract 2.jpg](#)

[Corrected NC-lease contract 1.jpg](#)

* PDF generated at 10:25 (UTC) on 09 May 2025. [View this finding on the Sedex platform](#) for live updates and closure details.

ZAF600917927

Non-compliance

Due 2025-07-08

Code area

3 Working conditions are safe and hygienic

Status

Open*

Workplace requirement

3. R Provide clean and secure toilets, wash areas, and worker changing facilities, with adequate hygiene supplies separated by gender or with effective privacy. Ensure potable water is easily accessible by workers and, where appropriate, clean storage facilities for food and personal belongings.

Time given to resolve

60 days

Verification method

Desktop audit

Issue title

327 - Storage of goods not in line with legal requirements (e. g. too high)

Area of non-compliance/non-conformance

Local law
Base code

Description

It was noted that gap between stacks and walls was 0.1 meter in Finished product area, which was less than the legal requirement of 0.5 meter. 在此次审核过程中, 审核员发现工厂成品区域垛与墙的间距为0.1米, 小于法定0.5米的要求。

Corrective and preventative actions

It is recommended that the factory should provide proper fire safety training to workers, conduct regular health & safety inspection, adopt practices and controls to ensure that the width of gap between stacks and walls is in accordance with the legal requirement. 建议工厂给相关工人提供消防安全培训，进行定期健康安全检查，确保成品仓库库存物品垛与墙的间距符合法律要求。

Local law reference

In accordance with Article 18 of Rules for Warehouse Fire Prevention Safety Management: The goods in warehouse should be classified for storage. The area occupied by any single stack should not be greater than 100 square meters. Space shall be at least 1 meter between stacks; Space shall be at least 0.5 meter between stacks and the wall; Space shall be at least 0.3 meter between stacks and beams or posts. The width of main passages shall be at least 2 meters. 根据《仓库防火安全管理规则》第18条：库存物品应当分类、分类储存，每垛占地面积不宜大于100平方米，垛与垛间距不小于1米，垛与墙间距不小于0.5米，垛与梁、柱的间距不小于0.3米，主要通道的宽度不小于2米。

Evidence



[NC-Goods against wall.png](#) 

* PDF generated at 10:25 (UTC) on 09 May 2025. [View this finding on the Sedex platform](#) for live updates and closure details.

3. Working conditions are safe and hygienic

Data points

Is someone within the company responsible for health and safety?	Yes, senior manager or business owner
Do workers operate high risk or heavy machinery or vehicles as part of their jobs?	No
Do workers handle or have access to hazardous substances (e.g. chemicals or pesticides)?	No
Who organises accommodation for workers?	Other (please explain) No accommodation was provided by the facility. Workers come from their residence only.
Who organises worker transportation between accommodation and worksite?	Not applicable
Who organises worker transportation while at work?	Not applicable
Do all structural additions (e.g. added floors) have a valid permit/inspection report as per local law?	Yes All the factory buildings have obtained valid structural safety permits and inspections report as per local law. Through onsite observation, no visible structural integrity issue was identified.
Does the visual appearance of the building give you any immediate concerns about the structural integrity of the building?	No
Are there any cracks observed in the walls, floors, ceilings or other areas of the facility, both internally or externally?	No
Does the site have a structural engineer evaluation?	Yes

4. Child labour shall not be used

Management systems

Develop and maintain relevant policies and procedures to ensure workplace requirements are met Robust Management Systems

Appoint a manager with sufficient seniority who is responsible for implementing procedures Robust Management Systems

Communicate and train employees and other workers, including managers and supervisors, on relevant policies and procedures Robust Management Systems

Monitor the effectiveness of procedures to meet policy and workplace requirements Robust Management Systems

Explanation for management systems grades

Policy and Procedure:
The factory had established policy and procedure “Child labor and juvenile worker protection procedure” in place. Based on the procedure, no child labor and juvenile labor can be used by the factory.

Responsible Person:
The factory management staff were assigned to be responsible for ensuring child labor is not used in the factory. They were familiar with labor laws, regulations and other requirements on child labor.

Implementation:
Internal audits were conducted for labour management system and corrective actions were implemented to ensure continuous improvement. Based on the internal audit report and management review report, no child labor and juvenile labor was used by the factory.

Communications:
The policy and procedures were communicated to workers through training, posters etc. Training exams were taken to ensure communication was effective.

Summary of findings

Code area	Workplace requirement	Local law	Finding
			No findings

Systems and evidence examined to validate this code section

The factory had established a policy and procedure in place to ensure no child labor shall be used by the factory. The factory would verify all workers' original ID cards at the time of recruitment and keep the photocopies of ID cards in personnel files. All employees' personal files were provided for review. Each employee file includes a bio-data sheet, a recent photo and the age documentation, which is in the form of photocopied national identification card. The card lists the employee's name, household address and the date of birth. Hiring procedure and related protection policy of young workers were also kept in place. No child labor or juvenile workers were working at the factory currently.

Details:

1. Personal file.
 2. Roster of employees.
 3. Management and worker interview.
-

4. Child labour shall not be used

Data points

Percentage of workers that are age 24 or 0%
younger

Enter the legal age of employment 16

Enter the age of the youngest worker 23
identified

Enter the number of workers under local 0
legal minimum age

Enter the number of workers under 15 0
years old

Percentage of workers that are 0.0%
apprentices, trainees or interns

Were there children present on the work No
floor but not working at the time of audit?

Do children live at the Not Applicable
accommodation provided to workers?

5. Legal wages are paid

Management systems

Develop and maintain relevant policies and procedures to ensure workplace requirements are met

Robust Management Systems

Appoint a manager with sufficient seniority who is responsible for implementing procedures

Robust Management Systems

Communicate and train employees and other workers, including managers and supervisors, on relevant policies and procedures

Some Improvements Recommended

Monitor the effectiveness of procedures to meet policy and workplace requirements

Some Improvements Recommended

Explanation for management systems grades

Policy and Procedure:
The factory had established policy and procedure “Wages and benefit management procedure” in place. Based on the procedure, wages and benefits should be complied with legal requirements.
Responsible Person:
The factory management were assigned to be responsible for ensuring legal wages are paid in the factory. They were familiar with labor laws, regulations and other requirements on wage and benefits.
Implementation:
Internal audits were conducted for labour management system and corrective actions were implemented to ensure continuous improvement. Based on the internal audit report and management review report, the issue of insufficient participants of social insurances was identified, however, some workers especially for the employees closing to retirement age, they did not want to join in social insurance scheme, the factory had tried to persuade them step by step.
Communications:
The policy and procedures were communicated to workers through training, posters etc. Training exams were taken to ensure communication was effective.
However, some workers did not want to enroll in social insurance scheme because they will retire soon, it is no use for them if not enrolled in sufficient year for social insurance.

Summary of findings

Code area	Workplace requirement	Local law	Finding
5. Legal wages are paid	5. B Ensure that workers receive the insurance...	§ 1	NC ZAF600917928

Systems and evidence examined to validate this code section

Written wage & benefits policy (involved relevant local law regarding Minimum Wages, Overtime wage and social insurance policy, paid annual leave, sick leave etc.) in place stated in the social compliance management manual which had clearly been communicated to all workers via labor contracts, factory rules (covered disciplinary measures policy / deductions from wages) posting and training etc.

During this audit, the factory provided 12 months' payrolls (from April 2024 to March 2025) for review. A sampling of these provided records for the months of March 2025 (most recent month), October 2024 (random month) and April 2024 (random month) were reviewed. As per factory management and provided payrolls, wages for all workers were calculated on an hourly basis and paid by bank transfer before 25th of each month. Based on provided payrolls and time attendance records, both workers' basic wages and overtime wages met legal requirements, the minimum hourly wage was paid at RMB 22.59 per hour, which was above the local legal minimum wage standard of RMB 2030 per month as equivalent to RMB 11.67 per hour. Overtime wage was paid at 150%, 200% and 300% of normal rate for overtime hours on normal working days, rest days and public holidays respectively, and total paid wages ranged from RMB 4787 to RMB 5691 per month. The gap between reported wages and legal requirements was nil and the percentage of workers being paid below the minimum wage was nil.

For social insurance, a total of 195 employees were eligible to receive five types of social insurances in April 2025 according to the law (total 255, excluding 60 employees who reached retiring age, no new recruitment). Through review of social insurance enrolment list, 43 employees were enrolled in pension insurance, unemployment insurance, occupational injury insurance, 43 employees were enrolled in childbearing insurance and medical insurance.

Wage slip detailing: basic wages, hourly wage rate, normal working hours, overtime working hours, holiday working hours, normal working hours wage, overtime working hours wage, statutory holidays allowance, paid leave, allowance (working position), total monthly wages, deduction (tax) and net wage was provided to each worker.

Details:

1. Employee handbook.
2. Wages and benefits policy.
3. Various leave records.
4. Resigned workers payroll records.
5. Payroll and attendance records.
6. Social insurance and payment receipts.
7. Management and worker interview.

Findings: non-compliances

ZAF600917928

Non-compliance

Due 2025-07-08

Code area

5 Legal wages are paid

Status

Open*

Workplace requirement

5. B Ensure that workers receive the insurances and benefits (including leave entitlements) they are legally or contractually entitled to.

Time given to resolve

60 days

Issue title

423 - Compulsory insurance (e.g. social insurance, accident insurance etc.) not paid - systemic

Verification method

Follow up audit

Description

It was noted that 195 employees (total 255 employees, 60 employees retired, no newly recruitment) were eligible to receive five types of social insurances in April 2025 according to the law. Through review of social insurance enrollment list and payroll records, 43 employees were enrolled in pension insurance, 43 employees were enrolled in occupational injury insurance, 43 employees were enrolled in unemployment insurance, 43 employees were enrolled in medical insurance and child-bearing insurance. Note: Factory provided commercial insurance to all employees with valid period from May 19, 2024 to May 18, 2025.

在此次审核过程中，根据社保缴费记录和参保名单，审核员发现2025年4月在195名（共255名员工，60名员工退休，无新入职员工）符合参保条件的员工中，有43名员工参加了养老保险，43名员工参加了工伤保险，43名员工参加了失业保险，43名员工参加了医疗保险和生育保险。备注：工厂为所有员工提供商业意外险，有效期从2024年5月19日至2025年5月18日。

Area of non-compliance/non-conformance

Local law
Base code

Corrective and preventative actions

It is recommended that the factory should ensure all eligible employees are entitled with all five types of social insurance schemes and therefore receive all their statutory welfare to comply with the Law. Under situations, some employees might be reluctant to be enrolled and contribute to such social insurance schemes, the factory should host training sessions to help them understand the importance of contributing toward social insurance schemes.

建议工厂确保所有的员工都参加上述提到的5种社会保险计划，从而根据法律的规定让员工享受相关法定福利。如果员工存在不愿意参加社会保险的情形，工厂应向员工提供相关培训以让其了解参加社会保险的重要性。

Local law reference

Social Insurance Act of the People's Republic of China, article 2, the state establishes basic pension insurance, basic medical insurance, occupational injury insurance, unemployment insurance, maternity insurance to form the social security system, to protect citizens' right to receive material assistance from the state and society in accordance with the law from old age, illness, work injury, unemployment, childbirth, etc.

Article 4. Employers and employees within the territory of the People's Republic of China should pay social insurance premiums in accordance with the law.

《中华人民共和国社会保险法》第二条，国家建立基本养老保险、基本医疗保险、工伤保险、失业保险、生育保险等社会保险制度，保障公民在年老、疾病、工伤、失业、生育等情况下依法从国家和社会获得物质帮助的权利。第四条，中华人民共和国境内的用人单位和个人依法缴纳社会保险费。

Evidence

5. Legal wages are paid

Data points

What is the basic wage paid to workers?	Wages are based on job skills and experience
Does the site use digital payment methods (i. e. money paid directly into a bank account) to pay workers?	Only digital payments
How much as a percentage of their pay does a worker receive as 'payment-in-kind' benefits?	None

Worker remuneration

Which benefits are provided to permanent or full-time workers that are not provided to temporary or part-time workers?	Not applicable
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Summary information

Is legal wage/legally recognised CBAs data available for any of these options?	Monthly	
Is actual wage data available on site for any of these options?	Monthly	
Maximum legal working hours	Max hours per day	8.0
	Max hours per week	40.0
	Max hours per month	Non applicable
Actual required working hours	Required hours per day	8.0
	Required hours per week	40.0
	Required hours per month	Non applicable
Maximum legal overtime hours	Max hours per day	3.0
	Max hours per week	Non applicable
	Max hours per month	36.0

Actual overtime hours	Max hours per day	2.0
	Max hours per week	15.0
	Max hours per month	57.0
Minimum legal wage	Min per hour	11.67
	Min per day	93.33
	Min per week	Non applicable
	Min per month	2030.0
Actual minimum wage	Actual per hour	22.59
	Actual per day	180.69
	Actual per week	Non applicable
	Actual per month	3930.0
Minimum legal overtime wage	Min per hour	17.51
	Min per day	Non applicable
	Min per week	Non applicable
	Min per month	Non applicable
Actual minimum overtime wage	Actual per hour	33.89
	Actual per day	Non applicable
	Actual per week	Non applicable
	Actual per month	Non applicable

Wage analysis

Number of workers' records checked	30
Provide the date and details of the records	10 samples from March 2025 (most current month) 10 samples from October 2024 (random month) 10 samples from April 2024 (random month)
Are there different legal minimum/legally recognised CBAs wage grades?	No

For the lowest paid workers, are wages paid for standard/contracted hours (excluding overtime) below or above the legal minimum/ legally recognised CBAs?	Above legal minimum
Indicate the breakdown of workforce per earnings	Workers' wages were consisted of basic wages, overtime wages, holiday compensation wages, bonus, deductions (tax) etc. 100% of workforce earning above the legal minimum wage.
Are there any bonus schemes used?	Yes work position bonus
Were accurate records shown at the first request?	Yes
Were any inconsistencies found?	No

5. A. Living wages are paid

Summary of findings

Code area	Workplace requirement	Local law	Finding
	No findings		
Systems and evidence examined to validate this code section	<p>The factory had established a living wage investigation and calculation procedure. Wages and benefits paid for a standard working week meet, at a minimum, national legal standards; The factory had calculated the industry benchmark standards and living wage requirement based on employees’ basic need survey. And compared with the review of workers’ total pay including benefits and the credible “living wage” to calculate a “living wage gap” and understand what proportion of the workforce has a gap. Based on the investigation and survey result, the factory total paid wages were higher than the living wages.</p> <p>Details:</p> <ol style="list-style-type: none"> 1. Payroll records. 2. Survey records for workers basic need cost. 3. Cost summary sheet for all workers. 4. Fair wage investigation forms. 5. Attendance records. 6. Local legal minimum wage documents. 7. Wages and benefits policy. 8. Labor contracts for all employees. 9. Pay slips of all interviewed workers. 10. Management and worker interview. 		

6. Working hours are not excessive

Management systems

Develop and maintain relevant policies and procedures to ensure workplace requirements are met

Robust Management Systems

Appoint a manager with sufficient seniority who is responsible for implementing procedures

Robust Management Systems

Communicate and train employees and other workers, including managers and supervisors, on relevant policies and procedures

Some Improvements Recommended

Monitor the effectiveness of procedures to meet policy and workplace requirements

Some Improvements Recommended

Explanation for management systems grades

Policy and Procedure:
The factory had established policy and procedure “Working hours management procedure” in place. Based on the procedure, all working hours should be complied with legal requirement.

Responsible Person:
The factory management staff were assigned to be responsible for ensuring working hours are not excessive in the factory. They were familiar with labor laws, regulations and other requirements on overtime working hours.

Implementation:
Internal audits were conducted for labour management system and corrective actions were implemented to ensure continuous improvement. Based on the internal audit report and management review report, the factory could not control working hours to comply with legal requirement as most workers wanted to work overtime to earn more money, and rush shipment turnaround made the factory hard to establish the production plan to balance the shipment period and no excessive working hours to workers.

Communications:
The policy and procedures were communicated to workers through training, posters etc. Training exams were taken to ensure communication was effective. However, workers wanted to work overtime to earn more money, so the overtime was voluntary.

Summary of findings

Code area	Workplace requirement	Local law	Finding
6. Working hours are not excessive	6. F Ensure that where overtime is used, it is...	§ 1	NC ZAF600906543

Systems and evidence examined to validate this code section

There' s a written policy concerning working hours and overtime hours, as well as a system for monitoring working hours and overtime hours. The factory keeps a electrical attendance recording system to ensure the attendance system to be accurate. Policy and Procedures for special terms for young workers and pregnant women are also in place.

During this audit, the factory provided 14 months' time attendance records (from April 2024 to May 2025) for review. A sampling of these provided records for the months of March 2025 (most recent month), October 2024 (random month) and April 2024 (random month) were reviewed. Based on provided time attendance records, workers' working hours were 8-10 hours a day, 53-55 hours a week, with the average being 54 hours per week. The most continuous working days without rest were 6 while the average continuous working days without rest were 6.

Details:

1. Employee handbook.
2. Wages and benefits policy.
3. Various leave records.
4. Resigned workers time records.
5. Payroll and attendance records.
6. Production records.
7. Management and worker interview.

Findings: non-compliances

ZAF600906543

Non-compliance

Due 2021-08-30

Code area

6 Working hours are not excessive

Status

Open*

Workplace requirement

6.F Ensure that where overtime is used, it is in order to manage changes in demand or in exceptional circumstances and not used to replace regular employment.

Time given to resolve

60 days

Issue title

480 - Overtime is not used responsibly (i. e. extent, frequency and level of hours worked by individual workers and/or whole workforce are excessive)

Verification method

Follow up audit

Description

Periodic audit on May 06, 2025. It was noted that the monthly overtime hours of 26 out of 26 randomly selected workers (from all production sections) exceed 36 hours in March 2025 (current month) with the highest of 57 hours; 26 out of 26 exceeded 36 hours in October 2024 (random month) with the highest of 56 hours; 26 out of 26 exceeded 36 hours in April 2024 (random month) with the highest of 57 hours. No workers had worked more than 3 overtime hours per day.

在此次审核中，审核员发现在随机抽取的26名工人(来自于各生产车间)中，有26名工人的月加班时间在2025年3月(当前月)超过36小时，最高达到57小时；在2024年10月(随机月)，随机抽取的26名工人中有26名工人月加班时间超过36小时，最高达到56小时；在2024年4月(随机月)，随机抽取的26名工人中有26名工人月加班时间超过36小时，最高达到57小时。没有工人每日加班超过3小时。

Area of non-compliance/non-conformance

Local law
Base code

Description (carried over)

It was noted that the monthly overtime hours of 26 out of 26 randomly selected workers exceeded 36 hours in May 2021 with the highest of 48 hours, 26 out of 26 randomly selected workers exceeded 36 hours in April 2021 with the highest of 42 hours, 26 out of 26 randomly selected workers exceeded 36 hours in December 2021 with the highest of 38 hours. (Remark: the maximum weekday overtime hours in June, July 2021 was 2 hours (total 10 hours on July 1, 2021.) Local law and/or ETI requirement: In accordance with PRC Labor Law article 41, the employer may extend working hours due to the requirements of its production or business after consultation with the trade union and laborers, but the extended working hour for a day shall generally not exceed one hour; if such extension is called for due to special reasons, the extended hours shall not exceed three hours a day under the condition that the health of laborers is guaranteed. However, the total extension in a month shall not exceed thirty-six hours. In accordance with ETI base code 6.1 Working hours must comply with national laws, collective agreements, and the provisions of 6.2 to 6.6 below, whichever affords the greater protection for workers. Sub-clauses 6.2 to 6.6 are based on international labour standards. Recommended corrective action: It is recommended that the factory should arrange reasonable production plan, increase productivity using positive means (such as bonuses) and reduce the overtime hours to ensure it is within 3 hours per day and 36 hours per month. Employees should be educated on health/safety dangers of excessive overtime.

Corrective and preventative actions

It is recommended that the factory should arrange reasonable production plan, increase productivity using positive means (such as bonuses) and reduce the overtime hours to ensure it is within 3 hours per day and 36 hours per month. Employees should be educated on health/safety dangers of excessive overtime.

建议工厂合理安排生产计划，提高生产效率并采用积极的方式如奖金减少工人的加班时间在每天3小时，每月36小时以内。工厂应培训工人了解的超时加班对工人健康安全的影响。

Corrective and preventative actions (carried over)

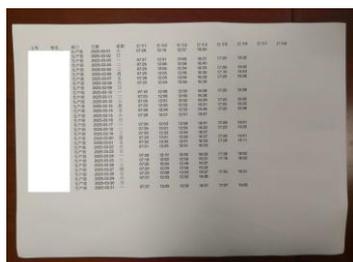
N/A

Local law reference

People’s Republic of China Labor Law article 41, the employer may extend working hours due to the requirements of its production or business after consultation with the trade union and laborers, but the extended working hour for a day shall generally not exceed one hour; if such extension is called for due to special reasons, the extended hours shall not exceed three hours a day under the condition that the health of laborers is guaranteed. However, the total extension in a month shall not exceed thirty-six hours.

《中华人民共和国劳动法》第41条，用人单位由于生产经营需要，经与工会和劳动者协商后可以延长工作时间，一般每日不得超过一小时；因特殊原因需要延长工作时间的，在保障劳动者身体健康的条件下延长工作时间每日不得超过三小时，但是每月不得超过三十六小时。

Evidence



[NC-excessive monthly overtime hours. jpg](#)



* PDF generated at 10:25 (UTC) on 09 May 2025. [View this finding on the Sedex platform](#) for live updates and closure details.

6. Working hours are not excessive

Data points

Is the sample size the same as in the wages section?	Yes
Normal day overtime premium as a percentage of standard wages	150%
If the site pays an overtime premium of less than 125% and this is allowed under local law, are there other considerations?	150%, 200% and 300% of normal rate for overtime hours on normal working days, rest days and public holidays respectively.
Excluding overtime, what are the regular working hours per week for workers at this site?	40.0
Including overtime, what is the average number of working hours per week for full-time workers at this site?	54.0
In the sample, what was the maximum number of hours worked in a single week, including overtime, for any worker at this site?	55.0
Maximum number of days worked without a day off in sample	6

7. No discrimination is practiced

Management systems

Develop and maintain relevant policies and procedures to ensure workplace requirements are met

Robust Management Systems

Appoint a manager with sufficient seniority who is responsible for implementing procedures

Robust Management Systems

Communicate and train employees and other workers, including managers and supervisors, on relevant policies and procedures

Robust Management Systems

Monitor the effectiveness of procedures to meet policy and workplace requirements

Robust Management Systems

Explanation for management systems grades

Policy and Procedure:
The factory had established policy and procedure “Anti-discrimination management procedure” in place.
Responsible Person:
The factory management staff were assigned to be responsible for ensuring no discrimination is practiced in the factory. They were familiar with labor laws, regulations and other requirements on anti-discrimination.
Implementation:
Internal audits were conducted for labour management system and corrective actions were implemented to ensure continuous improvement. Based on the internal audit report and management review report, no discrimination issue was identified in the past 2 years.
Communications:
The policy and procedures were communicated to workers through training, posters etc. Training exams were taken to ensure communication was effective.

Summary of findings

Code area	Workplace requirement	Local law	Finding
			No findings

Systems and evidence examined to validate this code section

The factory has written policy on anti-discrimination as well as policy on compensation, promotion, and training etc. New staff hiring policy and advertise indicates that no pregnancy or health check (HIV testing, HB check) was required. Gender and ethnic balance between workers and middle management is proper. There' s grievance channel (suggestion box or anonymous phone line etc.) for workers to report any discrimination.

Details:

1. Factory policy, hiring procedure.
 2. Employee handbook.
 3. Payrolls records.
 4. Training records.
 5. Employee contracts.
 6. Termination records.
 7. Management and worker interview.
-

7. No discrimination is practiced

Data points

Percentage of women workers in skilled or technical roles (e. g. where specific qualifications are needed, such as engineer/laboratory analyst)?	10%
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Representation of women in managerial roles (ratio of women workers to women managers)	4%
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Representation of women in supervisory roles (ratio of women workers to women supervisors)	5%
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Three most common nationalities in managerial and supervisory roles	All managements and supervisors were Chinese.
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8. Regular employment is provided

Management systems

Develop and maintain relevant policies and procedures to ensure workplace requirements are met

Robust Management Systems

Appoint a manager with sufficient seniority who is responsible for implementing procedures

Robust Management Systems

Communicate and train employees and other workers, including managers and supervisors, on relevant policies and procedures

Robust Management Systems

Monitor the effectiveness of procedures to meet policy and workplace requirements

Robust Management Systems

Explanation for management systems grades

Policy and Procedure:
The factory had established policy and procedure on employment management. In the procedure, no labor agent or contractor was allowed to hire workers. All workers were hired directly.
Responsible Person:
The factory management staff were assigned to be responsible for ensuring employment followed with legal requirements in the factory. They were familiar with labor laws, regulations and other requirements on hiring process, no labor agent or contractor was allowed to hire workers.
Implementation:
Internal audits were conducted for labour management system and corrective actions were implemented to ensure continuous improvement. Based on the internal audit report and management review report, no labor agent or contractor was allowed to hire workers in the past 2 years.
Communications:
The policy and procedures were communicated to workers through training, posters etc. Training exams were taken to ensure communication was effective.

Summary of findings

Code area	Workplace requirement	Local law	Finding
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No findings

Systems and evidence examined to validate this code section

Work performed was based on recognized employment relationship established through national law and normal practice. The factory never used any home-workers or agency workers. No apprentice or temporary worker was working in the factory. The factory signs labor contracts with employees within 30 days since employment, and all workers can have their own a copy of the contract and pay slip. HR staff was aware of local law concerning above worker pattern.

Details:

1. Factory policy, employee handbook.
 2. Labour contracts.
 3. Hiring and termination records.
 4. Personal files.
 5. Management and worker interview.
-

8. Regular employment is provided

Data points

Percentage of workers that are permanently or temporarily employed	100.0%
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Percentage of workers that have been engaged via irregular, sub-contracted or non-employment models of labour, rather than permanent or temporary contracts of employment	0.0%
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Percentage of workers employed as apprentices, trainees or interns	0.0%
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8. A. Sub-contracting and homeworkers are used responsibly

Management systems

Develop and maintain relevant policies and procedures to ensure workplace requirements are met

Robust Management Systems

Appoint a manager with sufficient seniority who is responsible for implementing procedures

Robust Management Systems

Communicate and train employees and other workers, including managers and supervisors, on relevant policies and procedures

Robust Management Systems

Monitor the effectiveness of procedures to meet policy and workplace requirements

Robust Management Systems

Explanation for management systems grades

Policy and Procedure:
The factory had established policy on sub-contracting, homeworking, and external processing, as well as written policy and procedure in place to control external working.
Responsible Person:
The factory management staff were assigned to be responsible for ensuring no subcontracting and homeworkers were used in the factory. They were familiar with labor laws, regulations and other requirements on the use of subcontractors and homeworkers; most of their clients were not allowed to use subcontractors and homeworkers.
Implementation:
Internal audits were conducted for labour management system and corrective actions were implemented to ensure continuous improvement. Based on the internal audit report and management review report, no subcontractor and homemaker were noted in the past 2 years.
Communications:
The policy and procedures were communicated to workers through training, posters etc. Training exams were taken to ensure communication was effective.

Summary of findings

Code area	Workplace requirement	Local law	Finding
			No findings

Systems and evidence examined to validate this code section

The factory had established policy on sub-contracting, homeworking, and external processing, as well as written policy and procedure in place to control external working. The factory posted customers' Code of Conduct in the facility. Through site tour, documents review and management & workers interview, no external working was being used currently.

Details:

1. Factory policy.
 2. Various production records checking.
 3. Management and worker interview.
 4. Site observations.
-

8. A. Sub-contracting and homeworkers are used responsibly

Data points

Are homeworkers employed directly or engaged through an agent? Not applicable

Gender disaggregated data available

Number of homeworkers used

	Men	Women	Other	Total
Number of workers	-	-	-	-

What processes are carried out by homemaker?

Are full records of homeworkers available at the site?

Does the supplier buy products or services from suppliers that use homeworkers? No
No homemaker was used by the factory and its suppliers.

Sub-contracting

Are there any concerns about unrecorded work or undeclared sub-contracting on site, giving considerations to the workers' capacity? No
No subcontractor was used by the factory.

Are any sub-contractors used? No

9. No harsh or inhumane treatment is allowed

Management systems

Develop and maintain relevant policies and procedures to ensure workplace requirements are met

Robust Management Systems

Appoint a manager with sufficient seniority who is responsible for implementing procedures

Robust Management Systems

Communicate and train employees and other workers, including managers and supervisors, on relevant policies and procedures

Robust Management Systems

Monitor the effectiveness of procedures to meet policy and workplace requirements

Robust Management Systems

Explanation for management systems grades

Policy and Procedure:
The facility had established a written Anti-harsh and inhumane treatment management procedure in place.
Responsible Person:
The factory management staff were assigned to be responsible for ensuring no harsh or inhumane treatment is allowed in the factory. They were familiar with labor laws, regulations and other requirements on inhumane treatment.
Implementation:
Internal audits were conducted for labour management system and corrective actions were implemented to ensure continuous improvement. Based on the internal audit report and management review report, no harsh or inhumane treatment issue was noted in the past 2 years.
Communications:
The policy and procedures were communicated to workers through training, posters etc. Training exams were taken to ensure communication was effective.

Summary of findings

Code area	Workplace requirement	Local law	Finding
			No findings

Systems and evidence examined to validate this code section

The factory had established an anti-harsh or inhumane treatment policy. The policy states that physical abuse or discipline, the threat of physical abuse, sexual or other harassment and verbal abuse or other forms of intimidation shall be prohibited in this facility. The disciplinary procedure only includes oral warning, written warning and education, which was confirmed through worker's interview. The factory has established grievance mechanism with non-retaliation policy and allow workers to report issues anonymously. Related training records and grievance records / documented evidence were maintained in place. Security practices were humane and comply with customers' expectation.

Details:

1. Policy of prevention of harassment and abuse.
 2. Internal grievance procedure documentation.
 3. Training records.
 4. Management and worker interview.
-

9. No harsh or inhumane treatment is allowed

Data points

Is there a formal process for workers to report concerns, complaints, or problems ('grievance mechanism')?

Yes, there is a formal grievance process
The grievance process is available to all workers
The grievance process is available to members of the local community

What type of grievance mechanism(s) are available?

Report to worker representatives, leaders, supervisors and managers directly, write grievance to suggestion box to top management.

Number of grievances raised in the last 12 months 0

Number of grievances resolved in the last 12 months 0

10. A. Environment 2-Pillar

Management systems

Develop and maintain relevant policies and procedures to ensure workplace requirements are met Robust Management Systems

Appoint a manager with sufficient seniority who is responsible for implementing procedures Robust Management Systems

Communicate and train employees and other workers, including managers and supervisors, on relevant policies and procedures Robust Management Systems

Monitor the effectiveness of procedures to meet policy and workplace requirements Robust Management Systems

Explanation for management systems grades

Policy and Procedure:
The facility had established a written environmental management procedure in place.
Responsible Person:
The factory management staff were assigned to be responsible for ensuring the factory complied with environmental requirements, they were familiar with environmental laws, regulations and other requirements.
Implementation:
The regular inspection for environmental factors including air emission, boundary noise and domestic wastewater were conducted annually, and the result was within regulatory limits. Internal audits were conducted for the environmental management system and corrective actions were implemented to ensure continuous improvement. The issue of updating the environmental permit was not identified and corrective actions not implemented.
Communications:
The policy and procedures were communicated to workers through training, posters etc. Training and communication on updating of environmental permits was insufficient while updated the factory size.

Summary of findings

Code area	Workplace requirement	Local law	Finding
			No findings

Systems and evidence examined to validate this code section

The site has established Environmental policy concerning environment issue, and the responsible management staff was aware of local laws / regulations governing environment, keeps the law up to date. The factory had obtained the environmental impact assessment documents examined and approved by authorized environmental protection department. The annual monitoring reports for air emission, wastewater and boundary noise were provided for review, and the results are within the restriction per environmental law.

Details:

1. Environmental policy.
 2. Pollutant Discharge registration.
 3. Environmental impact report.
 4. Environmental project completion acceptance report.
 5. Management and worker interview.
 6. Site observations.
-

10.A. Environment 2-Pillar

Data points

Has the site received an official notice, No fine or prosecution for any non-compliances with environmental legislation, regulation, consent or permits (within the last three years)?

Does the site have any valid environmental or energy management certificates?

The factory had obtained the Environment Impact Report and Approval, Environmental Protection Completion Acceptance for its environmental projects.

Are there any other sustainability certifications present (e.g. Forest Stewardship Council (FSC), Marine Stewardship Council (MSC))?

No

Has the site implemented or made plans to implement any adaptive measures to protect workers from the impact of climate change?

Yes

The factory has established reduction targets for water consumption and discharge, waste, energy and green-house gas emissions.

10. B. Environment 4-Pillar

Summary of findings

Code area	Workplace requirement	Local law	Finding
	No findings		
Systems and evidence examined to validate this code section	<p>The site has established Environmental policy concerning environment issue (including hazardous waste disposal handling procedures), and the responsible management staff was aware of local laws / regulations governing environment, keeps the law up to date. The factory had obtained the environmental impact assessment documents examined and approved by authorized environmental protection department. The annual monitoring reports for air emission, wastewater and boundary noise were provided for review, and the results are within the restriction per environmental law. The factory conducted a risk assessment on the environmental impact of the site, including implementation of controls to reduce identified risks. The factory also established emergency reduction targets in place for environmental aspects e.g. water consumption and discharge, waste, energy and so on.</p> <p>Details:</p> <ol style="list-style-type: none"> 1. Environmental policy. 2. Pollutant Discharge registration. 3. Environmental impact report. 4. Environmental project completion acceptance report. 5. Risk assessment records. 6. Emergency reduction target. 7. Management and worker interview. 8. Site observations. 		

10.B. Environment 4-Pillar

Data points

Has the site conducted a risk assessment on the environmental impact of the site, including implementation of controls to reduce identified risks?	Yes
What additional specific environmental policies does the site capture?	Sustainable material sourcing Responsible use and management of water
Is there a system for managing client' s requirements and legislation in the destination countries regarding environmental and chemical issues?	Yes The factory had an environmental policy for managing client' s requirements and legislation.
Does the site have reduction targets in place to manage climate related risks?	None
Does the site have reduction targets in place for environmental aspects (e.g. water consumption and discharge, waste, energy and green-house gas emissions: (Scope 1, 2 & 3))?	No
Has the site checked that any sub-contracting agencies or business partners operating on the premises have the appropriate permits and licences and are conducting business in line with environmental expectations of the facility?	Yes The factory has checked the suppliers' relevant environmental licenses and their environmental police before conducting business.

Usage/discharge analysis

	Last full calendar year (2024)	Previous full calendar year (2023)
Total electricity consumption from non-renewable sources (kWh)	604, 100	612, 800
Total electricity consumption from renewable sources (kWh)	0	0
Sources of renewable energy used	None	None
Types of renewable energy used	Data not available	Data not available
Total natural gas consumption (kWh)	0	0

Usage of other purchased fuels	0	0
Has the site completed any carbon footprint analysis?	No	No
Water sources	Municipal sewage system	Municipal sewage system
Does the site use mercury or mercury compounds?	No	No
Water volume used (m3)	8,476	8,558
Water discharged	Municipal sewage system	Municipal sewage system
Water volume discharged (m3)	7,567	7,652
Water volume recycled (m3)	0	0
Total waste produced (mt)	160	152
Total hazardous waste produced (mt)	4.6	4.8
Waste to recycling (mt)	0	0
Waste to landfill (mt)	0	0
Waste to other (mt)	0	0
Total product produced (mt)	238	240

10. C. Business ethics

Management systems

Develop and maintain relevant policies and procedures to ensure workplace requirements are met	Robust Management Systems
Appoint a manager with sufficient seniority who is responsible for implementing procedures	Robust Management Systems
Communicate and train employees and other workers, including managers and supervisors, on relevant policies and procedures	Robust Management Systems
Monitor the effectiveness of procedures to meet policy and workplace requirements	Robust Management Systems
Explanation for management systems grades	<p>Policy and Procedure: The facility had established a written business ethics management procedure in place. Responsible Person: The factory management staff were assigned to be responsible for ensuring the factory complied with business ethics requirements, they were familiar with business ethics laws, regulations and other requirements.</p> <p>Implementation: Internal audits were conducted for the business ethics management system, no violation was noted, and corrective action would be implemented to ensure continuous improvement of business ethics if have any violations. Based on the internal audit report and management review report, no business ethics violation has been noted in the past 2 years.</p> <p>Communications: The policy and procedures were communicated to workers through training, posters etc. Training and communication on updating of environmental permits was insufficient while updated the factory size.</p>

Summary of findings

Code area	Workplace requirement	Local law	Finding
			No findings

Systems and evidence examined to validate this code section

The company manager was the designated person responsible for implementing standards concerning Business Ethics, and that site practices were conducted without any corruption and bribery.

The company established a business ethics policy which was communicated to workers through posters and training.

The site had received and read the Business Ethics policy of the auditor/audit company. There was an internal grievance process, which was an anonymous email address.

Details:

1. Business Ethics policy.
 2. Anti-bribery, corruption or any fraudulent or unethical business practices management procedure.
 3. Corruption training records, employee handbook.
 4. Reports from Anonymous email account.
 5. Management and worker interview.
-

10.C. Business ethics

Data points

Has the site received an official notice, No
fine or prosecution for any non-
compliances with business ethics
legislation, regulation, consent or permits
(within the last three years)?

Provide any certified anti-bribery Nil
management systems for the site

Audit company:
LRQA

Audit reference:
XXXXXXXXXXXXXXXXXX

Start Date:
2025-05-06

End Date:
2025-05-06



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