

Sedex Members Ethical Trade Audit Report

Version 7



Contents

[Audit content](#)

[Audit and site details](#)

[Audit parameters](#)

[Audit attendance](#)

[SMETA declaration](#)

[Summary of findings](#)

[Management systems](#)

[Site details and data points](#)

[Site details](#)

[Worker analysis](#)

[Worker interviews](#)

[Measure workplace impact](#)

[0. Enabling accurate assessment](#)

[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](#)

[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](#)

[10.A. Environment 2-Pillar](#)

[10.B. Environment 4-Pillar](#)

[10.C. Business ethics](#)

[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:
 - 0: 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	ZC5000058745	Auditor company name	LRQA
Date of audit	2025-04-09	Audit conducted by	Sedex member
Audit pillars	Labour Standards Health and safety Environment 4-Pillar Business ethics		

Site details

Sedex site reference	ZS1000069559	Site name	XXXXXXXXXXXXXXXXXXXXX
Business name	XXXXXXXXXXXXXXXXXXXXX	Site address	XXXXXXXXXXXXXXXXXXXXX China
Site phone	XXXXXXXXXXXXXXXXXXXXX	Site email	XXXXXXXXXXXXXXXXXXXXX

Audit parameters

Time in and out	Day 1		Day 2	
	In	09:15	In	08:05
	Out	17:30	Out	11:50
Audit type	Full initial			
Was the audit announced?	Unannounced			
Was the Sedex SAQ available for review?	Yes			
Who signed and agreed CAPR?	XXXXXXXXXXXXXXXXXXXXX			
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 is no union at the site.		
Reason for absence during the audit	There is no union at the site.		
Reason for absence at the closing meeting	There is no union at the site.		

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)	Nil		
Lead auditor	Judy Ling	APSCA Number	21700022
Additional auditor			
Date of declaration	2025-04-10		

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	XXXXXXXXXX
Title	XXXXXXXXXX
Date of declaration	2025-04-10

Summary of findings

Code area	Workplace requirement	Local law	Finding
3. Working conditions are safe and hygienic	3.M Ensure all machinery is installed, mainta...	§1	NC ZAF600888236
	3.N Maintain a log of all hazardous substance...	§2	NC ZAF600888237
5. Legal wages are paid	5.B Ensure that workers receive the insurance...	§3	NC ZAF600888238
6. Working hours are not excessive	6.F Ensure that where overtime is used, it is...	§4	NC ZAF600888239

Local law issues

S1	In accordance with General Rules for Designing the Production Facilities (GB5083-2023) article 6.1.1, Safety and health protective devices shall be installed for movable parts of production equipment that could cause personal injury through contact during operation.
S2	In accordance with Regulation for Chemical Usage Safety in Workplace, article 12, the chemicals used by the unit should be labeled, dangerous chemicals should have safety labels, the unit should provide safety data sheet to operator. Article 14, (1) In case of transferring or loading the chemicals purchased into a new container, it is required to clearly mark the descriptions of these chemicals on the newly adopted container. As to those hazardous chemicals that have been transferred or loaded into a new container, it is necessary to stick a safety precautions mark on the new container. (2) The original safety precautions mark upon those containers that contain hazardous chemicals shall not be replaced before these containers have been cleansed.
S3	In accordance with 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.
S4	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.

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

i 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	ZC5000058745	
Sedex site reference	ZS1000069559	
Company name	XXXXXXXXXXXXXXXXXXXXXXX	
Business ownership type	GOODS	
Site name	XXXXXXXXXXXXXXXXXXXXXXX	
Site name in local language		
GPS location	GPS address	XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX XXXXXXXXXXXXXXXXXXXX, China
	Coordinates	XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX XXXXXXXXXXXXXXXXXXXX
Is the worksite in a remote location, far from habitation?	No	
Site contact	Contact name	XXXXXXXXXXXXXXXXXXXXXXX
	Job title	XXXXXXXXXXXXXXXXXXXXXXX
	Phone number	XXXXXXXXXXXXXXXXXXXXXXX
	Email	XXXXXXXXXXXXXXXXXXXXXXX
Applicable business and other legally required business license numbers and documents	Business license number: xxxxxxxxxxxxxxxx Date of issue: September 2, 2021 and valid till to long term.	

Site activities

Site function	Factory Processing/Manufacturer
---------------	---------------------------------

Site activities

Site activities	Primary Secondary Other	Other manufacturing n.e.c.
Product type	Bags	
Process overview	The factory specializes in manufacturing bags. The main production processes included: Cutting, sewing, inspection and packing. There were 3 sewing lines in the factory and the main equipment used: Cutting and sewing machines etc.	
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?	880m ²	
Building 1	Last construction works on site If building is shared, provide details Number of floors Description of floor activities	2014 The first floor was used by shops; the fourth floor was used by the training center. All the shops, training center and the audited factory have individual owners / business licenses, and did not share production equipment, no management and workers would have exchanged each other with the audited factory. 4 1F: used by shops. 2F: used as cutting, sewing, inspection, and packing sections, office, warehouse of the audited factory. 3F: used as sewing section of the audited factory. 4F: used by the training center.
Is there any difference between the site scope of the audit and the Sedex site profile?	No	

Site scope

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	95-100%	February	95-100%
March	95-100%	April	95-100%
May	95-100%	June	95-100%
July	95-100%	August	95-100%
September	95-100%	October	95-100%
November	95-100%	December	95-100%

Is there any night or back 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

Site assessments

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?	<p>Yes</p> <p>The factory has conducted those negative impacts assessments each year in their internal audit.</p> <p>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.</p>
Has there been a Human Rights Impact Assessment (HRIA) conducted within the last three years at this site?	<p>Yes</p> <p>The factory had established and implemented Human Rights Impact Assessment system and conducted the HRIA once per year in their internal audit.</p>

Worker analysis

Gender disaggregated data available

Men and women

Worker totals

	Men	Women	Other	Total
Number of workers	7 (7.5%)	86 (92.5%)	- -	93 (100%)

Workers by type

	Men	Women	Other	Total
Permanent workers (employees)	0 -	0 -	- -	0 (0%)
Temporary or fixed term employees	7 (7.5%)	86 (92.5%)	- -	93 (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	0 -	0 -	- -	0 (0%)
International migrant workers	0 -	0 -	- -	0 (0%)
Total migrant workers	0 -	0 -	- -	0 (0%)

* % 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, no workers were migrated from other provinces. All workers were recruited directly by the factory.

Workers by age

	Men	Women	Other	Total
18 - 24 years old	0 -	0 -	- -	0 (0%)
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	8%	92%	-	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	7 (7.5%)	86 (92.5%)	- -	93 (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	7 (7.5%)	86 (92.5%)	- -	93 (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	0 (0%)	1 (100%)	- -	1
Supervisors or team leaders	0 (0%)	1 (100%)	- -	1
Administrative staff	0 -	0 -	- -	0

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 each

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 Equal opportunities Training and development
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 union present at the facility. Worker representatives are aware of the responsibility, and they understand that they are the bridge between management and workers. 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. Worker representatives found no difficulty raising any issue with management and management is responsive on all the issues raised by the workers.
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 the assessor with site tour and helped select workers for interviews. Management staff attended the closing meeting, confirmed all the findings and signed 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 in groups	1	4	-	5
Workers interviewed individually	1	5	-	6

Migrant workers interviewed

	Men	Women	Other	Total
Domestic migrant workers interviewed	0	0	-	0
International migrant workers interviewed	0	0	-	0
Total migrant workers interviewed	0	0	-	0

Measuring workplace impact

Gender disaggregated data available

Men and women

Annual worker turnover (%)*

	Men	Women	Other	Total
Last full quarter (90 days)	1.0%	0.0%	-	1.0%
Last full calendar year (2024)	1.0%	2.0%	-	3.0%
Previous full calendar year (2023)	1.0%	3.0%	-	4.0%

* 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)	0.0%	2.0%	-	2.0%
Last full calendar year (2024)	1.0%	4.0%	-	5.0%
Previous full calendar year (2023)	1.0%	4.0%	-	5.0%

* 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 standard 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 standard 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 standard 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. Ms. Feng / Manager was responsible for implementing the workshop requirement and communicating to all employees and its personnel concerned, including their 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 interviews. 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, 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?	No
Did any workers selected by the auditor decline to be interviewed?	No
Were sufficient documents for non-employee (e.g. agency or other subcontracted) workers available for review?	No

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	<ul style="list-style-type: none"> •The factory had established policy and procedure “Employment is freely chosen” in place. This policy was established and filled in the “Recruitment Management Procedure”, it was updated in January 2025 and signed by the facility’s General Manager. The generator concept was posted on the bulletin board for employee’s awareness. •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 “Employment is freely chosen” issues. Human Resource Department staff and worker representatives to address concerns or provide updates. •The policy and procedures were communicated to workers through training and posters etc. Training exams were taken to ensure communication was effective. •Internal audits were conducted for this section’s management system and corrective actions were implemented to ensure continuous improvement. Based on the internal audit report and management review report, no compliance regarding “Employment is freely chosen” issue that has been raised in the past 2 years.

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 "Hiring policy" and "Recruitment Management Procedure" in place to ensure employment is freely chosen. Ms. Feng / 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 working 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 interviews.

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	<ul style="list-style-type: none"> •The factory had established policy and procedure “Responsible recruitment and entitlement to work” in place. This policy was established and filled in the “Recruitment Management Procedure”, it was updated in January 2025 and signed by the facility’s General Manager. The generator concept was posted on the bulletin board for employee’s awareness. •Ms. Feng / Manager was assigned to be responsible for ensuring responsible recruitment and entitlement to work is complied with legal requirements in the factory. She was familiar with labor laws, regulation and other requirements on recruitment issues. •The facility provided the relevant training to all employees regularly (i.e., upon recruitment and annually). The training exam was taken to ensure communication was effective. HR staff was aware of recruitment policy and procedure and local law concerning recruitment. •Internal audits were conducted for this section’s management system and corrective actions were implemented to ensure continuous improvement. Based on the internal audit report and management review report, no compliance regarding “Responsible recruitment and entitlement to work” issue was raised in the past 2 years.

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 effective employment management policies and procedures to ensure responsible recruitment and entitlement to work in the factory and meet the Code and labour standards required by local law and customers. It also includes provisions within service agreements that hold labour providers or on-site subcontractors contractually responsible to ensure no recruitment fees or related costs are incurred or charged to workers and specifies the party responsible for reimbursing workers accordingly if they incur fees or costs if has; and would verify the workers who are found to pay recruitment fees or related costs (legal or otherwise, as defined by the ILO and including travel and visa costs), are fully reimbursed in a timely manner.

Ms. Feng/ Manager was responsible for compliance with the employment policies & program and Code implementation; the Code was communicated to all employees through trainings, handbooks and postings at the facility.

1. Facility has not employed any foreign nationals.
2. There are no immigration workers in the facility.
3. No labour agent was used in the facility.
4. The facility hired workers directly, no recruitment fee was required.

Details:

1. Employees' manual, Factory rules
2. Personnel files records of employees
3. Training records
4. Labor contracts
5. Payroll records
6. Recruitment fee or related cost if has
7. Management and worker interviews.

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 (including 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	0%
Do any workers migrate from other states, provinces or regions within the country to work at this site?	No

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	<p>•The factory had established policy and procedure “Freedom of association and right to collective bargaining are respected” in place. This policy was established and filled in the “Freedom of association and right to collective bargaining are respected management procedure”, it was updated in January 2025 and signed by the facility's General Manager. The generator concept was posted on the bulletin board for employee's awareness.</p> <p>•Ms. Feng / Manager was assigned to be responsible for ensuring freedom of association and the right to collective bargaining are respected in the factory. She was familiar with labor laws, regulations and other requirements on freedom and association issues.</p> <p>•The facility provided the relevant training to all employees regularly (i.e., upon recruitment and annually). The training exam was taken to ensure communication was effective.</p> <p>•Internal audits were conducted for this section's management system and corrective actions were implemented to ensure continuous improvement. Based on the internal audit report and management review report, no compliance regarding “Freedom of association and right to collective bargaining are respected” issue was raised in the past 2 years.</p>

Summary of findings

Code area	Workplace requirement	Local law	Finding
No findings			

Systems and evidence examined to validate this code section

The factory has a written policy and procedure 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 is 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 labour 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 boxes etc. There was a relevant written policy / procedure documented in place. The meetings between factory management and workers' representatives were conducted every two months.

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	Robust Management Systems
Monitor the effectiveness of procedures to meet policy and workplace requirements	Fundamental Improvements Required
Explanation for management systems grades	<p>•The factory had established policy and procedure “Working conditions are safe and hygienic” in place. This policy was established and filled in the “Health and Safety Management Procedure”, it was updated in January 2025 and signed by the facility's General Manager. The generator concept was posted on the bulletin board for employee's awareness.</p> <p>•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 “Working conditions are safe and hygienic” issues. Health and Safety Management Department staff and worker representatives to address concerns or provide updates.</p> <p>•The facility provided the relevant training to all employees regularly (i.e., upon recruitment and annually). The training exam was taken to ensure communication was effective.</p> <p>•Internal audits were conducted for this section's management system and corrective actions were implemented to ensure continuous improvement. Based on the internal audit report and management review report, major issues happened occasionally, the factory was working on enhancing the supervision and regular inspection to reduce the health and safety risks.</p> <p>However, through onsite observation, around 5% of sewing machines were found missing safety needle guards and 50% of chemicals missing safety labels. It is recommended that enhancements be made to fortify the management system and augment its overall efficacy.</p>

Summary of findings

Code area	Workplace requirement	Local law	Finding
3. Working conditions are safe and hygienic	3.M Ensure all machinery is installed, mainta...	§1	NC ZAF600888236
	3.N Maintain a log of all hazardous substance...	§2	NC ZAF600888237

Systems and evidence examined to validate this code section

The facility had established an Health and Safety policy and management procedures in place.

1. General Health and Safety management in the factory.
 - A Senior Manager was responsible for the issue of Health and Safety in the factory.
 - Minutes of meetings show that there were regular meetings between Health and Safety committee and management staff.
 - Ventilation, temperature and lighting were adequate for the production processes.
 - Sufficient clean toilets segregated by gender were always available to workers.
 - The factory provided potable water to workers free of charge in the workshop.
2. Fire Safety
 - Evacuation plans were posted in all workshops and understood by all interviewed workers.
 - The adequate emergency exits are for all workshops.
 - Sufficient fire-fighting equipment such as fire extinguishers and hydrants in production buildings. Regular inspection was taken by the factory per month.
 - Fire drills were conducted in the factory twice per year according to the fire drill plans and the records were provided for review. The latest fire drill was conducted on January 13, 2025.
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 present 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 in correct handling procedures as well as what to do in an emergency.
5. Medical services
 - Sufficient first aid kit in the production area and they were well stocked.
 - Sufficient first aiders were available in the factory to 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.Fire drill records
- 5.First aider certificates
- 6.Drinking water testing report
- 7.Health and Safety inspection records
- 8.Management and worker interviews.

Findings: non-compliances

ZAF600888236

Non-compliance

Due 2025-05-16

Code area

3 Working conditions are safe and hygienic

Status

Open*

Workplace requirement

3.M Ensure all machinery is installed, maintained, and used in a safe manner.

Time given to resolve

30 days

Issue title

264 - Machines lack appropriate safety guards (e.g. eye or needle guards on sewing machines, belt/hand guards on other machines)

Verification method

Desktop audit

Description

It was noted that no safety needle guards were equipped for around 5% sewing machines in the sewing section at 3/F of the production building.

在此次审核过程中，审核员发现生产厂房3楼缝纫车间内约5%缝纫机没有安装安全针挡。

Area of non-compliance/non-conformance

Local law

Base code

Corrective and preventative actions

It is recommended that the factory should provide proper Health & Safety training to workers, conduct regular Health & Safety inspection and equip safety needle guards for all sewing machines to comply with the law. The factory shall develop and implement procedures to reduce or eliminate the risk of an injury from moving machinery parts.

Local law reference

In accordance with General Rules for Designing the Production Facilities (GB5083-2023) article 6.1.1, Safety and health protective devices shall be installed for movable parts of production equipment that could cause personal injury through contact during operation.

Evidence



[NC No needle guard equipped.jpg](#)



* PDF generated at 11:35 (UTC) on 16 Apr 2025. [View this finding on the Sedex platform](#) for live updates and closure details.

ZAF600888237

Non-compliance

Due 2025-05-16

Code area

3 Working conditions are safe and hygienic

Status

Open*

Workplace requirement

3.N Maintain a log of all hazardous substances (e.g. chemicals and pesticides) on site. Ensure that these are managed appropriately at all times in line with safety instructions, including storage, use and disposal.

Time given to resolve

30 days

Verification method

Desktop audit

Issue title

233 - Hazardous substances (e.g. chemicals and pesticides) are stored unlabelled or labelling is incorrect

Area of non-compliance/non-conformance

Local law

Base code

Description

It was noted that there was no safety label attached on around 50% of hazardous chemicals (i.e., sewing-machine oil) stored in the sewing section at 2/F of the production building.

在此次审核过程中, 审核员发现生产厂房2楼缝纫车间存放的约50%的危险化学品(如衣车油)没有张贴安全标签。

Corrective and preventative actions

It is recommended that the factory shall ensure that all chemical containers in the working area are properly labeled with safety precautions. Further the Management should provide proper chemical safety training to workers and conduct regular chemical safety inspection.

Local law reference

In accordance with Regulation for Chemical Usage Safety in Workplace, article 12, the chemicals used by the unit should be labeled, dangerous chemicals should have safety labels, the unit should provide safety data sheet to operator.

Article 14, (1) In case of transferring or loading the chemicals purchased into a new container, it is required to clearly mark the descriptions of these chemicals on the newly adopted container. As to those hazardous chemicals that have been transferred or loaded into a new container, it is necessary to stick a safety precautions mark on the new container. (2) The original safety precautions mark upon those containers that contain hazardous chemicals shall not be replaced before these containers have been cleansed.

Evidence



[NC No safety label posted.jpg](#)



* PDF generated at 11:35 (UTC) on 16 Apr 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	<ul style="list-style-type: none"> •The factory had established policy and procedure “Child labour shall not be used” in place. This policy was established and filled in the “Child Labor and Young Worker Management Procedure”, it was updated in January 2025 and signed by the facility's General Manager. The generator concept was posted on the bulletin board for employee's awareness. •The factory management staff were assigned to be responsible for ensuring “Child labour shall not be used” in the factory. They were familiar with labor laws, regulation and other requirements on “Child labour shall not be used” issues. Human Resource Department staff and worker representatives to address concerns or provide updates. •The facility provided the relevant training to all employees regularly (i.e., upon recruitment and annually). The training exam was taken to ensure communication was effective. <p>Training on the Hiring Procedures is mandatory for all HR staff processing applications or onboarding. A training matrix utilised by line managers ensures that there is a very low chance of gaps regarding this training.</p> <ul style="list-style-type: none"> •Internal audits were conducted for this section's management system and corrective actions were implemented to ensure continuous improvement. Based on the internal audit report and management review report, no compliance regarding “Child labour shall not be used” issue was raised in the past 2 years.

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 a photocopied national identification card. The employee roster includes the employee's name, household address and the date of birth. The 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 interviews.

4. Child labour shall not be used

Data points

Percentage of workers that are age 24 or younger	0%
Enter the legal age of employment	16
Enter the age of the youngest worker identified	31
Enter the number of workers under local legal minimum age	0
Enter the number of workers under 15 years old	0
Percentage of workers that are apprentices, trainees or interns	0.0%
Were there children present on the work floor but not working at the time of audit?	No
Do children live at the accommodation provided to workers?	Not Applicable

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	Robust Management Systems
Monitor the effectiveness of procedures to meet policy and workplace requirements	Fundamental Improvements Required
Explanation for management systems grades	<ul style="list-style-type: none"> •The factory had established policy and procedure “Legal wages are paid” in place. This policy was established and filled in the “Wages and Benefits Management Procedure”, it was updated in January 2025 and signed by the facility’s General Manager. The generator concept was posted on the bulletin board for employee’s awareness. •The factory management staff were assigned to be responsible for ensuring “Legal wages are paid” in the factory. They were familiar with labor laws, regulation and other requirements on “Legal wages are paid” issues. Human Resource Department staff and worker representatives to address concerns or provide updates. •The facility provided the relevant training to all employees regularly (i.e., upon recruitment and annually). Training exams were taken to ensure communication was effective. Responsible staffs (accountant and HR staff) are aware of relevant local law regarding MW, OT wage and social insurance, paid annual leave, sick leave etc. •Internal audits were conducted for this section’s management system and corrective actions were implemented to ensure continuous improvement. However, through documents review, management and workers interview, the factory did not provide social insurance benefits for all eligible employees which did not meet the legal requirement. In addition, the factory also found this issue in the latest internal audit, but the factory has not taken effective corrective action. It is recommended that enhancements be made to fortify the management system and augment its overall efficacy.

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 ZAF600888238

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 March 2024 to February 2025) for review. A sampling of these provided records for the months of February 2025 (most recent month), December 2024 (random month) and June 2024 (random month) were reviewed. As per factory management and provided payrolls, wages for all workers were calculated on an hourly basis and paid through bank transfer at around the 30th of each month. Based on provided payrolls and time attendance records, both workers' basic wages and overtime wages met legal requirements, the hourly wage was paid at RMB 18.97 per hour, which was above the local legal minimum wage standard of RMB 1,740 per month as equivalent to RMB 10 per hour. Overtime wages were 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 4743 to RMB 8025 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 68 employees (excluding 27 retired employees) were eligible to receive five types of social insurances in March 2025 according to the law. However, as per factory management information, no employees were enrolled in occupational injury insurance, pension insurance, unemployment insurance, medical insurance or child-bearing insurance.

Remark: The factory had purchased group commercial injury insurance for all employees with the valid period was from September 12, 2024 to September 11, 2025. Wage slips 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, annual leave wages, total monthly wages were 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 interviews.

Findings: non-compliances

ZAF600888238

Non-compliance

Due 2025-06-15

Code area

5 Legal wages are paid

Workplace requirement

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

Issue title

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

Description

It was noted that a total of 68 employees (excluding 27 retired employees) were eligible to receive five types of social insurances in March 2025 according to the law. However, as per factory management information, no employees were enrolled in occupational injury insurance, pension insurance, unemployment insurance, medical insurance or child-bearing insurance.
Remark: The factory had purchased group commercial injury insurance for all employees with the valid period was from September 12, 2024 to September 11, 2025.
在此次审核过程中，审核员发现在2025年3月有68名（排除27名退休人员）符合参保条件的员工。根据工厂管理信息，没有员工参加了工伤导致残疾保险或者职业疾病保险，养老保险，失业保险，医疗保险和生育保险。
备注：工厂为所有员工购买了团体商业伤害保险，有效期为2024年9月12日至2025年9月11日。

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.

Local law reference

In accordance with 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.

Evidence

Status
Open*

Time given to resolve
60 days

Verification method
Follow up audit

Area of non-compliance/non-conformance
Local law
Base code



[NC_Insufficient social insurance coverage.jpg](#)



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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	Non applicable
	Max hours per month	78.0
Minimum legal wage	Min per hour	10.0
	Min per day	80.0
	Min per week	Non applicable
	Min per month	1740.0
Actual minimum wage	Actual per hour	18.97
	Actual per day	151.76
	Actual per week	Non applicable
	Actual per month	3300.0
Minimum legal overtime wage	Min per hour	15.0
	Min per day	Non applicable
	Min per week	Non applicable
	Min per month	Non applicable
Actual minimum overtime wage	Actual per hour	28.46
	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 1st February to 28th February 2025 (most current month); 10 samples from 1st December to 31st December 2024 (random month); 10 samples from 1st June to 30th June 2024 (random month).
Are there different legal minimum/ legally recognised CBAs wage grades?	Yes RMB 1740 per month as equivalent to RMB 10 per hour since April 1, 2024, and RMB 1610 per month as equivalent to RMB 9.25 per hour before April 1, 2024.

For the lowest paid workers, are wages paid for standard/contracted hours (excluding overtime) below or above the legal minimum/ legally recognised CBAs?

Not applicable

Indicate the breakdown of workforce per earnings

Workers' wages consisted of basic wages, overtime wages, holiday compensation wages, and annual leave wages etc.

Are there any bonus schemes used?

No

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.</p> <p>The factory had also calculated the industry's benchmark standards and living wage requirements based on employees' basic need survey. Review and compare the workers' total pay including benefits with a credible 'living wage' to calculate a 'living wage gap' and understand what proportion of the workforce has a gap. Put in place a wage improvement plan that aims to pay workers a living wage within a stated timeframe if has a gap.</p> <p>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 and living wages. 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 interviews. 		

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	Robust Management Systems
Monitor the effectiveness of procedures to meet policy and workplace requirements	Fundamental Improvements Required
Explanation for management systems grades	<p>•The factory had established policy and procedure “Working hours are not excessive” in place. This policy was established and filled in the “Working Hours Management Procedure”, it was updated in January 2025 and signed by the facility’s General Manager. The generator concept was posted on the bulletin board for employee’s awareness.</p> <p>•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, regulation and other requirements on “Working hours are not excessive” issues. Human Resource Department staff and worker representatives to address concerns or provide updates.</p> <p>•The facility provided the relevant training to all employees regularly (i.e., upon recruitment and annually). Training exams were taken to ensure communication was effective. HR staff and relevant management/staff were aware of relevant local law regarding overtime hours, overtime wage etc.</p> <p>•Internal audits were conducted for this section’s management system and corrective actions were implemented to ensure continuous improvement. Nonetheless, non-compliance in terms of monthly overtime hours has been detected. It is recommended that enhancements be made to fortify the management system and augment its overall efficacy. There is a risk of monthly overtime hours exceeding the limit in manufacturing factories within this area. Most factories are unable to ensure that the workers’ monthly overtime hours are kept within 36 hours.</p>

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 ZAF600888239

Systems and evidence examined to validate this code section

There's a written policy and management procedure concerning working hours and overtime hours, as well as a system for monitoring working hours and overtime hours. The factory keeps an electrical attendance recording system (fingerprinting) 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 time attendance records from March 2024 to April 10, 2025 for review. A sampling of these provided records for the months of February 2025 (most recent month), December 2024 (random month) and June 2024 (random month) were reviewed. Based on provided time attendance records, workers' working hours were 8-10 hours a day, 44-58 hours a week, with the average being 51.7 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 interviews.

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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?	51.7
In the sample, what was the maximum number of hours worked in a single week, including overtime, for any worker at this site?	58.0
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	<ul style="list-style-type: none"> •The factory had established policy and procedure “No discrimination is practiced” in place. This policy was established and filled in the “Anti-Discrimination Management Procedure”, it was updated in January 2025 and signed by the facility’s General Manager. The generator concept was posted on the bulletin board for employee’s awareness. •The factory management staff were assigned to be responsible for ensuring “No discrimination is practiced” in the factory. They were familiar with labor laws, regulation and other requirements on “No discrimination is practiced” issues. Human Resource Department staff and worker representatives to address concerns or provide updates. •The facility provided the relevant training to all employees regularly (i.e., upon recruitment and annually). Training exams were taken to ensure communication was effective. •Internal audits were conducted for this section’s management system and corrective actions were implemented to ensure continuous improvement. Based on the internal audit report and management review report, no compliance regarding “No discrimination is practiced” issue was raised in the past 2 years.

Summary of findings

Code area	Workplace requirement	Local law	Finding
No findings			

Systems and evidence examined to validate this code section

The factory has a written policy and management procedure on “No discrimination is practiced” as well as a dedicated equity approach in recruitment, training, development and promotion processes etc.

As per document review, management and workers interview, the facility did not engage in discrimination based on race, color, age, gender, sexual orientation, gender identity and expression, ethnicity or national origin, disability, pregnancy, religion, political affiliation, worker committee membership, covered veteran status, protected genetic information or marital status in hiring and employment practices such as wages, promotions, rewards, and access to training.

The new staff hiring policy and advertisement 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 interviews.

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)?	0%
Representation of women in managerial roles (ratio of women workers to women managers)	1%
Representation of women in supervisory roles (ratio of women workers to women supervisors)	1%
Three most common nationalities in managerial and supervisory roles	All managements and supervisors were from Chinese.

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	<ul style="list-style-type: none"> •The factory had established policy and procedure “Regular employment is provided” in place. This policy was established and filled in the “Recruitment Management Procedure”, it was updated in January 2025 and signed by the facility’s General Manager. The generator concept was posted on the bulletin board for employee’s awareness. •The factory management staff were assigned to be responsible for ensuring “Regular employment is provided” in the factory. They were familiar with labor laws, regulation and other requirements on “Regular employment is provided” issues. Human Resource Department staff and worker representatives to address concerns or provide updates. •The facility provided the relevant training to all employees regularly (i.e., upon recruitment and annually). Training exams were taken to ensure communication was effective. •Internal audits were conducted for this section’s management system and corrective actions were implemented to ensure continuous improvement. Based on the internal audit report and management review report, no compliance regarding “Regular employment is provided” issue was raised in the past 2 years.

Summary of findings

Code area	Workplace requirement	Local law	Finding
			No findings

Systems and evidence examined to validate this code section

The policy and procedure of "Regular employment is provided" is in place. Work performed was based on recognized employment relationship established through national law and normal practice. The factory has not 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 of employment, and all workers can have their own copy of the contract and pay slip. Human Resource Department Staff were aware of local law concerning the above worker pattern.

Details:

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

8. Regular employment is provided

Data points

Percentage of workers that are permanently or temporarily employed	100.0%
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%
Percentage of workers employed as apprentices, trainees or interns	0.0%

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	Some Improvements Recommended
Monitor the effectiveness of procedures to meet policy and workplace requirements	Robust Management Systems
Explanation for management systems grades	<ul style="list-style-type: none"> •The factory had established policy and procedure “Sub-contracting and homeworkers are used responsibly” in place. This policy was established and filled in the “Sub-contracting and Homeworkers Management Procedure”, it was updated in January 2025 and signed by the facility's General Manager. The generator concept was posted on the bulletin board for employee's awareness. •The factory management staff were assigned to be responsible for ensuring “Sub-contracting and homeworkers are used responsibly” in the factory. They were familiar with labor laws, regulation and other requirements on “Sub-contracting and homeworkers are used responsibly” issues. Procurement and Supply Management Department staff and worker representatives to address concerns or provide updates. •The factory had developed an annual training plan, trained employees according to the plan and the training records were provided for review, however, they had not evaluated the effectiveness of employee training. •Internal audits were conducted for this section's management system and corrective actions were implemented to ensure continuous improvement. Based on the internal audit report and management review report, no compliance regarding “Sub-contracting and homeworkers are used responsibly” issue was raised in the past 2 years.

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 and management procedure on sub-contracting, homeworking, and external processing, as well as written policy and procedure in place to control external working. The factory posted the 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 interviews.
- 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 homeworker?

Are full records of homeworkers available at the site?

Does the supplier buy products or services from suppliers that use homeworkers? No
The factory didn't allow their suppliers to use homeworker as per the policy; no homeworker was used and noted by the factory and its suppliers as per the suppliers' assessment reports.

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, and there was no such concern as per onsite tour, document review and interview.

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	<ul style="list-style-type: none"> •The factory had established policy and procedure “No harsh or inhumane treatment is allowed” in place. This policy was established and filled in the “No Harsh and Inhumane Treatment Management Procedure”, it was updated in January 2025 and signed by the facility’s General Manager. The generator concept was posted on the bulletin board for employee’s awareness. •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, regulation and other requirements on “No harsh or inhumane treatment is allowed” issues. Human Resource Department staff and worker representatives to address concerns or provide updates. •The facility provided the relevant training to all employees regularly (i.e., upon recruitment and annually). Training exams were taken to ensure communication was effective. •Internal audits were conducted for this section’s management system and corrective actions were implemented to ensure continuous improvement. Based on the internal audit report and management review report, no compliance regarding “No harsh or inhumane treatment is allowed” issue was raised in the past 2 years.

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 policy and management procedure on “No harsh or inhumane treatment is allowed”. It states that physical abuse or discipline, the threat of physical abuse, sexual or other harassment and verbal abuse or other forms of intimidation should 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 allows workers to report issues anonymously. Related training records and grievance records / documented evidence were maintained in place. Security practices were humane and complied with customers' expectations.

Details:

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

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')?	<p>Yes, there is a formal grievance process</p> <p>The grievance process is available to all workers</p> <p>The grievance process is available to members of the local community</p>
What type of grievance mechanism(s) are available?	<p>Report to worker representatives, leaders, supervisors and managers directly, write grievance to suggestion box to top management.</p>
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	<ul style="list-style-type: none"> •The factory had established policy and procedure “Workplace Requirements are met with environmental protection requirement” in place. This policy was established and filled in the “Environmental Management Procedure”, it was updated in January 2025 and signed by the facility's General Manager. The generator concept was posted on the bulletin board for employee's awareness. •The factory management staff were assigned to be responsible for ensuring “Workplace Requirements are met with environmental protection requirement” in the factory. They were familiar with labor laws, regulation and other requirements on “Workplace Requirements are met with environmental protection requirement” issues. Environmental Management Department staff and worker representatives to address concerns or provide updates. •The facility provided the relevant training to all employees regularly (i.e., upon recruitment and annually). Training exams were taken to ensure communication was effective. •Internal audits were conducted for Environmental Management system and corrective actions were implemented to ensure continuous improvement. Based on the internal audit report and management review report, no compliance regarding “Workplace Requirements are met with environmental protection requirement” issue was raised in the past 2 years.

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 an Environment Management Policy and Procedure concerning environment issues (including hazardous waste disposal handling procedures), and the responsible management staff was aware of local laws / regulations governing the environment, keeps the law up to date. The factory had obtained the fixed pollution register form for its environmental projects. 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.Environment management policy and procedure.
- 2.Fixed pollution register form.
- 3.Management and worker interviews.
- 4.Site observations.

10.A. Environment 2-Pillar

Data points

Has the site received an official notice, fine or prosecution for any non-compliances with environmental legislation, regulation, consent or permits (within the last three years)?	No
Does the site have any valid environmental or energy management certificates?	The factory obtained the fixed pollution register form 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 an Environmental Management Policy and Procedure concerning environment issues (including hazardous waste disposal handling procedures), and the responsible management staff was aware of local laws / regulations governing the environment, keeping the law up to date. The factory had obtained the fixed pollution register form for its environmental projects. 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.Environment management policy and procedure. 2.Fixed pollution register form. 3.Risk assessment records. 4.Emergency reduction target. 5.Management and worker interviews. 6.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 Circular economy and resource efficiency 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)	165,106	161,900
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	Local water authority	Local water authority
Does the site use mercury or mercury compounds?	No	No
Water volume used (m3)	2,399	2,456
Water discharged	Municipal sewage system	Municipal sewage system
Water volume discharged (m3)	1,919	2,210
Water volume recycled (m3)	0	0
Total waste produced (mt)	11.5	14
Total hazardous waste produced (mt)	0	0
Waste to recycling (mt)	1.1	1.2
Waste to landfill (mt)	10.4	12.8
Waste to other (mt)	0	0
Total product produced (mt)	3,300,000	3,000,000

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	<ul style="list-style-type: none"> •The factory had established policy and procedure “Business Ethics Management” in place. This policy was established and filled in the “Business Ethics Management Procedure”, it was updated in January 2025 and signed by the facility’s General Manager. The generator concept was posted on the bulletin board for employee’s awareness. •The factory management staff were assigned to be responsible for ensuring “Business Ethics Management” in the factory. They were familiar with labor laws, regulation and other requirements on “Business Ethics Management” issues. Human Resource Department staff and worker representatives to address concerns or provide updates. •The facility provided the relevant training to all employees regularly (i.e., upon recruitment and annually). Training exams were taken to ensure communication was effective. •Internal audits were conducted for this section’s management system and corrective actions were implemented to ensure continuous improvement. Based on the internal audit report and management review report, no compliance regarding “Business Ethics Management” issue was raised in the past 2 years.

Summary of findings

Code area	Workplace requirement	Local law	Finding
No findings			

Systems and evidence examined to validate this code section

The Senior 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 and management procedure 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 interviews.

10.C. Business ethics

Data points

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

Attachments



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