




Sedex Members Ethical Trade Audit Report

Version 6.0



| Audit Details | | | | |
|---|---|--|---|---|
| Sedex Company Reference: <i>(only available on Sedex System)</i> | ZC1009940 | Sedex Site Reference: <i>(only available on Sedex System)</i> | ZC1006619 | |
| Business name (Company name): | President Nisshin Corp. | | | |
| Site name: | President Nisshin Corp. | | | |
| Site address: <i>(Please include full address)</i> | No.301-3, Zhongzheng Rd, Yongkang Dist, Tainan City, Taiwan | Country: | Taiwan | |
| Site contact and job title: | Ms. Hui-Ling Chen (Assistant Manager) | | | |
| Site phone: | +886-6-253-6789 ext 6935 | Site e-mail: | lin@mail.pec.com.tw | |
| SMETA Audit Type: | <input checked="" type="checkbox"/> Labour Standards | <input checked="" type="checkbox"/> Health & Safety | <input checked="" type="checkbox"/> Environment | <input checked="" type="checkbox"/> Business Ethics |
| Date of Audit: | January 22-24, 2018 | | | |

| | |
|--|---|
| Audit Company Name & Logo: Taiwan  | Report Owner (payee): President Nisshin Corp. |
|--|---|

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

Audit Content:

(1) A SMETA audit was conducted which included some or all of Labour Standards, Health & Safety, Environment and Business Ethics. The SMETA Best Practice Version 6.0 April 2017 was applied. The scope of workers included all types at the site e.g. direct employees, agency workers, workers employed by service providers and workers provided by other contractors. Any deviations from the SMETA Methodology are stated (with reasons for deviation) in the SMETA Declaration.

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

2-Pillar SMETA Audit

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

4-Pillar SMETA

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

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

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

SMETA Declaration

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

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

Any exceptions to this must be recorded here (e.g. different sample size):

Auditor Team (s) (please list all including all interviewers):

Lead auditor: Gary Chao

Team auditor: N/A

Interviewers: Gary Chao

Report writer: Gary Chao

Report reviewer: B. Sathiyarayanan

Date of declaration: January 30, 2018

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

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

Non-Compliance Table

| Issue (please click on the issue title to go direct to the appropriate audit results by clause) <i>Note to auditor, please ensure that when issuing the audit report, hyperlinks are retained.</i> | | Area of Non-Conformity (Only check box when there is a non-conformity, and only in the box/es where the non-conformity can be found) | | | | Record the number of issues by line*: | | | NC Findings Only (note to auditor, summarise in as few words as possible NC's only) |
|--|--|---|--------------------------|--------------------------|--------------------------|---------------------------------------|-----|-----|--|
| | | ETI Base Code | Local Law | Additional Elements | Customer Code | NC | Obs | GE | |
| 0A | Universal Rights covering UNGP | | | <input type="checkbox"/> | <input type="checkbox"/> | | 0 | 0 | None observed. |
| 0B | Management systems and code implementation | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 0 | 0 | 0 | None observed. |
| 1. | Freely chosen Employment | <input type="checkbox"/> | <input type="checkbox"/> | | <input type="checkbox"/> | 0 | 0 | 0 | None observed. |
| 2 | Freedom of Association | <input type="checkbox"/> | <input type="checkbox"/> | | <input type="checkbox"/> | 0 | 0 | 0 | None observed. |
| 3 | Safety and Hygienic Conditions | <input type="checkbox"/> | <input type="checkbox"/> | | <input type="checkbox"/> | 0 | 0 | 0 | None observed. |
| 4 | Child Labour | <input type="checkbox"/> | <input type="checkbox"/> | | <input type="checkbox"/> | 0 | 0 | 0 | None observed. |
| 5 | Living Wages and Benefits | <input type="checkbox"/> | <input type="checkbox"/> | | <input type="checkbox"/> | 0 | 0 | 0 | None observed. |
| 6 | Working Hours | <input type="checkbox"/> | <input type="checkbox"/> | | <input type="checkbox"/> | 0 | 0 | 0 | None observed. |
| 7 | Discrimination | <input type="checkbox"/> | <input type="checkbox"/> | | <input type="checkbox"/> | 0 | 0 | 0 | None observed. |
| 8 | Regular Employment | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 0 | 0 | 0 | None observed. |
| 8A | Sub-Contracting and Homeworking | | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | N/A | N/A | N/A | N/A |
| 9 | Harsh or Inhumane Treatment | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 0 | 0 | 0 | None observed. |

| | | | | | | | | | |
|------|----------------------|--|--------------------------|-------------------------------------|--------------------------|-----|-----|-----|--|
| 10A | Entitlement to Work | | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 0 | 0 | 0 | None observed. |
| 10B2 | Environment 2-Pillar | | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | N/A | N/A | N/A | N/A |
| 10B4 | Environment 4-Pillar | | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 1 | 1 | 0 | <p>Non-Compliance finding:</p> <p>1. The facility does not continuously identify the significant impacts and environmental implications associated to its activity of the facility.</p> <p>Observation:</p> <p>1. The facility did not complete the SAQ and did not have made it available to the auditor before auditor.</p> |
| 10C | Business Ethics | | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 1 | 1 | 0 | <p>Non-Compliance finding:</p> <p>1. The facility did not provide training to ensure whose job roles carry a higher level of risk in the area of ethical Business Practice.</p> <p>Observation:</p> <p>1. The facility did not communicate their Business Ethics policy, covering bribery, corruption, or any type of fraudulent Business Practice to their suppliers yet.</p> |

General observations and summary of the site:

- The main manufacture activities of the facility at this site are butters and palm oils.
- Overall responsibility for meeting the standards is taken by Ms. Hui-Ling Chen (Assistant Manager).
- There is a total of 137 workers on site (35 are female workers and 102 are male workers, and all of them are local workers)
- The youngest worker on site is 25-year-old
- There is no union at this factory.
- There is evidence of both male and female in management and among supervisor. The distribution was Male 90%, Female 10%.

- 26 workers were selected for interview including 21 male and 5 female employees, they were interviewed as 4 groups of 5 and 6 workers were interviewed individually.
- All workers said they were satisfied with their employment at the factory.
- They also said they were able to make suggestions to their supervisors and team leaders and sometimes they had seen these suggestions used.
- 26 Records to show wages and hours were taken for 3 months from the period January 2017 – December 2017.
- The producing workers work for 3 shifts, from 7:00am to 3:00pm as day shift, from 3:00pm to 11:00pm as afternoon shift, from 11:00pm to 7:00am as night shift.
- All workers were paid on monthly basic. The minimum wage NTD 21,009 (per month) are guaranteed for all workers.
- Facility paid wages to all workers through personal bank transfer on the 6th of each month.

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

Site Details

| Site Details | | | | | | | | | | | | | | | | | |
|---|--|----------------|------------------------|-------------|----------------|---|--------|-----|---|-------------------------|-----|---|----------------------|-----|----------------------------|----|-----|
| A: Company Name: | President Nisshin Corp. | | | | | | | | | | | | | | | | |
| B: Site name: | President Nisshin Corp. | | | | | | | | | | | | | | | | |
| C: Applicable business and other legally required licence numbers and documents for example, business license no, liability insurance, any other required government inspections | <p>Business license : 10506562560; issue on August 22, 2016; Valid date: N/A (permanent)</p> <p>Factory registration certification: 99-659968-00; issue on August 7, 2002; Valid date: N/A (permanent)</p> | | | | | | | | | | | | | | | | |
| D: Products/Activities at site, for example, garment manufacture, electricals, toys, grower | Foods (Butters and Palm oils) | | | | | | | | | | | | | | | | |
| E: Site description: (Include size, location, and age of site. Also, include structure and number of buildings) | <p>The facility was established at existing address since 1991 with more than 25 years of experience in manufacturing of foods (butters and palm oils). The facility is located at Yongkang Dist, Tainan City, Taiwan (South of Taiwan).</p> <p>In view of the facility, there are three 3-stroey building which are used as production area and office. One ground building is used as warehouse. One isolated building (outside of the facility is used as dormitory for workers. Overall, the working environment is organized and well lit. The main production processes are listed as follows: Refine (Acid taking off, colour taking off and stinking taking off), Mixing, testing and Packaging.</p> <p>Main production floor details as follow:</p> <table border="1"> <thead> <tr> <th>Production Building no</th> <th>Description</th> <th>Remark, if any</th> </tr> </thead> <tbody> <tr> <td>A</td> <td>Office</td> <td>N/A</td> </tr> <tr> <td>B</td> <td>Production (for Butter)</td> <td>N/A</td> </tr> <tr> <td>C</td> <td>Production (for oil)</td> <td>N/A</td> </tr> <tr> <td>Is this a shared building?</td> <td>No</td> <td>N/A</td> </tr> </tbody> </table> <p>For below, please add any extra rows if appropriate.</p> <p>Visible structural integrity issues (large cracks) observed and without structural engineer evaluation</p> <p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p> | | Production Building no | Description | Remark, if any | A | Office | N/A | B | Production (for Butter) | N/A | C | Production (for oil) | N/A | Is this a shared building? | No | N/A |
| Production Building no | Description | Remark, if any | | | | | | | | | | | | | | | |
| A | Office | N/A | | | | | | | | | | | | | | | |
| B | Production (for Butter) | N/A | | | | | | | | | | | | | | | |
| C | Production (for oil) | N/A | | | | | | | | | | | | | | | |
| Is this a shared building? | No | N/A | | | | | | | | | | | | | | | |

| | |
|---|---|
| | Details: N/A |
| F: Site function: | <input type="checkbox"/> Agent <input checked="" type="checkbox"/> Factory Processing/Manufacturer <input type="checkbox"/> Finished Product Supplier <input type="checkbox"/> Grower <input type="checkbox"/> Homeworker <input type="checkbox"/> Labour Provider <input type="checkbox"/> Pack House <input type="checkbox"/> Primary Producer <input type="checkbox"/> Service Provider <input type="checkbox"/> Sub-Contractor |
| G: Month(s) of peak season: (if applicable) | Peak months are around in July to September and December to February of the following year. |
| H: Process overview: (Include products being produced, main operations, number of production lines, main equipment used) | <p>A total of 137 employees are currently working in the facility, which includes 35 female workers and 102 male workers. All of them were local workers. Most workers work one shift form 8:00am to 4:00pm with a 30 minutes meal break by rotation. Meanwhile, oil producing workers work for 3 shifts, from 7:00am to 3:00pm as day shift, from 3:00pm to 11:00pm as afternoon shift, from 11:00pm to 7:00am as night shift. Monthly rate are utilized for all workers. Wages are paid via bank deposit to all workers on 6th day of the following month.</p> <p>Main production processes as follows: Acid taking off, colour taking off and stinking taking off The main production equipment as below: - Komb Inator system: 1 - Taking off system (acid/ colour/ stinking): 1 - Vacuum system: 1</p> <p>Currently capacity of production are 350 tons/ month (on average/ for oil) and 1,000 tons/ month (on average/ for butter).</p> |
| I: What form of worker representation / union is there on site? | <input type="checkbox"/> Union (name) <input type="checkbox"/> Worker Committee <input type="checkbox"/> Other (specify) <input checked="" type="checkbox"/> None |
| J: Is there any night production work at the site? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| K: Are there any on site provided worker accommodation buildings e.g. dormitories | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes approx. % of workers in on site accommodation No on-site accommodation is provided. |
| L: Are there any off site provided worker accommodation buildings | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If Yes approx. % of workers |

| | |
|--|--|
| | One isolated building is used as dormitory for workers. There are 5 workers (3.6%) are lining in provided accommodation (outside of facility). |
| M: Were the site provided accommodation buildings included in this audit | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If No, please give details N/A |

| Audit Parameters | | | |
|---|---|--|--|
| A: Time in and time out | Day 1 Time in: 8:50 Day 1 Time out: 16:40 | Day 2 Time in: 9:00 Day 2 Time out: 17:00 | Day 3 Time in: 8:50 Day 3 Time out: 12:00 |
| B: Number of Auditor Days Used: | One auditor x 2.5 man-day | | |
| C: Audit type: | <input type="checkbox"/> Full Initial <input checked="" type="checkbox"/> Periodic <input type="checkbox"/> Full Follow-up <input type="checkbox"/> Partial Follow-Up <input type="checkbox"/> Partial Other – Define | | |
| D: Was the audit announced? | <input checked="" type="checkbox"/> Announced <input type="checkbox"/> Semi – announced: Window detail: weeks <input type="checkbox"/> Unannounced | | |
| E: Was the Sedex SAQ available for review? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If No, why not The facility has not been asked to complete the SAQ prior to the audit. | | |
| F: Any conflicting information SAQ/Pre-Audit Info to Audit findings? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes , please capture detail in appropriate audit by clause | | |
| G: Who signed and agreed CAPR (Name and job title) | Ms. Hui-Ling Chen (Assistant Manager) | | |
| H: Is further information available (if Y please contact audit company for details) | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | | |
| I: Previous audit date: | May 11, 2016 | | |
| J: Previous audit type: | Full Follow-up | | |
| K: Was any previous audit reviewed during this audit | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A | | |

| Audit attendance | Management | Worker Representatives | |
|------------------------------------|---|---|---|
| | Senior management | Worker Committee representatives | Union representatives |
| A: Present at the opening meeting? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| B: Present at the audit? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| C: Present at the closing meeting? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |

| | |
|--|--|
| D: If Worker Representatives were not present please explain reasons why <i>(only complete if no worker reps present)</i> | There is no worker representative in the facility. |
| E: If Union Representatives were not present please explain reasons why: <i>(only complete if no union reps present)</i> | There is no union representative in the facility. |

Worker Analysis

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

| Worker Analysis | | | | | | | | |
|--|-----------|-----------|--------|-----------|-----------|--------|--------------|-------|
| | Local | | | Migrant* | | | | Total |
| | Permanent | Temporary | Agency | Permanent | Temporary | Agency | Home workers | |
| Worker numbers – Male | 102 | 0 | 0 | 0 | 0 | 0 | 0 | 102 |
| Worker numbers – female | 35 | 0 | 0 | 0 | 0 | 0 | 0 | 35 |
| Total | 137 | 0 | 0 | 0 | 0 | 0 | 0 | 137 |
| | | | | | | | | |
| Number of Workers interviewed – male | 21 | 0 | 0 | 0 | 0 | 0 | 0 | 21 |
| Number of Workers interviewed – female | 5 | 0 | 0 | 0 | 0 | 0 | 0 | 5 |
| Total – interviewed sample size | 26 | 0 | 0 | 0 | 0 | 0 | 0 | 26 |

| | |
|---|--|
| A: Nationality of Management | Taiwan |
| B: Majority nationality of workers | Main countries: Taiwan Country 1: <u>137</u> (Taiwan) approx % total workforce <u>100%</u> |
| C: Worker remuneration (management information) | <u>0</u> % workers on piece rate <u>0</u> % hourly paid workers <u>100%</u> salaried workers Payment cycle: <u>0</u> % daily paid <u>0</u> % weekly paid <u>100</u> % monthly paid <u>0</u> % other – please give details |

| Worker Interview Summary | |
|--|---|
| A: Were workers aware of the audit? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| B: Were workers aware of the code? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| C: Number of group interviews: <i>(Please specify number and size of groups. Please see SMETA Best Practice Guidance and Measurement Criteria. If the auditor was not able to follow the BPG, please state within the declaration)</i> | 4 groups of 5 |
| D: Number of individual interviews <i>(Please see SMETA Best Practice Guidance and Measurement Criteria)</i> | Male: 4 Female: 2 |
| E: All groups of workers are included in the scope of this audit such as; Direct employees, Casual and agency workers, Workers employed by service providers such as security and catering staff as well as workers supplied by other contractors. <i>Note to auditor: please record details of migrant /agency/contractor workers in section 8 – Regular Employment, under Responsible Recruitment</i> | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If N, please give details N/A |
| F: Interviews were done in private and the confidentiality of the interview process was communicated to the workers? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| G: In general, what was the attitude of the workers towards their workplace? | <input checked="" type="checkbox"/> Favourable <input type="checkbox"/> Non-favourable <input type="checkbox"/> Indifferent |
| H: What was the most common worker complaint? | Workers generally satisfied with the working condition at this facility. No complaint or unhappiness to the facility management was stated during the interviews. |
| I: What did the workers like the most about working at this site? | They all satisfied with the working condition, benefits and treatment from facility management. |
| J: Any additional comment(s) regarding interviews: | All interviewed workers were cooperative during assessment. |
| K: Attitude of workers to hours worked: | All interviewed workers were happy regarding not too much overtime work in the facility. |
| L. Is there any worker survey information available? | |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, please give details: N/A | |

M: Attitude of workers:

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

SGS auditor conducted confidential interviews with workers who were chosen freely without any influence from the facility management; 26 workers were selected for individual interviews or group interviews (4 groups of 5). The worker interviews were conducted at an isolated area. The workers were cooperative during the interview process and evidences / information were collected accordingly.

There was no report of harassment, discrimination or abuse in any form. The interviewed workers stated they were treated fairly by the management. As stated, no daily quota was imposed and overtime was voluntary. All workers were free to take water breaks or restroom breaks when needed. The interviewed workers reported they were content with the current environment. Based on worker interviews, all workers satisfied with working condition and benefits offered by the facility.

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

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

N/A (The facility does not have worker committee representatives or union)

O: Attitude of managers:

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

In general, the facility management fully assisted the audit, and demonstrated willingness to adopt continuous improvements on most of the issues found during the audit. The facility managements attended the opening meeting, showing full commitment to the audit.

Audit Results by Clause

0A: Universal Rights covering UNGP

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

0.A. Guidance for Observations

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

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

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

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

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

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

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

Current Systems and Evidence Examined

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

Current systems:

The facility has published a human rights statement on their intranet and bulletin board. Moreover, there is a formal training given to all employees on the need to protect human rights. The terms and conditions for employees are stated in the employee handbook and all workers are trained in the grievance procedure during orientation training.

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

Details: Web site with human rights statement, and employee handbook, anonymous grievance material from the confidential e mail.

Any other comments:

None.

A: Policy statement that expresses commitment to respect human rights?

☒ Yes

☐ No

Please give details: The facility has a human rights statement on their intranet and bulletin board.

| | |
|--|---|
| <p>B: Does the business have a designated person responsible for implementing standards concerning Human Rights?</p> | <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Please give details: Name: Mr. Tai-Min Yeh Job title: HR Manager</p> |
| <p>C: Does the businesses have a transparent system in place for confidentially reporting, and dealing with human rights impacts without fear of reprisals towards the reporter?</p> | <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Please give details: There is a transparent system in place for confidentially reporting by email, suggestion box or employee hotline.</p> |
| <p>D: Does the business demonstrate effective data privacy procedures for workers' information, which is implemented?</p> | <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Please give details: All employee information and personnel files are kept locked away in the human resources office and only viewed by the HR manager and his team</p> |

| Findings | |
|---|---|
| <p>Finding: Observation <input type="checkbox"/> Company NC <input type="checkbox"/></p> <p>Description of observation: None observed.</p> <p>Local law or ETI/Additional elements / customer specific requirement: N/A</p> <p>Comments: N/A</p> | <p>Objective evidence observed: N/A</p> |

| Good examples observed: | |
|--|---|
| <p>Description of Good Example (GE): None observed.</p> | <p>Objective Evidence Observed: N/A</p> |

Measuring Workplace Impact

| Workplace Impact | | |
|---|--|---------------------------------|
| A: Annual worker turnover: Number of workers leaving in last 12 months as a % of average total number of workers on site over the year (annual worker turnover) | Last year: <u>1</u> % | This year <u>6.5</u> % |
| B: Current % quarterly (90 days) turnover: Number of workers leaving from the first of the 90 day period through to the last day of the 90 day period / [(number of employees on the 1 st day of 90 day period + number of employees on the last day of the 90 day period) / 2] | 2017 Q4 0% | |
| C: Annual % absenteeism: Number of days lost through job absence in the year / [(number of employees on 1 st day of the year + number employees on the last day of the year / 2] * number available workdays in the year | Last year: <u>2</u> % | This year <u>3</u> % |
| D: Quarterly (90 days) % absenteeism: Number of days lost through job absence in the period / [(Number of employees on 1 st of the period + Number of employees on the last day of the period / 2] * Number of available workdays in the month | 2017 Q4 Number: 2% | |
| E: Are accidents recorded? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: Accidents recorded system are in place. No any accident occurred in the past 5 years. | |
| F: Annual Number of work related accidents and injuries per 100 workers: [Number of work related accidents and injuries * 100] / Number of total workers] | Last year: Y 2017 Number: 0 | This year: Y 2016 Number: 0 |
| G: Quarterly (90 days) number of work related accidents and injuries per 100 workers: [Number of work related accidents and injuries * 100] / Number of total workers] | 2017 Q4 Number: 0 | |
| H: Lost day work cases per 100 workers: [(Number of lost days due to work accidents and work related injuries * 100) / Number of total workers] | Last year: 20156 0 | This year: 2016 0 |
| I: % of workers that work on average more than 48 standard hours / week in the last 6 / 12 months: | 6 months <u>0</u> % workers | 12 months <u>0</u> % workers |
| J: % of workers that work on average more than 60 total hours / week in the last 6 / 12 months: | 6 months <u>0</u> % workers | 12 months <u>0</u> % workers |

0B: Management system and Code Implementation

[\(click here to return to NC Table\)](#)

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

Current Systems and Evidence Examined

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

Current systems:

1. The facility has implemented and maintained systems for delivering compliance to the ETI Base Code.
2. The facility has appointed a senior manager (Mr. Tai-Min Yeh / HR Manager) who shall be responsible for compliance with the ETI Base Code.
3. The facility has communicated ETI Based Code to all workers on January 15, 2016.
4. The facility has communicated the ETI Base Code to their supply chain by email or signing "Consent Agreement Letter".

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

Details:

Based on document review (such as Work Rule, ETI Based code communication records) and management interview.

Any other comments:

None

Management Systems:

| | |
|---|--|
| A: In the last 12 months, has the site been subject to any fines/prosecutions for non-compliance to any regulations? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please describe: N/A |
| B: Do policies and/or procedures exist that reduce the risk of forced labour, child labour, discrimination, harassment & abuse? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: |
| C: If Yes, is there evidence (an indication) of effective implementation? Please give details. | Policies exist in place (Forced labour, Health and Safety, Living Wage, Working Hours, No harsh treatment, Environment and Business Ethics); |

| | |
|---|--|
| | <p>these are communicated to workers via poster and annual training.</p> <p>Through documents review and workers interview, policy on No harsh treatment and Environment was not fully in compliance with the code.</p> <p>Workers stated no forced labour, no child labour was found (through interview and document checks), there were both female and male among management/supervisors.</p> |
| D: Have managers and workers received training in the standards for forced labour, child labour, discrimination, harassment & abuse? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: Standards on 'forced labour, child labour, discrimination, harassment & abuse' were communicated to workers through facility rules and annual training, |
| E: If Yes, is there evidence (an indication) that training has been effective e.g. training records etc.? Please give details | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: Training records: - Annual training for all employees - Introductory training record for new employees. Confirmed via management and worker interview |
| F: Does the site have any internationally recognised system certifications e.g. ISO 9000, 14000, OHSAS 18000, SA8000 (or other social audits). Please detail (Number and date). | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please describe: N/A |
| G: Is there a Human Resources manager/department? If Yes, please detail. | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: Mr. Tai-Min Yeh / HR Manager |
| H: Is there a senior person /manager responsible for implementation of the Code | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: By Mr. Tai-Min Yeh / HR Manager |
| I: Is there a policy to ensure all worker information is confidential | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: N/A |
| J: Is there an effective procedure to ensure confidential information is kept confidential | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: All worker information is kept locked in files in the personnel office |
| K: Are risk assessments conducted to evaluate policy and procedure effectiveness? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |

| | |
|--|---|
| | Details: The facility does internal audits of its personnel systems. |
| L: Does the facility have a process to address issues found when conducting risk assessments, including implementation of controls to reduce identified risks? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: Any problems found at internal audit are brought to the attention of senior management and corrections made |
| M: Does the facility have a policy/code which require labour standards of its own suppliers? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: The facility sends a copy of the code of conduct and any relevant customer codes to its own suppliers |
| Land rights | |
| N: Does the site have all required land rights licenses and permissions (see SMETA Measurement Criteria)? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: The facility has a valid business license in place. |
| O: Does the site have systems in place to conduct legal due diligence to recognize and apply national laws and practices relating to land title | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: These are performed by the parent company's legal staff. |
| P: Does the site have a written policy and procedures specific to land rights. If yes, does it include any due diligence the company will undertake to obtain free, prior and informed consent, (FPIC) even if national/local law does not require it | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes, how does the company obtain FPIC: |
| Q: Is there evidence that facility site compensated the owner/lessor for the land prior to the facility being built or expanded. Please give details. | <input type="checkbox"/> Yes <input type="checkbox"/> No Details: N/A |
| R. Does the Facility demonstrate that alternatives to a specific land acquisition were considered to avoid or minimize adverse impacts Please give details. | <input type="checkbox"/> Yes <input type="checkbox"/> No Details: N/A |
| S: Is There any evidence of illegal appropriation of land for facility building or expansion of footprint. | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Details: N/A |

| Non-compliance: | |
|---|--|
| 1. Description of non-compliance: <input type="checkbox"/> NC against ETI <input type="checkbox"/> NC against Local Law: <input type="checkbox"/> NC against customer code: None observed. Local law and/or ETI requirement N/A Recommended corrective action: N/A | Objective evidence observed: <i>(where relevant please add photo numbers)</i> N/A |

| Observation: | |
|--|--|
| Description of observation: None observed. Local law or ETI requirement: N/A Comments: N/A | Objective evidence observed: N/A |

| Good Examples observed: | |
|--|--|
| Description of Good Example (GE): None observed. | Objective evidence observed: N/A |

1: Freely Chosen Employment

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

ETI

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

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

Current Systems and Evidence Examined

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

Current systems:

1. As per all interview workers reported, no deposit was required.
2. Facility recruited new workers through advertisement in newspaper, manpower agencies and employee's recommendation.
3. No bonded, prison or involuntary labour was identified during the audit.
4. As per facility rules, all workers were able to resign freely by notifying the management 7 -30 days in advance as per labour law requirement.
5. As interviewed reported, all workers are free to leave at the end of their shift without any permit.

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

Details: Based on document review, management interview and worker interview.

Any other comments: None.

| | |
|--|---|
| A: Is there any evidence of retention of original documents, e.g. passports/ID's | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes please give details and category of workers affected |
| B: Is there any evidence of a loan scheme in operation | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes please give details and category of worker affected |
| C: Is there Any evidence of retention of wages /deposits | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes please give details and category of worker affected |
| D: Are there any restrictions on workers' freedom to terminate employment? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please describe finding: N/A |
| E: If any part of the business is UK based / registered & turnover is | <input type="checkbox"/> Yes <input type="checkbox"/> No |

| | |
|--|---|
| 36m+ there is a requirement to publish a 'modern day slavery statement'. F: Is there a modern day slavery statement published | Please describe finding: <input checked="" type="checkbox"/> Not applicable |
| G: Is there evidence of any restrictions on workers' freedoms to leave the site at the end of the work day | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please describe finding: N/A |
| H: Does the site understand the risks of forced / trafficked / bonded labour in it's supply chain | <input type="checkbox"/> Yes <input type="checkbox"/> No If yes please give details and category of workers affected: N/A <input checked="" type="checkbox"/> Not applicable |
| I: Is the site taking any steps taking to reduce the risk of forced / trafficked labour? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe finding: No risk of forced / trafficked / bonded labour in supply chain. |

Non-compliance:

1. Description of non-compliance:

☐ NC against ETI ☐ NC against Local Law: ☐ NC against customer code:
None observed.

Local law and/or ETI requirement

N/A

Recommended corrective action:

N/A

Objective evidence observed:

(where relevant please add photo numbers)
N/A

Observation:

Description of observation:

None observed.

Local law or ETI requirement:

N/A

Comments:

N/A

Objective evidence observed:

N/A

Good Examples observed:

| | |
|---|--|
| <p>Description of Good Example (GE): None observed.</p> | <p>Objective evidence observed: N/A</p> |
|---|--|

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

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

ETI

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

Current Systems and Evidence Examined

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

Current systems:

- Currently, no union was established. As per workers interview and management interview, communication between management and the workers ran well and the workers knew their rights.
- All workers can express his/her concerns, opinions, suggestions or complaints to the management directly, through their supervisors and suggestion box.
- No grievance and complaint to the management as confirmed by all 26 selected interview workers.
- As per records review, the Labour-management conference was established and held every 3 months as per law.

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

Details: Based on document review (the records of suggestion box and hotline) and worker interview and management interview, no negative evidence was identified.

Any other comments: None

| | |
|---|--|
| A: What form of worker representation/union is there on site? | <input type="checkbox"/> Union (name) <input type="checkbox"/> Worker Committee <input type="checkbox"/> Other (specify) <input checked="" type="checkbox"/> None |
| B: Is it a legal requirement to have a union? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| C: Is it a legal requirement to have a worker's committee? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| D: Is there any other form of effective worker/management communication channel? (Other | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |

| | | |
|--|--|--|
| than union/worker committee) e.g. H&S, sexual harassment | Describe: All workers can via suggestion box and confidential email or Labour-management conference meeting once per 3 months. Is there evidence of free elections? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | |
| E: Does the supplier provide adequate facilities to allow the Union or committee to conduct related business? | <input type="checkbox"/> Yes <input type="checkbox"/> No Details: N/A (No union exist) | |
| F: Name of union and union representative, if applicable: | N/A | Is there evidence of free elections? <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A |
| G: If no union what is parallel means of consultation with workers e.g. worker committees? | N/A | Is there evidence of free elections? <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A |
| H: Are all workers aware of who their representatives are? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | N/A (No union or workers representatives exist) |
| I: Were worker representatives freely elected? | <input type="checkbox"/> Yes <input type="checkbox"/> No | Date of last election: N/A |
| J: Do workers know what topics can be raised with their representatives? | <input type="checkbox"/> Yes <input type="checkbox"/> No | N/A |
| K: Were worker representatives/union representatives interviewed | <input type="checkbox"/> Yes <input type="checkbox"/> No If Yes , please state how many: N/A | |
| L: State any evidence that union/worker's committee is effective? <i>Specify date of last meeting; topics covered; how minutes were communicated etc.</i> | N/A | |
| M: Are any workers covered by Collective Bargaining Agreement (CBA) | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | |
| N: If Yes what percentage by trade Union/worker representation | _0_% workers covered by Union CBA | _0_% workers covered by worker rep CBA |
| O: If Yes , does the Collective Bargaining Agreement (CBA) include rates of pay | <input type="checkbox"/> Yes <input type="checkbox"/> No N/A | |

| Non-compliance: | |
|---|--|
| 1. Description of non-compliance: <input type="checkbox"/> NC against ETI <input type="checkbox"/> NC against Local Law: <input type="checkbox"/> NC against customer code: None observed. Local law and/or ETI requirement N/A Recommended corrective action: N/A | Objective evidence observed: <i>(where relevant please add photo numbers)</i> N/A |

| Observation: | |
|--|--|
| Description of observation: None observed. Local law or ETI requirement: N/A Comments: N/A | Objective evidence observed: N/A |
| Good Examples observed: | |
| Description of Good Example (GE): None observed | Objective evidence observed: N/A |

3: Working Conditions are Safe and Hygienic

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

ETI

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

Current Systems and Evidence Examined

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

Current systems:

1. Based from facility tour observation, all fire extinguishers, fire hydrants, emergency lights, exit indicators and fire alarms in the facility were maintained properly.
2. The facility conducts fire drill based on twice per year as per legal law requirement. The latest fire drill was conducted on August 24, 2017.
3. Based from site observation, the evacuation plot plans were posted at all production area and dormitory.
4. Based from document review, the facility was inspected by external fire-protection technician annual and the reports were submitted to the local Fire Bureau for filing. (date: August 15, 2017)
5. Based from site observation, fire fighting equipment including fire extinguishers, manual fire alarm station, fire alarm detector, emergency lights, fire alarm receiving system and speaker were installed adequately.
6. Based from site observation, the meters of fire extinguishers were kept within acceptable usage range & expiry date, and examined every month by the facility ESH management.
7. Based from site observation, toilets were sufficient and separated by gender.
8. Based from site observation, the electrical wires were kept in good repair condition.
9. Based from site observation, all machines were fitted with emergency switch off buttons. Proper protective devices were installed at relevant machines.
10. Based from site observation, the first aid kits filled with adequate medicines were available.
11. Based from document review, the injury/ accident records were available and kept well.
12. Based from site observation, the exit signs and emergency lightings were sufficient and the ventilation was adequate.
13. Based from site observation, there were at least two fire exits available at each production floor.
14. Based from document review and workers interview, regular Health & Safety training are provided for all workers at least once per year. The latest Health & Safety training (Chemical Hazard & PPE) was conducted on December 21, 2017.
15. A comprehensive workplace risk assessments are not conducted in the whole facility area.
16. Based from document review, there are 7 qualified first aiders available in place.
17. Based from document review and workers interview, periodic health checks are provided for all workers in according to legal law requirement. The latest health checks were conducted on October 12, 2017.

18. Based from site observation, drink water stations are provided on each production area with free of charge. Drinking water are also inspected once per 3 months by law.
19. Based from document review and dormitory workers interview, all dormitories' occupants were given fire safety training once per six months.
20. Based from dormitory tour observation, the dormitory is clean and safe. The exterior of the dormitory building appears structurally sound and well maintained.
21. Based from dormitory tour observation, dormitory has adequate lighting and air conditioner to produce a comfortable living area.

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

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

Any other comments: None

| | |
|---|--|
| <p>A: Does the facility have general Health & Safety and occupational Health & Safety policies and procedures that are fit for purpose and are these communicated to workers?</p> | <p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>Details:</p> <p>The site has a H&S manager with ESH team who meet regularly, and a H&S policies and procedures in place – evidence of actions</p> |
| <p>B: Are the policies included in worker's manual?</p> | <p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>Details: Policies included in employee handbook, and also posted on bulletin board.</p> |
| <p>C: Are there any structural additions without required permits/inspections (e.g. floors added)?</p> | <p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p> <p>Details: N/A</p> |
| <p>D: Are visitors to the site informed on H&S and provided with personal protective equipment</p> | <p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>Details: All visitors to the site are verbally informed by ESH specialist.</p> |
| <p>E: Is a medical room or medical facility provided for workers?</p> <p>If yes, do the room(s) meet legal requirements and is the size/number of rooms suitable for the number of workers.</p> | <p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p> <p>Details: N/A</p> |

| | |
|---|--|
| F: Is there a doctor or nurse on site or there is easy access to first aider/ trained medical aid | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: There are 7 qualified first aiders available in place |
| G: Where facility provides worker transport - it is fit for purpose, safe and maintained and operated by competent persons e.g. buses and other vehicles | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Details: N/A |
| H: Secure personal storage space is provided for workers in their living space and is fit for purpose | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: |
| I: H&S Risk assessments are conducted (including evaluating the arrangements for workers doing overtime e.g. driving after a long shift) and there are controls to reduce identified risk | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Details: N/A |
| J: Is the site meeting its legal obligations on environmental requirements including required permits for use and disposal of natural resources | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe Waste permits are present, and all waste records are in place meet legal limits |
| K: Is the site meeting its customer requirements on environmental standards, including the use of banned chemicals | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe the site has a copy of the banned substances list from its customer and is meeting those requirements |

Non-compliance:

1. Description of non-compliance:

☐ NC against ETI ☐ NC against Local Law: ☐ NC against customer code:
None observed.

Local law and/or ETI requirement

N/A

Recommended corrective action:

Objective evidence observed:

(where relevant please add photo numbers)
N/A

| | |
|-----|--|
| N/A | |
|-----|--|

| Observation: | |
|--|--|
| Description of observation: None observed. Local law or ETI requirement: N/A Comments: N/A | Objective evidence observed: N/A |

| Good Examples observed: | |
|--|--|
| Description of Good Example (GE): None | Objective Evidence Observed: N/A |

4: Child Labour Shall Not Be Used

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

ETI

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

Current Systems and Evidence Examined

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

Current systems:

1. Based from document review, the facility established effective recruitment procedure to verify the personal ID cards and passports at the beginning of recruitment. Copies of ID cards and passports were kept in personnel profile.
2. The policy on child labour was available. Based from all selected workers interview and facility tour observation, no evidence of child labour was identified during the audit.
3. According to documents review, interviewed workers, and on site observation, no child labor existed in the facility. The youngest worker is 25 years old (Birthday:1993-12-14 / Joined date: 2015-07-01)

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

Details:

Through copies of ID card and passports, personnel profile, recruitment procedure and site observation, interview with workers during the audit.

Any other comments:

None

| | |
|--|---|
| A: Legal age of employment | 15 years old. |
| B: Age of youngest worker found: | 25 years old. |
| C: Children present on workfloor but not working at time of audit | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| D: % of under 18's at this site (of total workers) | 0% |
| E: Workers under 18 subject to hazardous work assignments? (Go to clause 3 – Health and Safety) | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Y give details |

| Non-compliance: | |
|---|--|
| 1. Description of non-compliance: <input type="checkbox"/> NC against ETI <input type="checkbox"/> NC against Local Law: <input type="checkbox"/> NC against customer code: None observed. Local law and/or ETI requirement N/A Recommended corrective action: N/A | Objective evidence observed: <i>(where relevant please add photo numbers)</i> N/A |

| Observation: | |
|--|--|
| Description of observation: None observed. Local law or ETI requirement: N/A Comments: N/A | Objective evidence observed: N/A |

| Good Examples observed: | |
|--|--|
| Description of Good Example (GE): None observed. | Objective Evidence Observed: N/A |

5: Living Wages are Paid

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

ETI

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

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

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

Current Systems and Evidence Examined

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

Current systems:

1. All workers were paid on monthly basic. The minimum wage NTD 21,009 (per month) are guaranteed for all workers.
2. Facility paid wages to all workers through personal bank transfer on the 6th of each month.
3. Based on records review and worker interviews – wage slips with clear break-up were received by workers on payday and they well understood it.
4. Legal leaves were provided to workers such as annual leave, maternity leave, marriage leave and funeral leave.
5. The facility paid premium rate for overtime rendered as follows:
 -134% for first two overtime hours and 167% for overtime hours after two hours on regular days
 - 200% on Saturday, Sundays and national holidays.
6. The facility has provided national holidays for all workers by law.
7. The facility provided labor insurance and health insurance for all workers by law.
8. From payslip records review, Chinese version of pay slips is provided for all workers of each month.

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

Details:

Based on document review (Such as time records, wage slips, payroll records, leave records, national holiday records and receipts of health insurance, labor insurance and labor pension) management interview and interview with workers.

Any other comments:

None

Non-compliance:

1. Description of non-compliance:

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

Objective evidence observed:

(where relevant please add photo numbers)

| | |
|--|-----|
| None observed. | N/A |
| Local law and/or ETI requirement N/A | |
| Recommended corrective action: N/A | |

| | |
|--|--|
| Observation: | |
| Description of observation: None observed. | Objective evidence observed: N/A |
| Local law or ETI requirement: N/A | |
| Comments: N/A | |

| | |
|---|--|
| Good Examples observed: | |
| Description of Good Example (GE): None observed. | Objective Evidence Observed: N/A |

Summary Information

| Criteria | Local Law (Please state legal requirement) | Actual at the Site (Record site results against the law) | Is this part of a Collective Bargaining Agreement? |
|---|--|---|--|
| A: Standard/Contracted work hours: (Maximum legal and actual required working hours excluding overtime, please state if possible per day, week, and month) | Legal maximum: NTD 21,009 / month | NTD 21,009 / month | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| B: Overtime hours: (Maximum legal and actual overtime hours, please state if possible per day, week, and month) | Legal 4 hours a day or 46 hours a month | 4 hours a day or 46 hours a month | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| D: wage for standard/contracted hours: (Minimum legal and actual minimum wage at site, please state if possible per hr, day, week, and month) | Legal minimum: NTD 21,009 / month or NTD133 / hour | NTD 21,009 / month | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| E: overtime wage: (Minimum legal and actual minimum overtime wage at site, please state if possible per hr, day, week, and month) | Legal minimum: 134% for first two overtime | 134% for first two overtime hours and 167% | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |

| | | | |
|--|--|---|--|
| | hours and 167% for overtime hours after two hours on regular days / 200% on Saturday, Sundays and national holidays. | for overtime hours after two hours on regular days / 200% on Saturday, Sundays and national holidays. | |
|--|--|---|--|

| Wages analysis: (Click here to return to Key Information) | | |
|--|--|--|
| A: Were accurate records shown at the first request? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | |
| B: If No , why not? | N/A | |
| C: Sample Size Checked (State number of worker records checked and from which weeks/months – should be current, peak, and random/low. Please see SMETA Best Practice Guidance and Measurement Criteria) | Twenty-six (26) workers' payroll records were checked from January 2017 to December 2017. Payroll records of June 2017, October 2017 and December 2017 (most current) were main auditing months. | |
| D: Are there different legal minimum wage grades? If Yes , please specify all. | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | If Yes , please give details: N/A |
| E: If there are different legal minimum grades, are all workers graded and paid correctly? | <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A | If No , please give details: N/A |
| F: For the lowest paid production workers, are wages paid for standard/contracted hours (excluding overtime) below or above the legal minimum? | Lowest Wages found: Note: full time employees and please state hour / week / month etc. | Please indicate the breakdown of workforce per earnings: |
| | <input type="checkbox"/> Below legal min <input type="checkbox"/> Meet <input checked="" type="checkbox"/> Above | ___% of workforce earning under min wage ___% of workforce earning min wage 100% of workforce earning above min wage |
| G: Bonus (amount specify) | Bonus Scheme found: None Note: full time employees and please state hour / week / month etc. | |

| | |
|---|---|
| H: What deductions are required by law e.g. social insurance? Please state all types: | Welfare fee, health insurance, labour insurance, sick leave and national tax |
| I: Have these deductions been made? Please list all deductions that have/have not been made. | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If No, please describe Deductions are including welfare fee, health insurance, labour insurance, sick leave and national tax. |
| J: Were appropriate records available to verify hours of work and wages? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| K: Were any inconsistencies found? (if yes describe nature) | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Poor record keeping <input type="checkbox"/> Isolated incident <input type="checkbox"/> Repeated occurrence: |
| L: Do records reflect all time worked? (For instance, are workers asked to attend meetings before or after work but not paid for their time) | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: The facility use timecard swiped system to record time-in and time-out records. No off-clock work was reported. |
| M: Is there a defined living wage: <i>This is <u>not normally</u> minimum legal wage. If answered Yes, please state amount and source of info: Please see SMETA Best Practice Guidance and Measurement Criteria.</i> | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please specify amount/time: N/A |
| If yes, what was the calculation method used. | <input type="checkbox"/> ISEAL/Anker Benchmarks <input type="checkbox"/> Asia Floor Wage <input type="checkbox"/> Figures provided by Unions <input type="checkbox"/> Living Wage Foundation UK <input type="checkbox"/> Fair Wear Wage Ladder <input type="checkbox"/> Fairtrade Foundation Other – please give details: N/A |
| N: Are there periodic reviews of wages? If Yes give details (include whether there is consideration to basic needs of workers plus discretionary income). | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Details: N/A |
| O: Are workers paid in a timely manner in line with local law? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| P: Is there evidence that equal rates are being paid for equal work: | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: From payroll records review, it was noted that equal work was paid with equal rate. No wage difference existed among workers. |
| Q: How are workers paid: | <input type="checkbox"/> Cash |

| | |
|--|---|
| | <input type="checkbox"/> Cheque <input checked="" type="checkbox"/> Bank Transfer <input type="checkbox"/> Other If other explain: N/A |
|--|---|

6: Working Hours are not Excessive

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

ETI

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

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

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

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

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

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

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

Current Systems and Evidence Examined

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

Current systems:

1. The facility utilized timecard swiped system to record all workers' time-in and time-out records including normal working hours and overtime hours.
2. Based from employees' interview, all interviewed employees stated that their overtime is voluntary and they can refuse overtime without any punishment.
3. Standard working hours (40 hours / weekly) are meet local law requirement.
4. Most workers work one shift form 8:00am to 4:00pm with a 30 minutes meal break by rotation. Meanwhile, oil producing workers work for 3 shifts, from 7:00am to 3:00pm as day shift, from 3:00pm to 11:00pm as afternoon shift, from 11:00pm to 7:00am as night shift.
5. Overtime work was conducted on voluntary basic, and approximately 1 to 3 hours a day, and approximately 2 to 4 times a week during peak season.

6. Seventh day of rest was guaranteed for all employees.

7. Based from document reviewed and workers interviewed, it was confirmed that the weekly total working hours never exceeds 60 hours.

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

Details:

Based on document review (Such as payroll records), management interview and interview with workers

Any other comments:

None

Non-compliance:

1. Description of non-compliance:

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

None observed.

Local law and/or ETI requirement

N/A

Recommended corrective action:

N/A

Objective evidence observed:

(where relevant please add photo numbers)

N/A

Observation:

Description of observation:

None observed.

Local law or ETI requirement:

N/A

Comments:

N/A

Objective evidence observed:

N/A

Good Examples observed:

Description of Good Example (GE):

None observed.

Objective Evidence Observed:

N/A

| Working hours' analysis Please include time e.g. hour/week/month (Go back to Key information) | | | | | |
|--|--|---|---|---------------------------------------|--------------------------------|
| Systems & Processes | | | | | |
| A. What timekeeping systems are used: time card etc. | Describe: The facility utilized timecard swiped system to record all workers' time-in and time-out records including normal working hours and overtime hours. | | | | |
| B: Is sample size same as in wages section | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If N, please give details N/A | | | | |
| C: Are standard/contracted working hours defined in all contracts/employment agreements? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | If NO, please give details including % and which type of workers do NOT have standard hours defined in contracts/employment agreements. Details N/A | | | |
| D: Are there any other types of contracts/employment agreements used? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | If YES, please complete as appropriate: | | | |
| | | <input type="checkbox"/> 0 hrs | <input type="checkbox"/> Part time | <input type="checkbox"/> Variable hrs | <input type="checkbox"/> Other |
| | | If "Other", Please define: | | | |
| | | N/A | | | |
| E. Do any standard/contracted working hours defined in contracts/employment agreements exceed 48 hours per week | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | If Y please %detail hours, % and types of workers &affected and frequency Details: N/A | | | |
| F: Are workers provided with at least 1 day off in every 7-day-period, or 2 in 14-day-period (where the law allows)? | Please select all applicable: <input checked="" type="checkbox"/> 1 in 7 days <input type="checkbox"/> 2 in 14 days <input type="checkbox"/> No If 'No', please explain: N/A | | Is this allowed by local law? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | | |
| | Maximum number of days worked without a day off (in sample): 6 days. | | | | |
| | Seventh day of rest was guaranteed for all workers. | | | | |

| Standard/Contracted Hours worked | | |
|---|--|--|
| G: Standard working hours over 48 per week found | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | If yes, % of workers & frequency N/A |
| H: Any local waivers/local law or permissions which allow averaging/annualised hours for this site? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | If YES, please give details N/A |
| Overtime Hours worked | | |
| I: Actual overtime hours worked in sample (State per day/week/month) | Highest OT hours: | - 45.5 OT hours a month in December 2017 - 4 OT hours as day - 56 hours of total working hours a week |
| J: Combined hours (standard/contracted plus= total) 60 found? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | |
| K: Approximate percentage of total workers on highest overtime hours | <u>10</u> % | |
| L: Is overtime voluntary? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Conflicting Information | Please detail evidence e.g. Wording of contract/employment agreement/handbook/worker interviews/refusal arrangements: As stated from the interviewed workers, all overtime works were on voluntary basis, and they were free to refuse conducting overtime work without any punishment or verbal warning. |
| Overtime Premiums | | |
| M: Are the correct legal overtime premiums paid? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A – there is no legal requirement to OT premium | Please give details of normal day overtime premium as a % of standard wages: 134% for first two overtime hours and 167% for overtime hours after two hours on regular days / 200% on Saturday, Sundays and national holidays. |
| N: Is overtime paid at a premium? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | If yes, please describe % of workers & frequency: 100% workers are paid at a premium by law once a month. |

| | |
|---|---|
| <p>O: ETI Code requires a prevailing standard to give greatest worker protection. If a site pays less than 125% OT premium and this is allowed under local law, are there other considerations? Please complete the boxes where relevant. Multi select is possible.</p> | <div> <input checked="" type="checkbox"/> No <input type="checkbox"/> Consolidated pay (May be standard wages above minimum legal wage, with no/low overtime premium) <input type="checkbox"/> Collective Bargaining agreements <input type="checkbox"/> Other </div> <div>Please explain any checked boxes above e.g. detail of consolidated pay CBA or Other</div> <div>N/A</div> |
| <p>P: If more than 60 total hours per week and this is legally allowed, are there other considerations? Please complete the boxes where relevant. Multi select is possible.</p> | <div> <input checked="" type="checkbox"/> Overtime is voluntary <input type="checkbox"/> Onsite Collective bargaining allows 60+ hours/week <input type="checkbox"/> Safeguards are in place to protect worker's health and safety <input type="checkbox"/> Site can demonstrate exceptional circumstances <input type="checkbox"/> Other reasons (please specify) </div> <div>Please explain any checked boxes above</div> <div>N/A</div> |
| <p>Q: Is there evidence that overtime hours are being used for extended periods to make up for labour shortages or increased order volumes?</p> | <div> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes, please describe N/A </div> |
| <p>R: If sufficient workers cannot be hired, are new working time arrangements explored to ensure that overtime is the exception rather than the rule.</p> | <div> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No </div> |

7: No Discrimination is Practiced

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

ETI

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

Current Systems and Evidence Examined

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

Current systems:

No any discrimination on hiring dismisses and retirement despite of race, nationality, religion, disability, gender, age, sexual orientation or political affiliation was found in this facility.

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

Details:

Based on document review (such as documented policy, facility rules and training records) and interview with workers

Any other comments:

None

| | |
|--|---|
| A: Gender breakdown of Management + Supervisors (Include as one combined group) | Male: _90_ % Female _10_ % |
| B: Number of women who are in skilled or technical roles e.g. where specific qualifications are needed i.e. machine engineer / laboratory analyst | #: None (0) |
| C: Is there any evidence of discrimination based on race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation?: | <input type="checkbox"/> Hiring <input type="checkbox"/> Compensation <input type="checkbox"/> access to training <input type="checkbox"/> promotion <input type="checkbox"/> termination or retirement None |

Professional Development

| | |
|---|---------------------|
| A: What type of training and development are available for workers? | Please give details |
|---|---------------------|

| | |
|--|--|
| | All workers are given H&S training and orientation training (facility rules and business integrity). |
|--|--|

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

| Non-compliance: | |
|---|--|
| 1. Description of non-compliance: <input type="checkbox"/> NC against ETI <input type="checkbox"/> NC against Local Law: <input type="checkbox"/> NC against customer code: None observed. Local law and/or ETI requirement N/A Recommended corrective action: N/A | Objective evidence observed: <i>(where relevant please add photo numbers)</i> N/A |

| Observation: | |
|--|--|
| Description of observation: None observed. Local law or ETI requirement: N/A Comments: N/A | Objective evidence observed: N/A |

| Good Examples observed: | |
|---|--|
| Description of Good Example (GE): None observed | Objective Evidence Observed: N/A |

8: Regular Employment Is Provided

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

ETI

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

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

Additional Elements: Responsible Recruitment

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

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

8.5 Employment agencies must only supply workers registered with them.

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

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

Current Systems and Evidence Examined

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

Current systems:

1. Facility regulations and rules were established and well maintained.
2. Labour contract was provided to all workers, of which the content met legal requirements.

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

Details:

Based on document review (Such as health inspection records, salary details and leave records), management interview and interview with workers.

Any other comments:

None

| Non-compliance: | |
|---|--|
| 1. Description of non-compliance: <input type="checkbox"/> NC against ETI <input type="checkbox"/> NC against Local Law: <input type="checkbox"/> NC against customer code: None observed. Local law and/or ETI requirement N/A Recommended corrective action: N/A | Objective evidence observed: <i>(where relevant please add photo numbers)</i> N/A |

| Observation: | |
|--|--|
| Description of observation: None observed. Local law or ETI requirement: N/A Comments: N/A | Objective evidence observed: N/A |

| Good Examples observed: | |
|--|--|
| Description of Good Example (GE): None observed. | Objective Evidence Observed: N/A |

Responsible Recruitment

| All Workers | |
|--|--|
| A: Were all workers presented with terms of employment at the time of recruitment, did they understand them and are they same as current conditions? | <input type="checkbox"/> Terms & Conditions presented <input type="checkbox"/> Understood by workers <input checked="" type="checkbox"/> Same as actual conditions If any are unchecked, please describe finding and specific category(ies) of workers affected: None |
| B: Did workers' pay any fees, taxes, deposits or bonds for the purpose of recruitment/placement? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes Please describe details and specific category(ies) of workers affected |

| | |
|----------------------------------|--|
| | N/A |
| C: If yes, check all that apply: | <input type="checkbox"/> Recruitment / hiring fees <input type="checkbox"/> Service fees <input type="checkbox"/> Application costs <input type="checkbox"/> Recommendation fees <input type="checkbox"/> Placement fees <input type="checkbox"/> Administrative, overhead or processing fees <input type="checkbox"/> Skills tests <input type="checkbox"/> Certifications <input type="checkbox"/> Medical screenings <input type="checkbox"/> Passports/ID's <input type="checkbox"/> Work / resident permits <input type="checkbox"/> Birth certificates <input type="checkbox"/> Police clearance fees <input type="checkbox"/> Any transportation and lodging costs after employment offer <input type="checkbox"/> Any transport costs between work place and home <input type="checkbox"/> Any relocation costs after commencement of employment <input type="checkbox"/> New hire training / orientation fees <input type="checkbox"/> Medical exam fees <input type="checkbox"/> Deposit bonds or other deposits <input type="checkbox"/> Any other non-monetary assets <input type="checkbox"/> Other |
| C: If any checked, give details: | None |

| Migrant Workers: | | |
|--|---|---------------------|
| <p>The term "migrant worker" refers to a person who is engaged or has been engaged in a remunerated activity in a country of which they are not a national and where they do not intend to remain permanently or has purposely migrated on a temporary basis to another in-country region to seek and engage in a remunerated activity</p> | | |
| A: Type of work undertaken by migrant workers: | N/A (No migrant workers used in the facility) | |
| B: Migrant worker recruitment | Total number of (in country recruitment agencies) used: Total number of (outside of local country) recruitment agencies used | |
| C: Migrant workers' voluntary deductions (such as for remittances) confirmed in writing by the worker and evidence of transaction is supplied by the facility to the worker. | <input type="checkbox"/> Yes <input type="checkbox"/> No Please describe finding: N/A | Observations N/A |
| D: Are Any migrant workers in skilled, technical, or management roles Migrant Workers (this should include all migrant workers including permanent workers, temporary and/or seasonal workers) | <input type="checkbox"/> Yes <input type="checkbox"/> No If Yes number and example of roles N/A | |

NON-EMPLOYEE WORKERS

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

| Agency Workers (if applicable) <i>(workers sourced from a local agent who are not directly paid by the site, but paid by the agency, Usually the agencies are paid by the site and the wages of the individual workers are paid by the agency.)</i> | |
|--|---|
| A: Number of agencies used (average): | None (Not applicable) |
| B: Were agency workers' age/pay/hours included within scope of this audit | <input type="checkbox"/> Yes <input type="checkbox"/> No N/A |
| C: Were sufficient documents for agency workers available for review? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No N/A |
| D: Is there a legal contract / agreement with all agencies? | <input type="checkbox"/> Yes <input type="checkbox"/> No Details N/A |

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

| Contractors: <i>Note: contractors in this context are generally individuals who supply several workers to a site. Usually the contractors are paid by the site and the wages of the workers are paid by the contractor. Common terms include, gang bosses, labor provider,</i> | |
|--|---|
| A: Any contractors on site? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please describe finding: If Y, how many contractors are present |
| B: If Yes , how many workers supplied by contractors | N/A |
| C: Do all contractor workers understand their terms of employment? | <input type="checkbox"/> Yes <input type="checkbox"/> No Please describe finding: N/A |
| D: If Yes , please give evidence for contractor workers being paid per law: | N/A |

8A: Sub-Contracting and Homeworking:

8A: Sub-Contracting and Homeworking
[\(Click here to return to NC-table\)](#)
[\(Click here to return to Key Information\)](#)

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

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

Note to auditor on homeworking:
Report on whether it is direct or via agents. How many workers, relationship with site and what control systems are in place.
Note to auditor on subcontracting : auditor should use this section for subcontractors of part made or wholly made finished goods, this section should not be used for raw material manufacturers unless instructed otherwise by customers
Current Systems and Evidence Examined

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

Current systems:

Neither home-working nor sub-contracting existed in this facility. No external processes used.

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

Based on site observation and interview with management and supplier list.

If any processes are sub-contracted – please populate below boxes

| Process Subcontracted | Process 1 | Process 2 |
|-----------------------|-----------|-----------|
| Name of factory | | |
| Address | | |

| Process Subcontracted | Process 3 | Process 4 |
|-----------------------|-----------|-----------|
| Name of factory | | |
| Address | | |

| Process Subcontracted | Process 5 | Process 6 |
|-----------------------|-----------|-----------|
| Name of factory | | |
| Address | | |

Details:

None.

| Non-compliance: | |
|--|--|
| 1. Description of non-compliance: <input type="checkbox"/> NC against ETI/Additional Elements <input type="checkbox"/> NC against Local Law <input type="checkbox"/> NC against customer code: N/A Local law and/or ETI /Additional Elements requirement: N/A Recommended corrective action: N/A | Objective evidence observed: <i>(where relevant please add photo numbers)</i> N/A |

| Observation: | |
|---|--|
| Description of observation: N/A Local law or ETI/Additional elements requirement: N/A Comments: N/A | Objective evidence observed: N/A |

| Good Examples observed: | |
|---|--|
| Description of Good Example (GE): N/A | Objective Evidence Observed: N/A |

| Summary of sub-contracting – if applicable <input type="checkbox"/> Not Applicable please x | |
|--|---|
| A: Has the auditor made a simple calculation to compare capacity with workers' work load in order to identify possible unrecorded work hours or undeclared sub-contracting | <input type="checkbox"/> Yes <input type="checkbox"/> No Please describe: N/A |
| B: If sub-contractors are used, is there evidence this has been agreed with the main client? | <input type="checkbox"/> Yes <input type="checkbox"/> No If Yes , summarise details: N/A |

| | |
|---|---|
| C: Number of sub-contractors/agents used | N/A |
| D: Is there a site policy on sub-contracting? | <input type="checkbox"/> Yes <input type="checkbox"/> No If Yes , summarise details: N/A |
| E: What checks are in place to ensure no child labour is being used and work is safe? | N/A |

| Summary of homeworking – if applicable | | | |
|---|---|-------------|------------|
| <input type="checkbox"/> Not Applicable please x | | | |
| A: If homeworking is being used, is there evidence this has been agreed with the main client? | <input type="checkbox"/> Yes <input type="checkbox"/> No If Yes , summarise details: N/A | | |
| B: Number of homeworkers | Male: N/A | Female: N/A | Total: N/A |
| C: Are homeworkers employed direct or through agents? | <input type="checkbox"/> Directly <input type="checkbox"/> Through Agents | | |
| D: If through agents, number of agents | N/A | | |
| E: Is there a site policy on homeworking? | <input type="checkbox"/> Yes <input type="checkbox"/> No | | |
| F: How does site ensure worker hours and pay meet local laws for homeworkers? | N/A | | |
| G: What processes are carried out by homeworkers? | N/A | | |
| H: Do any contracts exist for homeworkers | <input type="checkbox"/> Yes <input type="checkbox"/> No Please give details: N/A | | |
| I: Are full records of homeworkers available at the site? | <input type="checkbox"/> Yes <input type="checkbox"/> No | | |

9: No Harsh or Inhumane Treatment is Allowed

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

ETI

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

Additional elements:

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

| | |
|---|--|
| A: Are there published, anonymous and/or open channels available for reporting any violations of Labour standards and H&S or any other grievances to a 3 rd party? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: There is suggestion box, and an internal confidential hotline address for reporting grievances. |
| B: If Yes , are workers aware of these channels and have access? Please give details. | All interview workers are aware of these channels and have access. |
| C: If yes, what type of mechanism is used e.g. hotline, whistle blowing mechanism, comment box etc. Please give details. | Suggestion box, hotline or confidential e-mail, issues are discussed at senior management level and investigated |
| D: Is there a grievance mechanism in place for: | <input checked="" type="checkbox"/> Workers <input type="checkbox"/> Communities <input type="checkbox"/> Suppliers <input type="checkbox"/> Other Details: By suggestion box and hotline. |
| E: Are there any open disputes? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes, please give details N/A |
| F: Does grievance mechanism meet with UNGP requirement of e.g. (Legitimate, Accessible, Predictable, Equitable, Transparent, Rights-compatible, a source of continuous learning and based on stakeholder engagement)? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If no, please give details |
| G: Does the site \ encourage its business partners (e.g., suppliers) provide individuals and communities with access to effective grievance mechanisms (e.g., help lines or whistle blowing mechanism | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If No Please give details N/A |
| H: Is there a published and transparent disciplinary procedure | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If No please explain N/A |

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

Current Systems and Evidence Examined

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

Current systems:

1. Based from all interview workers and site observation, no evidence of physical abuse or discipline, threat of physical abuse, sexual coercion, verbally threaten, exploitation, harassment or intimidation was identified.
2. As per all selected 26 interview workers, all interviewed workers generally presented positive feelings to the treatment from facility management.
3. Based from facility management interview and workers interview, communications between management and the workers were good. The interviewed workers confirmed that any complaint or unhappiness can be reflected to their management directly.

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

Details:

Based on document review (such as training records), onsite observation and interview with workers and management.

Any other comments:

None

| Non-compliance: | |
|---|--|
| 1. Description of non-compliance: <input type="checkbox"/> NC against ETI <input type="checkbox"/> NC against Local Law: <input type="checkbox"/> NC against customer code: None observed. Local law and/or ETI requirement N/A Recommended corrective action: N/A | Objective evidence observed: <i>(where relevant please add photo numbers)</i> N/A |

| Observation: | |
|--|--|
| Description of observation: None observed. Local law or ETI requirement: N/A Comments: N/A | Objective evidence observed: N/A |

| Good Examples observed: | |
|--|--|
| Description of Good Example (GE): None observed. | Objective Evidence Observed: N/A |

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

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

Additional Elements

10A.1 Only workers with a legal right to work shall be employed or used by the supplier.

10A.2 All workers, including employment agency staff, must be validated by the supplier for their legal right to work by reviewing original documentation.

Current Systems and Evidence Examined

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

Current systems:

1. All workers shall be reviewed and validated for the legal right to work during the hiring process.
2. The facility recruited the new workers through advertisement in website, employee's recommendation and manpower agency.
3. All interviewed workers indicated that they were aware of the terms and conditions of employment (wage, working hours, pay day, benefits, job position, rules etc) which were delivered through verbal explanation at commencement of employment.

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

Details:

Based on document review (such as training records), onsite observation and interview with workers and management.

Any other comments:

None.

Non-compliance:

1. Description of non-compliance:

☐ NC against ETI ☐ NC against Local Law: ☐ NC against customer code:
None observed.

Local law and/or ETI requirement

N/A

Recommended corrective action:

N/A

Objective evidence observed:

(where relevant please add photo numbers)
N/A

Observation:

| | |
|--|--|
| Description of observation: None observed. Local law or ETI/Additional Elements requirement: N/A Comments: N/A | Objective evidence observed: N/A |
|--|--|

| Good examples observed: | |
|--|--|
| Description of Good Example (GE): None observed. | Objective Evidence Observed: N/A |

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

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

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

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

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

Current Systems and Evidence Examined

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

Current systems:

N/A

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

Details: N/A

Any other comments: N/A

Non-compliance:

1. Description of non-compliance:

☐ NC against ETI/Additional Elements

☐ NC against Local Law

N/A

Local law and/or ETI/Additional Elements requirement:

N/A

Recommended corrective action:

N/A

Objective evidence observed:

(where relevant please add photo numbers)

N/A

Observation:

Description of observation: N/A

Local law or ETI/additional elements requirement: N/A

Comments: N/A

Objective evidence observed:

N/A

| Good examples observed: | |
|---|-------------------------------------|
| Description of Good Example (GE): None observed. | Objective Evidence Observed: N/A |

10. Other issue areas 10B4: Environment 4-Pillar

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

To be completed for a 4-Pillar SMETA Audit and remove the previous page which is 10B2 environment 2 pillar

B.4. Compliance Requirements

10B4.1 Businesses as a minimum must meet the requirements of local and national laws related to environmental standards.

10B4.2 Where it is a legal requirement, businesses must be able to demonstrate that they have the relevant valid permits including for use and disposal of resources e.g. water, waste etc.

10B4.3 Businesses shall be aware of their end client's environmental standards/code requirements

10B4.4 Suppliers should have an environmental policy, covering their environmental impact, which is communicated to all appropriate parties, including its own suppliers.

10B4.5 Suppliers shall be aware of the significant environmental impact of their site and its processes.

10B4.6 The site should measure its impacts, including continuous recording and regular reviews of use and discharge of natural resources e.g. energy use, water use (see 4-pillar audit report and audit checks for details).

10B4.7 Businesses shall make continuous improvements in their environmental performance.

10B4.8 Businesses shall have available for review any environmental certifications or any environmental management systems documentation

10B4.9 Businesses should have a nominated individual responsible for co-ordinating the site's efforts to improve environmental performance.

B4. Guidance for Observations

10B4.10 Suppliers should have completed the appropriate section of the SAQ and made it available to the auditor.

10B4.11 Has the site recently been subject to (or pending) any fines/prosecutions for noncompliance to environmental regulations.

Note for auditors and readers. This environment section is intended to take not more than 0.25 auditor days. It is an assessment only and the main requirement is to establish whether a site is meeting applicable environmental laws and/or has any certifications or environmental management systems in place. Following this assessment the client/supplier may decide a full environmental audit is required (see also best practice guidance/environment and guidance for auditor)

Current Systems and Evidence Examined

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

Current systems:

1. As per document review, the environmental policy was available in place.
2. The facility contracted with qualified environmental & clean company (Chun-Yun Environmental Co., Ltd.) to handle the general garbage and recyclable waste (from 2018-01-01 to 2018-12-31).
3. As per on-site tour observation, all recycle waste and general wastes were storage separated.
4. As per site tour observation and document review, the facility has obtain air emission permit: (M01) D1282-00 Valid until July 12, 2020; (M02) D1313-00 Valid until September 1, 2020.
5. As per site tour observation and document review, the facility has waste water permit (0035-14) from September 3, 2017; Valid until September 2, 2022.
6. The Facility has environmental objective / performance in place.
7. The facility nominate Mr. Sunny Cheng (Specialist) who is responsible for co-ordinating the site's efforts to improve environmental
8. The facility does not continuously identify the significant impacts and environmental implications associated to its activity of the facility.

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

Details: Based on the onsite observation, document review and interview with workers/ management.

Any other comments:

None

Non-compliance:
1. Description of non-compliance:

☒ NC against ETI/Additional Elements

☐ NC against Local

☐ NC against customer code:

The facility does not continuously identify the significant impacts and environmental implications associated to its activity of the facility

Local law and/or ETI/Additional Elements requirement:

ETI: 10B 4.5

Recommended corrective action:

To identify the significant impacts and environmental implications associated to its activity of the facility

Objective evidence observed:

(where relevant please add photo numbers)

Document review, workers interview and management interview.

Observation:
Description of observation:

The facility did not complete the SAQ and did not have made it available to the auditor before auditor.

Local law or ETI/Additional elements requirements:

ETI: 10B4.10

Comments:

None

Objective evidence observed:

Facility management interview.

Good examples observed:
Description of Good Example (GE):

None observed.

Objective Evidence Observed:

N/A

| Environmental Analysis <i>(Site declaration only – this has not been verified by auditor. Please state units in all cases below.)</i> | |
|---|--|
| A: Responsible for Environmental issues (Name and Position): | Mr. Sunny Cheng (Specialist) |
| B: Has the site conducted a risk assessment on the environmental impact of the site, including implementation of controls to reduce identified risks | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Details: N/A |
| C: Does the site have a recognised environmental system certification such as ISO 14000 or equivalent? Please detail. | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Details: The facility did not certificated with ISO 14000 or equivalent yet. |
| D: Does the site have an Environmental policy? <i>(For guidance, please see Measurement criteria)</i> | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If yes, is it publicly available? The ESH policy is posted on bulletin board. |
| E: If yes, does it address the key impacts from their operations and their commitment to improvement? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Details: N/A |
| F: Does the site have a Biodiversity policy? <i>(For guidance, please see Measurement criteria)</i> | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| G: Is there any other sustainability systems present such as Chain of Custody, Forest Stewardship Council (FSC), Marine Stewardship Council (MSC) etc.? Please detail. <i>(For guidance, please see Measurement criteria)</i> | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Details: The facility does not have any environmental certifications. |
| H: Have all legally required permits been shown? Please detail. | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: The facility contracted with qualified environmental & clean company (Chun-Yun Environmental Co., Ltd.) to handle the general garbage and recyclable waste |
| I: Is there a documentation process to record hazardous chemicals used in the manufacturing process? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A Details: A list of hazardous chemicals used by the facility is available in place. |
| J: Is there a system for managing client's requirements and legislation in the destination countries regarding environmental and chemical issues? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: This is included in the site's internal management system. |
| K: Facility has reduction targets in place for environmental aspects e.g. water consumption and discharge, waste, energy and green-house gas emissions | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Details: N/A |

| | | |
|--|--|---|
| L: Facility has evidence of waste recycling and is monitoring volume of waste that is recycled. | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: Weights of recycled waste (paper, plastic, can or bottles) are recorded for continuous improvement targets | |
| M: Facility has a system in place for accurately measuring and monitoring consumption of key utilities of water, energy and natural resources that follows recognised protocols or standards | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Details: N/A | |
| N: Facility has checked that any Sub-Contracting agencies or business partners operating on the premises have appropriate permits and licences and are conducting business in line with environmental expectations of the facility | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Details: The facility does not monitor the environmental performance of sub-contractors. | |
| Usage/Discharge analysis | | |
| Criteria | Current Year: Please state period: Y 2017 | Previous year: Please state period: Y 2016 |
| Electricity Usage: Kw/hrs | 3,031,640 Kw/hrs | 2,909,720 Kw/hrs |
| Renewable Energy Usage: Kw/hrs | 0 | 0 |
| Gas Usage: Kw/hrs | 0 | 0 |
| Has site completed any carbon Footprint Analysis? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| If Yes , please state result | N/A | N/a |
| Water Sources: Please list all sources e.g. lake, river, and local water authority. | Running Water | Running Water |
| Water Volume Used: (m ³) | 15,299 m ³ | 13,010 m ³ |
| Water Discharged: Please list all receiving waters/recipients. | <ul style="list-style-type: none"> Living water | <ul style="list-style-type: none"> Living water |
| Water Volume Discharged: (m ³) | 10,037 m ³ | 12,300 m ³ |
| Water Volume Recycled: (m ³) | 0 | 0 |
| Total waste Produced (please state units) | 16,459 kgs | 15,026 kgs |
| Total hazardous waste Produced: (please state units) | 0 | 0 |

| | | |
|--|-------------|-------------|
| Waste to Recycling: (please state units) | 2,084 kgs | 2,159 kgs |
| Waste to Landfill: (please state units) | 0 | 0 |
| Waste to other: (please give details and state units) | 0 | 0 |
| Total Product Produced (please state units) | 79,497 tons | 79,659 tons |

10C: Business Ethics – 4-Pillar Audit

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

To be completed for a 4-Pillar SMETA Audit

10C. Compliance Requirements

10C.1 Businesses shall conduct their business ethically without bribery, corruption, or any type of fraudulent Business Practice.

10C.2 Businesses as a minimum must meet the requirements of local and national laws related to bribery, corruption, or any type of fraudulent Business Practices.

10C.3 Where it is a legal requirement, businesses must be able to demonstrate that they comply with all fiscal legislative requirements.

10C.4 Businesses shall have access to a transparent system in place for confidentially reporting, and dealing with unethical Business Ethics without fear of reprisals towards the reporter.

10C.5 Businesses should have a Business Ethics policy, covering bribery, corruption, or any type of fraudulent Business Practice,

10C.6 Businesses should have a designated person responsible for implementing standards concerning Business Ethics

10C.7 Suppliers should ensure that the staff whose job roles carry a higher level of risk in the area of ethical Business Practice e.g. sales, purchasing, logistics are trained on what action to take in the event of an issue arising in their area.

10C. Guidance for Observations

10C.8 Businesses should communicate their Business Ethics policy, covering bribery, corruption, or any type of fraudulent Business Practice to all appropriate parties, including its own suppliers. .

10C.9 Has the site recently been subject to (or pending) any fines/prosecutions for non-compliance to Business Ethics regulations. If so is there evidence that sustainable corrective actions have been implemented

Note for auditors and readers. This Business Ethics section is intended to take not more than 0.25 auditor days. It is an assessment not an audit.

Current Systems and Evidence Examined

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

Current systems:

1. Based from document review, the facility has received and acknowledged the Business Practices policy.
2. The facility is aware of client's Business Practices standards/code requirements and has a system in place to monitor their performance against code requirements.
3. The facility designated Mr. Tai-Min Yeh / HR Manager for implementing standards concerning Business Practices.
4. Based from document review, the facility has a system in place by suggestion box and hot line for confidentially reporting, and dealing with unethical Business Practices without fear of reprisals towards the reporter.
5. The facility did not provide training to ensure whose job roles carry a higher level of risk in the area of ethical Business Practice.
6. The facility did not provide training to ensure whose job roles carry a higher level of risk in the area of ethical Business Practice.

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

Details:

The company business ethics policy including
Bribery / Corruption
Training records
Worker handbook
Reports from Anonymous email account

Any other comments:
None.

Non-compliance:
1. Description of non-compliance:

☒ NC against ETI/Additional Elements ☐ NC against Local

☐ NC against customer code:

The facility did not provide training to ensure whose job roles carry a higher level of risk in the area of ethical Business Practice.

Local law and/or ETI/Additional Elements requirement:

ETI : 10C.7

Recommended corrective action:

To provide training to ensure whose job roles carry a higher level of risk in the area of ethical Business Practice

Objective evidence observed:

Facility management interview

Observation
Description of observation:

The facility did not communicate their Business Ethics policy, covering bribery, corruption, or any type of fraudulent Business Practice to their suppliers yet.

Local law or ETI/Additional elements requirement:

ETI: 10C.8

Comments:

To communicate their Business Ethics policy, covering bribery, corruption, or any type of fraudulent Business Practice to their suppliers.

Objective evidence observed:

N/A

Good examples observed:

Description of Good Example (GE):
None observed.

Objective Evidence Observed:

N/A

| | |
|---|---|
| A: Does the facility have a Business Ethics Policy and is the policy communicated and applied internally, externally or both, as appropriate? | <input checked="" type="checkbox"/> Internal Policy <input type="checkbox"/> Policy for third parties including suppliers Please give details: The facility has a written policy on the need to avoid bribes and fraudulent practices. |
| B: Does the site give training to relevant personnel (e.g. sales and logistics) on business ethics issues | No. The facility did not provide training to ensure whose job roles carry a higher level of risk in the area of ethical Business Practice. |
| C: Is the policy updated on a regular (as needed) basis? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: Business Ethics Policy is review by facility management once a year.. |
| D: Does the site require third parties including suppliers to complete their own business ethics training | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: All business partners are required to sign consent of agreement with the facility on business ethics policy. |

Other Findings Outside the Scope of the Code

None.

Community Benefits

(Please list below any specific community benefits that the site management stated that they were involved in, for example, HIV programme, education, sports facilities)

None.

Appendix 1

| | |
|--|--|
| <p>Comparison between ETI code and Customer's Supplier's Code. Any areas where a site complies with the Customer's Supplier Code, but not with the ETI code are discussed at the audit close out meeting and recorded on the CAPR. Note to supplier "for this customer it may not be necessary to complete corrective actions where NC's DO NOT meet the ETI code, but DO meet your customer's code. If the audit is shared with other customers who work to the ETI code or an equivalent international standard, corrective actions will be necessary."</p> <p><input type="checkbox"/> Not Applicable please x</p> | |
| <p>NOTE: The provisions of the ETI base Code constitute minimum and not maximum standards, and this code should not be used to prevent companies from exceeding these standards. Companies applying the ETI Base Code are expected to comply with national and other applicable law and, where the provisions of law and the ETI Base Code address the same subject, to apply that provision which affords the greater protection.</p> | <p>Instruction to Audit Company: fill in the relevant clauses from the Customer Supplier Code - where applicable.</p> |
| ETI Code / Additional Elements | Customer's Supplier Code equivalent |
| 0.A. Universal Rights covering UNGP | 0.A. Universal Rights covering UNGP |
| <p>0.A. Guidance for Observations</p> <p>0.A.1 Businesses should have a policy, endorsed at the highest level, covering human rights impacts and issues, and ensure it is communicated to all appropriate parties, including its own suppliers.</p> <p>0.A.2 Businesses should have a designated person responsible for implementing standards concerning Human rights</p> <p>0.A.3 Businesses shall identify their stakeholders and salient issues.</p> <p>0.A.4 Businesses shall measure their direct, indirect, and potential impacts on stakeholders (rights holders) human rights.</p> <p>0.A.5 Where businesses have an adverse impact on human rights within any of their stakeholders, they shall address these issues and enable effective remediation.</p> <p>0.A.6 Businesses shall have a transparent system in place for confidentially reporting, and dealing with human rights impacts without fear of reprisals towards the reporter.</p> | |
| 0.B. Management Systems & Code Implementation | 0.B. Management Systems & Code Implementation |
| <p>0.1 Suppliers are expected to implement and maintain systems for delivering compliance to this Code.</p> | |

| | |
|--|---|
| <p>0.2 Suppliers shall appoint a senior member of management who shall be responsible for compliance with the Code.</p> <p>0.3 Suppliers are expected to communicate this Code to all employees.</p> <p>0.4 Suppliers should communicate this code to their own suppliers and, where reasonably practicable, extend the principles of this Ethical Code through their supply chain.</p> | |
| ETI 1. Forced Labour | ETI 1. Forced Labour |
| <p>1.1 There is no forced, bonded or involuntary prison labour.</p> <p>1.2 Workers are not required to lodge "deposits" or their identity papers with their employer and are free to leave their employer after reasonable notice.</p> | |
| ETI 2. Freedom of association and the right to collective bargaining are respected | ETI 2. Freedom of association and the right to collective bargaining are respected |
| <p>2.1 Workers, without distinction, have the right to join or form trade unions of their own choosing and to bargain collectively.</p> <p>2.2 The employer adopts an open attitude towards the activities of trade unions and their organisational activities.</p> <p>2.3 Workers' representatives are not discriminated against and have access to carry out their representative functions in the workplace.</p> <p>2.4 Where the right to freedom of association and collective bargaining is restricted under law, the employer facilitates, and does not hinder, the development of parallel means for independent and free association and bargaining.</p> | |
| ETI 3. Working conditions are safe and hygienic | ETI 3. Working conditions are safe and hygienic |
| <p>3.1 A safe and hygienic working environment shall be provided, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Adequate steps shall be taken to prevent accidents and injury to health arising out of, associated with, or occurring in the course of work, by minimising, so far as is reasonably practicable, the causes of hazards inherent in the working environment.</p> <p>3.2 Workers shall receive regular and recorded Health & Safety training, and such training shall be repeated for new or reassigned workers.</p> <p>3.3 Access to clean toilet facilities and to potable water, and, if appropriate, sanitary facilities for food storage shall be provided.</p> | |

| | |
|--|---|
| <p>3.4 Accommodation, where provided, shall be clean, safe, and meet the basic needs of the workers.</p> <p>3.5 The company observing the code shall assign responsibility for Health & Safety to a senior management representative.</p> | |
| ETI 4. Child labour shall not be used | ETI 4. Child labour shall not be used |
| <p>4.1 There shall be no new recruitment of child labour.</p> <p>4.2 Companies shall develop or participate in and contribute to policies and programmes which provide for the transition of any child found to be performing child labour to enable her or him to attend and remain in quality education until no longer a child.</p> <p>4.3 Children and young persons under 18 shall not be employed at night or in hazardous conditions.</p> <p>4.4 These policies and procedures shall conform to the provisions of the relevant ILO Standards.</p> | |
| ETI 5. Living wages are paid | ETI 5. Living wages are paid |
| <p>5.1 Wages and benefits paid for a standard working week meet, at a minimum, national legal standards or industry benchmark standards, whichever is higher. In any event wages should always be enough to meet basic needs and to provide some discretionary income.</p> <p>5.2 All workers shall be provided with written and understandable information about their employment conditions in respect to wages before they enter employment and about the particulars of their wages for the pay period concerned each time that they are paid.</p> <p>5.3 Deductions from wages as a disciplinary measure shall not be permitted nor shall any deductions from wages not provided for by national law be permitted without the expressed permission of the worker concerned. All disciplinary measures should be recorded.</p> | |
| ETI 6. Working Hours are not excessive | ETI 6. Working Hours are not excessive |
| <p>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.</p> <p>6.2 Working hours, excluding overtime, shall be defined by contract, and shall not exceed 48 hours per week.</p> | |

| | |
|--|--|
| <p>6.3 All overtime shall be voluntary. Overtime shall be used responsibly, taking into account all the following: the extent, frequency and hours worked by individual workers and the workforce as a whole. It shall not be used to replace regular employment. Overtime shall always be compensated at a premium rate, which is recommended to be not less than 125% of the regular rate of pay.</p> <p>6.4 The total hours worked in any 7 day period shall not exceed 60 hours, except where covered by clause 6.5 below.</p> <p>6.5 Working hours may exceed 60 hours in any 7 day period only in exceptional circumstances where all of the following are met:</p> <ul style="list-style-type: none"> – this is allowed by national law; – this is allowed by a collective agreement freely negotiated with a workers' organisation representing a significant portion of the workforce; – appropriate safeguards are taken to protect the workers' health and safety; and – The employer can demonstrate that exceptional circumstances apply such as unexpected production peaks, accidents or emergencies. <p>6.6 Workers shall be provided with at least one day off in every 7 day period or, where allowed by national law, 2 days off in every 14 day period.</p> | |
| ETI 7. No discrimination is practised | ETI 7. No discrimination is practised |
| <p>7.1 There is no discrimination in hiring, compensation, access to training, promotion, termination or retirement based on race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation.</p> | |
| ETI 8. Regular employment is provided | ETI 8. Regular employment is provided |
| <p>8.1 To every extent possible work performed must be on the basis of recognised employment relationship established through national law and practice.</p> <p>8.2 Obligations to employees under labour or social security laws and regulations arising from the regular employment relationship shall not be avoided through the use of labour-only contracting, sub-contracting, or home-working arrangements, or through apprenticeship schemes where there is no real intent to impart skills or</p> | |

| | |
|--|---|
| <p>provide regular employment, nor shall any such obligations be avoided through the excessive use of fixed-term contracts of employment.</p> <p>Additional Elements: Responsible Recruitment</p> <p>8.3 Suppliers have full understanding of the entire recruitment process and assess all labour recruiters and intermediaries against legal and/or ethical requirements.</p> <p>8.4 There are effective management systems in place to identify and monitor the hiring and management of all migrant workers, contract workers, agency workers, temporary or casual labour. The supplier shall implement processes to enable adequate control over agencies with regards the above points and related legislation.</p> <p>8.5 Employment agencies must only supply workers registered with them.</p> <p>8.6 Workers pay no recruitment fee at any stage of the recruitment process.</p> <p>8.7 Worker contracts accurately reflect the agreed payment and terms in the recruitment process and are understood and signed by workers.</p> | |
| 8A: Sub-Contracting and Homeworking | 8A: Sub-Contracting and Homeworking |
| <p>8A.1 There should be no sub-contracting unless previously agreed with the main client.</p> <p>8A.2 Systems and processes should be in place to manage sub-contracting, homeworking and external processing.</p> | |
| ETI 9. No harsh or inhumane treatment is allowed | ETI 9. No harsh or inhumane treatment is allowed |
| <p>9.1 Physical abuse or discipline, the threat of physical abuse, sexual or other harassment and verbal abuse or other forms of intimidation shall be prohibited.</p> <p>Additional elements:</p> <p>9.2 companies should provide access to a confidential grievance mechanism for all workers</p> | |
| 10. Other Issue areas: 10A: Entitlement to Work and Immigration | |
| <p>Additional Elements</p> <p>10A.1 Only workers with a legal right to work shall be employed or used by the supplier.</p> <p>10A.2 All workers, including employment agency staff, must be validated by the supplier for their legal right to work by reviewing original documentation.</p> | |
| 10. Other issue areas 10B2: Environment 2-Pillar | |

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| <p>10B2.1 Suppliers must comply with the requirements of local and international laws and regulations including having necessary permits.</p> <p>10B2.2 The supplier should be aware of and comply with their end clients' environmental requirements.</p> <p><i>Note for auditors and readers, This is not a full environmental assessment but a check on basic systems and management approach.</i></p> | |
|---|--|

| SMETA Extra Sections for 4 Pillar Audit: | SMETA Extra Sections for 4 Pillar Audit: |
|---|--|
| Environment Section | Environment Section |
| <p>B.4. Compliance Requirements</p> <p>10B4.1 Businesses as a minimum must meet the requirements of local and national laws related to environmental standards.</p> <p>10B4.2 Where it is a legal requirement, businesses must be able to demonstrate that they have the relevant valid permits including for use and disposal of resources e.g. water, waste etc.</p> <p>10B4.3 Businesses shall be aware of their end client's environmental standards/code requirements</p> <p>10B4.4 Suppliers should have an environmental policy, covering their environmental impact, which is communicated to all appropriate parties, including its own suppliers.</p> <p>10B4.5 Suppliers shall be aware of the significant environmental impact of their site and its processes.</p> <p>10B4.6 The site should measure its impacts, including continuous recording and regular reviews of use and discharge of natural resources e.g. energy use, water use (see 4-pillar audit report and audit checks for details).</p> <p>10B4.7 Businesses shall make continuous improvements in their environmental performance.</p> <p>10B4.8 Businesses shall have available for review any environmental certifications or any environmental management systems documentation</p> <p>10B4.9 Businesses should have a nominated individual responsible for co-ordinating the site's efforts to improve environmental performance.</p> <p>B4. Guidance for Observations</p> <p>10B4.10 Suppliers should have completed the appropriate section of the SAQ and made it available to the auditor.</p> <p>10B4.11 Has the site recently been subject to (or pending) any fines/prosecutions for noncompliance to environmental regulations.</p> | |
| Business Practices Section | |

10C. Compliance Requirements

10C.1 Businesses shall conduct their business ethically without bribery, corruption, or any type of fraudulent Business Practice.

10C.2 Businesses as a minimum must meet the requirements of local and national laws related to bribery, corruption, or any type of fraudulent Business Practices.

10C.3 Where it is a legal requirement, businesses must be able to demonstrate that they comply with all fiscal legislative requirements.

10C.4 Businesses shall have access to a transparent system in place for confidentially reporting, and dealing with unethical Business Ethics without fear of reprisals towards the reporter.

10C.5 Businesses should have a Business Ethics policy, covering bribery, corruption, or any type of fraudulent Business Practice,

10C.6 Businesses should have a designated person responsible for implementing standards concerning Business Ethics

10C.7 Suppliers should ensure that the staff whose job roles carry a higher level of risk in the area of ethical Business Practice e.g. sales, purchasing, logistics are trained on what action to take in the event of an issue arising in their area.

10C. Guidance for Observations

10C.8 Businesses should communicate their Business Ethics policy, covering bribery, corruption, or any type of fraudulent Business Practice to all appropriate parties, including its own suppliers.

10C.9 Has the site recently been subject to (or pending) any fines/prosecutions for non-compliance to Business Ethics regulations. If so is there evidence that sustainable corrective actions have been implemented.

Photo Form

| | | |
|---|--|---|
|  |  |  |
| Facility gate | Facility overall outlook | Facility overall outlook |
|  |  |  |
| Production area | Production area | Production area |
|  |  |  |
| Packing area | Warehouse | Warehouse |
|  |  |  |
| Fire hydrant | Fire extinguisher | Fire alarm system |

| | | |
|-----------------|--------------------------------|------------------------|
| | | |
| Emergency light | Exit indicator | Exit indicator |
| | | |
| Evacuation map | Exit indicator | Auto fire alarm system |
| | | |
| Warning advise | PPE for workers | On-site infirmary |
| | | |
| MSDS in place | Emergency eye washing facility | Emergency stop |

| | | |
|---|--|---|
|  |  |  |
| First aid kit | Protective guard | Toilet facility |
|  |  |  |
| Drinking water | Timecard swiped system | Cafeteria |
|  |  |  |
| Dormitory building | Laundry facility (dormitory) | Shower facility (dormitory) |
|  |  |  |
| Drinking water (dormitory) | Fire hydrant (dormitory) | Evacuation plan (dormitory) |

| | | |
|----------------------------|------------------------------|---------------------|
| | | |
| Exit indicator (dormitory) | Waste water treatment permit | Air emission permit |
| | | |
| Pay slip | Business License | Facility license |



For more information visit: [Sedexglobal.com](https://www.sedexglobal.com)

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

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

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

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

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

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