



Sedex Members Ethical Trade Audit Report

Version 6.1



Audit Details				
Sedex Company Reference: <i>(only available on Sedex System)</i>	ZC406991407	Sedex Site Reference: <i>(only available on Sedex System)</i>	ZS407933377	
Business name (Company name):	NAN LIU ENTERPRIS			
Site name:	NANLIU			
Site address:	No. 699, Silin Rd., Yanchao Dist., Kaohsiung City 82446, Taiwan (R.O.C.) Kaohsiung 82446 TW	Country:	TW	
Site contact and job title:	Piget Hsieh / Assistance Manager			
Site phone:	+886-7-6116616	Site e-mail:	henry@nanliugroup.com	
SMETA Audit Pillars:	<input checked="" type="checkbox"/> Labour Standards	<input checked="" type="checkbox"/> Health and Safety (plus Environment 2-Pillar)	<input checked="" type="checkbox"/> Environment 4-pillar	<input checked="" type="checkbox"/> Business Ethics
Date of Audit:	2024-03-27			

Audit Company Name:
SGS Taiwan

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

Audit Content:

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

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

2-Pillar SMETA Audit

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

4-Pillar SMETA

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

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

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

SMETA Declaration

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

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

Auditor Team			
Lead Auditor:	Gary Chao	APSCA Number:	21702699
Additional Auditors:			
Date of declaration:	2024-03-29		

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

Site Representation	
Full Name:	Piget Hsieh
Title:	Assistance Manager
Date of declaration:	2024-03-29
Comments:	<p><i>Any exceptions to this must be recorded here (e.g. different sample size):</i> <i>Sampled wage records from the past 5 months were provided for review (5 months only since the operation for digital thermometer just started last Sep 2020).</i> <i>The audit took 2.0 man-days (9AM-6PM per day). Audit time was extended until 8PM due to the extent of documentation; this was agreed upon with the factory representatives</i></p>
None	

Summary of Findings

Issue <i>(please click on the issue title to go direct to the appropriate audit results by clause)</i>	Area of Non-Conformity		Number of issues			Findings
	ETI	Local Law	NC	Obs	GE	
0A - Universal rights covering UNGP	0.A.5 0.A.6		0	2	0	Obs - ZAF600385750 Obs - ZAF600385751
0B - Management systems and code implementation			0	0	0	
1 - Freely chosen employment			0	0	0	
2 - Freedom of association and right to collective bargaining are respected			0	0	0	
3 - Working conditions are safe and hygienic	3.1	§1	1	0	0	NC - ZAF600412849
4 - Child labour shall not be used			0	0	0	
5 - Living wages are paid			0	0	0	
6 - Working hours are not excessive			0	0	0	
7 - No discrimination is practiced			0	0	0	
8 - Regular employment is provided			0	0	0	
8A - Subcontracting and homeworking			0	0	0	
9 - No harsh or inhumane treatment is allowed			0	0	0	
10A - Entitlement to work and immigration			0	0	0	
10B2 - Environment 2-pillar			0	0	0	
10B4 - Environment 4-pillar			0	0	0	
10C - Business ethics 4-pillar			0	0	0	

Local Law Issues

Issue	Description
§1	The Installation Standards of Fire-Protection Equipment for All locations: Volume 3, Chapter 3, Article 148(Fire-Protection Equipment). The exit indicator should keep illuminated.

Site Details

Site Details		
Company Name	NAN LIU ENTERPRIS	
Site Name	NANLIU	
GPS location (if available)	GPS Address:	N/A
	Coordinates:	Latitude: 22.782723 N; Longitude: 120.344934 E
Applicable business and other legally required licence numbers and documents, for example, business license number, liability insurance, any other required government inspections	Business license: 75989858 (issue on Jul. 3, 2019; Valid date: permanent); Factory registration certification: 64008269; issue on March 08, 2022; Valid date: N/A (permanent)	
Products/Activities at site, for example, garment manufacture, electricals, toys, grower, cutting, sewing, packing etc	Manufacture of non-woven products.	
Site description: (Include size, location, and age of site. Also, include structure and number of buildings)	<p>NAN LIU ENTERPRISE CO., LTD. specialized in manufacturing various non-woven products since 1980. The factory in audit scope was a newly established factory set up on Nov. 2018, which was the headquarter of NAN LIU Group located in Kaohsiung. The factory is located on Kaohsiung City, Taiwan (South of Taiwan) The land right was leased from Taiwan Sugar Corporation. The factory owned five buildings which included the office, manufacturing process area, raw materials storage area, semi-finished product storage area, finished products storage area, packing materials storage area and warehouse. The factory employed 211 employees which are including 135 male and 76 female workers. 33 out of 211 employees were migrant workers form Indonesia, Thailand and Vietnamese. Total manufacturing area and warehouse/office area were about 29198.4 SQM. Neither canteen nor kitchen was set in this factory, only dining area was provided to employees. No shared building was used with other company.</p>	

Structure and number of buildings	Building Name:		Office Building
	Floor	Description	Remark
	1- 3	Office	N/A
	Building Name:		Building A
	Floor	Description	Remark
	1-4	Production, Inspection and packing	N/A
	Building Name:		Building B
	Floor	Description	Remark
	Ground	Manufacture process	N/A
	Building Name:		Building C
	Floor	Description	Remark
	Ground	Manufacture process	N/A
	Building Name:		Building E
	Floor	Description	Remark
	Ground	Manufacture process and warehouse	N/A
Building Name:		Building F	
Floor	Description	Remark	
Ground	cafeteria	N/A	
Visible structural integrity issues (large cracks) observed?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: No cracks of building observed during site facility tour observation.		
Does the site have a structural engineer evaluation?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: Building structure public safety inspection report was completed for the facility site yet. (Report No.: C11206071053 ; on 2023/12/20)		
Site function	<input type="checkbox"/> Agent <input checked="" type="checkbox"/> Factory Processing/Manufacturer <input type="checkbox"/> Finished Product Supplier <input type="checkbox"/> Grower <input type="checkbox"/> Homeworker <input type="checkbox"/> Labour Provider <input type="checkbox"/> Pack house <input type="checkbox"/> Primary Producer <input type="checkbox"/> Service Provider <input type="checkbox"/> Sub-contractor		
Months of peak season	May to September		

Process overview	The main production processes as follow: Raw material, Mix Fiber, Carding, Water jet, Dryer, Winder, Slitting, Packaging / Packing and Shipping. The main production equipment were including: Fiber opener machine - 6 Sets, Mix fiber machine - 6 Sets, Carding machine - 6 Sets, Water jet machine - 2 Sets, Oven - 2 Sets, Winder machine.
What form of worker representation is there on site?	<input type="checkbox"/> Union <input type="checkbox"/> Worker Committee <input checked="" type="checkbox"/> Other <input type="checkbox"/> None
Please give details:	Labour-Management meeting.
Is there any night production work at the site?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Are there any on site provided worker accommodation buildings	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details:
Are there any off site provided worker accommodation buildings	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details:
Were all site provided accommodation buildings included in this audit	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: N/A, no accommodation buildings were provided by the facility for all workers.

Audit Parameters						
Time in and time out	Day 1		Day 2		Day 3	
	In	08:50	In	08:45	In	08:55
	Out	17:00	Out	17:10	Out	13:20
Audit type:	PERIODIC					
Was the audit announced?	SEMI_ANNOUNCED					
Was the Sedex SAQ available for review?	Yes					
Any conflicting information SAQ/Pre-Audit Info to Audit findings?	No					
Who signed and agreed CAPR	Piget Hsieh / Assistance Manager					
Is further information available	No					

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

Worker Analysis

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

Worker Analysis								
	Local			Migrant*			Home workers	Total
	Permanent	Temporary	Agency	Permanent	Temporary	Agency		
Worker numbers - male	112	0	0	15	0	0	0	127
Worker numbers - female	74	0	0	12	0	0	0	86
Total	186	0	0	27	0	0	0	213
Number of Workers interviewed - male	9	0	0	5	0	0	0	14
Number of Workers interviewed - female	7	0	0	5	0	0	0	12
Total - interviewed sample size	16	0	0	10	0	0	0	26

Nationalities Structure										
Nationality of Management	Taiwanese									
Please list the nationalities of all workers, with the three most common nationalities listed first.	<table border="0"> <tr> <td>Nationality 1: Taiwanese</td> <td>approx %:</td> <td>87%</td> </tr> <tr> <td>Nationality 2: Vietnamese</td> <td>approx %:</td> <td>2%</td> </tr> <tr> <td>Nationality 3: Thai</td> <td>approx %:</td> <td>6%</td> </tr> </table>	Nationality 1: Taiwanese	approx %:	87%	Nationality 2: Vietnamese	approx %:	2%	Nationality 3: Thai	approx %:	6%
Nationality 1: Taiwanese	approx %:	87%								
Nationality 2: Vietnamese	approx %:	2%								
Nationality 3: Thai	approx %:	6%								
Was this list completed during peak season?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details:									
Worker remuneration	Workers on piece rate:	0%								
	Paid hourly:	0%								
	Salaried:	100%								
Payment cycle	Paid daily:	0%								
	Paid weekly:	0%								
	Paid monthly:	100%								
	Other:	0%								
	Details for other:	N/A								

Worker Interview Summary	
Were workers aware of the audit?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Were workers aware of the code?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Number of group interviews:	20 workers (4 groups of 5 workers)
Number of individual interviews:	Male: 2 Female: 4
All groups of workers are included in the scope of this audit such as; Direct employees, Casual and agency workers, Workers employed by service providers such as security and catering staff as well as workers supplied by other contractors.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details:
Interviews were done in private and the confidentiality of the interview process was communicated to the workers?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
In general, what was the attitude of the workers towards their workplace?	<input checked="" type="checkbox"/> Favorable <input type="checkbox"/> Non-favourable <input type="checkbox"/> Indifferent
What was the most common worker complaint?	Workers generally satisfied with the working condition at this factory. No complaint or unhappiness to the factory management was stated during the interviews.
What did the workers like the most about working at this site?	They were all satisfied with the working condition, wages and treatment from factory management.
Any additional comment(s) regarding interviews:	All interviewed workers were cooperative and had a good relationship with management in general.
Attitude of workers to hours worked:	They were all satisfied with the working hours and overtime hours. Their overtime was voluntary. They could refuse overtime without any punishment and threat.
Is there any worker survey information available?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details:

Attitude of workers:

SGS auditor conducted confidential interviews with workers who were chosen freely without any influence from the factory management; 26 workers were selected for individual or group interviews (4 groups of 5); The worker interviews were conducted at an isolated area (meeting room). The workers were cooperative during the interview process and objective evidences / information were collected accordingly. They had good relationships with their supervisors and managers who treated them with respect. Based on worker interviews, all workers were satisfied with working condition and benefits offered by factory.

Attitude of worker's committee/union reps:

One (1) worker representative was open and friendly during the interview process. He showed up a positive attitude toward management and the workplace. Based on the interviews, all workers were pleased with the working conditions and benefits.

Attitude of managers:

In general, the facility fully assists the audit. The facility management shows a positive attitude to this audit during the whole process. Locked areas encounter during the audit are unlocked timely. All documentation request for the review were provided timely. No inconsistencies were found between management interview, workers interview and document review. The facility managements attended the opening meeting, showing full commitment to the audit.

0A - Universal Rights covering UNGP
[Summary of Findings]

0A: Compliance Requirements

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

Current Systems and Evidence Examined

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

Current Systems:

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 and annual COC refresh training.

- 1.Factory appointed a senior management (Mr. Piaget Hsieh / Assistant Manager) of senior level responsible for implementing standards concerning Human Rights. They published a human rights statement on their bulletin board, training gave to any employee on the need to protect human rights. The terms and conditions for employees were stated in the working rules and all workers were communicated and aware of the grievance procedure.
- 2.Facility has a transparent system via email or hotline for confidentially reporting, and dealing with human rights impacts without fear of reprisals towards the reporter.
- 3.The stakeholders and salient issues about human rights were identified by facility management. Moreover, the facility has measure their impact on relevant stakeholders e.g. workers, communities, customers, suppliers, the public, etc.

Evidence examined:

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

Any other comments:

None

Policy statement that expresses commitment to respect human rights?

Yes No

Please give details:

The facility has a human rights statement that expresses commitment to respect human rights. The facility let the policy endorse at the highest level, covering human rights impacts and issues, and ensure it is communicated to all appropriate parties, including its own supplier, including its own suppliers.

Are the policies included in workers' manuals?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: Policies included in employee handbook, and also posted on bulletin board.
Does the business have a designated person responsible for implementing standards concerning Human Rights?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: By Mr. Piaget Hsieh / Assistant Manager.
Does the business have a transparent system in place for confidentially reporting, and dealing with human rights impacts without fear of reprisals towards the reporter?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: Suggestion box, confidential e-mail and hotline were established, and an appointed senior management was responsible for dealing with the grievance issues.
Does the grievance mechanism meet UNGP expectations? (Legitimate, Accessible, Predictable, Equitable, Transparent, Rights-compatible, a source of continuous learning and based on stakeholder engagement)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the business demonstrate effective data privacy procedures for workers' information, which is implemented?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: Privacy procedures has been established in place. All employee information and personnel files were kept locked in the human resources office and only viewed by the HR Section Manager and HR team.
Measuring Workplace Impact	
Annual worker turnover(Number of workers leaving in last 12 months as a % of average total number of workers on site over the year (annual worker turnover))	Last year 3.0% This year 2.0%
Current % quarterly (90 days) turnover(Number of workers leaving from the first of the 90 day period through to the last day of the 90 day period / [(number of employees on the 1st day of 90 day period + number of employees on the last day of the 90 day period) / 2])	2.0%
Annual % absenteeism(Number of days lost through job absence in the year / [(number of employees on 1st day of the year + number employees on the last day of the year) / 2] * number available workdays in the year)	Last year 3.0% This year 3.0%
Quarterly (90 days) % absenteeism(Number of days lost through job absence in the period / [(Number of employees on 1st of the period + Number of employees on the last day of the period) / 2] * Number of available workdays in the month)	3.0%

Are accidents recorded?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The accidents were clearly identified, and the log was registered on government website. Relevant corrective and preventive measures are followed up and the record were kept in file.	
Annual Number of work related accidents and injuries per 100 workers((Number of work related accidents and injuries * 100) / Number of total workers)	Last year	0.0%
	This year	0.0%
Quarterly (90 days) number of work related accidents and injuries per 100 workers((Number of work related accidents and injuries * 100) / Number of total workers)	0.0%	
Lost day work cases per 100 workers([(Number of lost days due to work accidents and work related injuries * 100) / Number of total workers)	Last year	0.0%
	This year	0.0%
% of workers that work on average more than 48 standard hours / week in the last 6 / 12 months	6 month	0.0%
	12 month	0.0%
% of workers that work on average more than 60 total hours / week in the last 6 / 12 months	6 month	0.0%
	12 month	0.0%

Observation		Evidence
[Back to findings summary]		
Observation		
Status	CLOSED	
Reference	ZAF600385750	
Clause	0A - Universal Rights covering UNGP	
Issue Title	685 - No / inadequate system to identify relevant stakeholders and assess, prioritise or minimise the negative human rights impact of the site	
Subcategory	Human rights	
New or carried over?	<input type="checkbox"/> New <input checked="" type="checkbox"/> Carried Over	
Raised by audit	ZAA407841864	
Resolved by audit	ZAA600053815	
Root cause	<input type="checkbox"/> Training <input checked="" type="checkbox"/> System <input type="checkbox"/> Costs <input type="checkbox"/> Lack of workers <input type="checkbox"/> Other	
Root cause - Other		
ETI code	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.	
Explanation to the observation	The stakeholders and salient issues about human rights were not identified by factory management.	
Actions	The stakeholders and salient issues about human rights shall be identified by factory management.	
Additional comments	The stakeholders and salient issues about human rights shall be identified by factory management. No evidence that the stakeholders and salient issues about human rights has been identified by factory management. N/A The corrective action plan is not acceptable. Facility will identify the stakeholders and salient issues about human rights. The corrective action is acceptable.	

Observation		Evidence
[Back to findings summary]		
Observation		
Status	CLOSED	
Reference	ZAF600385751	
Clause	0A - Universal Rights covering UNGP	
Issue Title	685 - No / inadequate system to identify relevant stakeholders and assess, prioritise or minimise the negative human rights impact of the site	
Subcategory	Human rights	
New or carried over?	<input type="checkbox"/> New <input checked="" type="checkbox"/> Carried Over	
Raised by audit	ZAA407841864	
Resolved by audit	ZAA600053815	
Root cause	<input type="checkbox"/> Training <input checked="" type="checkbox"/> System <input type="checkbox"/> Costs <input type="checkbox"/> Lack of workers <input type="checkbox"/> Other	
Root cause - Other		
ETI code	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.	
Explanation to the observation	The factory did not measure the impact about human rights on relevant stakeholders e.g. workers, communities, customers, suppliers, the public, etc.	
Actions	The factory shall measure the impact about human rights on relevant stakeholders e.g. workers, communities, customers, suppliers, the public, etc.	
Additional comments	The factory shall measure the impact about human rights on relevant stakeholders e.g. workers, communities, customers, suppliers, the public, etc. No evidence that the factory has completed measure the impact about human rights on relevant stakeholders e.g. workers, communities, customers, suppliers, the public, etc. N/A The corrective action plan is not acceptable. Facility will measure the impact about human rights on relevant stakeholders. The corrective action is acceptable.	

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

0B: Compliance Requirements

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

Current Systems and Evidence Examined

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

Current Systems:

Based on document review (Code of Conduct) and interview with management and site tour observation, ETI Code was announced and communicated to all employees and suppliers in this organization.

1. The facility appointed a senior management (Mr. Piaget Hsieh / Assistant Manager), he is responsible for the compliance of the Code.
2. Relevant ethical information was posted on bulletin board.
3. The training record of ethical/client's code of conduct was available. The latest COC training for all workers is done on January 4-5, 2024.
4. The organization obtained correct business license and factory registration certificate as legal permission, and also obtained the land ownership certificate to ensure land rights which complied with legal requirement.
5. The facility communicates the ETI Base Code to their supplier chain by emails or signing of "Consent of Agreement".

Evidence examined:

- Ethical code of conduct at the factory (posted in Chinese on bulletin board)
- Training records of employees
- Business license
- Factory registration certificate
- Land ownership certificate
- Land lease contract
- Building usage license

Any other comments:

None

Management Systems

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

Yes No

Please give details:

Based on management interview and visit on government website, and the facility does not have any fines/prosecutions for non-compliance to any local regulations in the past 12 months.

<p>Do policies and/or procedures exist that reduce the risk of forced labour, child labour, discrimination, harassment & abuse?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Please give details: CSR policy had been documented and the supporting procedure, such as grievance procedures, working rules, age checking procedure was available.</p>
<p>If Yes, is there evidence (an indication) of effective implementation? Please give details.</p>	<p>Through document evidence review, related policies and procedures existed such as the migrant workers were hired through legal HR agency, no use of child labor in recruitment policy, etc.</p>
<p>Have managers and workers received training in the standards for forced labour, child labour, discrimination, harassment & abuse?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Please give details: Training including these issues is provided to all workers after recruitment. Relevant training is also provided regularly to management staffs and employees.</p>
<p>If Yes, is there evidence (an indication) that training has been effective e.g. training records etc.? Please give details</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Please give details: The effectiveness has been monitored by training record with examinations. The latest COC training for all workers is done on January 4-5, 2024.</p>
<p>Does the site have any internationally recognised system certifications e.g. ISO 9000, 14000, OHSAS 18000, SA8000 (or other social audits)?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Please give details: The facility has certificate with ISO 9001:2015 Quality Management System, ISO 14001:2015 Environmental System and ISO 45001:2018 H&S Management System.</p>
<p>Is there a Human Resources manager/department?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>There is a Human Resources department in the facility for dealing with employment relationship with all workers.</p>
<p>Is there a senior person /manager responsible for implementation of the code?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Please give details: Mr. Chia-Yuan Cheng / Facility Manager, he is responsible for implementing the ETI Based code.</p>
<p>Is there a policy to ensure all worker information is confidential?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Please give details: Through management interview, the procedure to ensure all worker information is confidential existed.</p>
<p>Is there an effective procedure to ensure confidential information is kept confidential?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Please give details: There is a privacy policy and procedure in place. All worker information was kept in files and locked in the HR office.</p>

Are risk assessments conducted to evaluate policy and procedure effectiveness?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: Facility established and performed the process of risk assessments. Risk assessments are conducted to evaluate policy and procedure effectiveness by each department in the factory.
Does the facility have a process to address issues found when conducting risk assessments, including implementation of controls to reduce identified risks?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: Risk assessments are conducted to evaluate policy and procedure effectiveness by each department in the factory, those risks which are identified as unacceptable level are controlled by CAP actions to reduce the risk.
Does the facility have a policy/code which require labour standards of its own suppliers?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: Factory had communicated the factory policy and relative labour standards to all suppliers. Factory also communicated this ETI code to their own suppliers and extend the principles of this Ethical Code through their supply chain (e.g. assessment, audit, etc. to its supply chain such as raw material, component, sub-contractor, etc.).
Land Rights	
Does the site have all required land rights licenses and permissions (see SMETA Measurement Criteria)?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: Based on document reviewed, the Land ownership certificate is available at the site.
Does the site have systems in place to conduct legal due diligence to recognize and apply national laws and practices relating to land title?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The land ownership certificate is available at site and which is compliance with local legal requirement.
Does the site have a written policy and procedures specific to land rights?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: N/A. The land ownership certificate is available at the site.
Is there evidence that facility/site compensated the owner/lessor for the land prior to the facility being built or expanded?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: No such case is identified during audit.
Does the facility demonstrate that alternatives to a specific land acquisition were considered to avoid or minimize adverse impacts?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The facility has obtained factory license from local authority by law.
Is there any evidence of illegal appropriation of land for facility building or expansion of footprint?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: During the assessment, no negative evidence was found.

1 - Freely chosen Employment
[Summary of Findings]

1: Compliance Requirements

- 1.1 There is no forced, bonded or involuntary prison labour.
- 1.2 Workers are not required to lodge "deposits" or their identity papers with their employer and are free to leave their employer after reasonable notice.

Current Systems and Evidence Examined

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

Current Systems:

Confirmed with management and employee interviews and organization tour. Labor contracts and disciplinary records are reviewed.

- 1. The factory had a policy which prohibits forced labour in place.
- 2. Based on interview with the management / workers and documents review, effective employment policy & procedure were established.
- 3. All workers could resign freely by notifying the management 7~30 days in advance.
- 4. All workers were not requested to leave any deposit or document to factory such as training fee, fee for tools, fee for uniforms, or original documents such as ID papers. Only copies of ID must be kept in the personnel files and the original given back to the workers.
- 5. No forced, bonded, involuntary labour and prison labour was used in accordance with on-site observation and worker interview.
- 6. Based on 26 interview workers, all workers were report they can free to leave at the end of their shift.
- 7. Based on 26 interview workers, all workers were permitted time-off with doctor's certificate or note when sick or maternity.

Evidence examined:

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

Any other comments:

None

Is there any evidence of retention of original documents, e.g. passports/ID' (If yes, please give details and category of workers affected)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details:
Is there any evidence of a loan scheme in operation (If yes, please give details and category of workers affected)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details:
Is there any evidence of retention of wages / deposits (If yes, please give details and category of workers affected)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details:
Are there any restrictions on workers' freedom to terminate employment?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: According to document review and interview with workers, no restriction on workers' freedom to terminate employment.

<p>If any part of the business is UK based or registered there & has a turnover over £36m, is there a published a 'modern day slavery statement?</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not Applicable</p> <p>Please give details: Not a UK based business.</p>
<p>Is there evidence of any restrictions on workers' freedoms to leave the site at the end of the work day?</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>Please give details: Based on site tour observation and interview with workers, no restriction on workers' freedom to leave the site at the end of the working day.</p>
<p>Does the site understand the risks of forced / trafficked / bonded labour in its supply chain</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable</p> <p>Please give details: The facility monitors the human resource agency which they use to hire migrant workers. The relevant issues (ETI Based code & CSR police) were communicated to all workers and their own suppliers (e.g., by consent letters)</p>
<p>Is the site taking any steps taking to reduce the risk of forced / trafficked labour?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Please give details: The facility uses qualified labor agency and signs contract with it. Moreover, the suggestion box, confidential e-mail and hotline are established and an appointed senior management Mr. Piaget Hsieh / Assistant Manager, he is responsible for dealing with the grievance issues.</p>

2 - Freedom of Association and Right to Collective Bargaining are Respected
[Summary of Findings]

2: Compliance Requirements

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

Current Systems and Evidence Examined

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

Current Systems:

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

- 1. Although trade union was not formed, communication between management and workers ran well.
- 2. All interviewees were aware that they had right to choose and join any trade union and confirmed that they could raise concerns to their supervisors directly or through grievance system/procedure.
- 3. No grievance and complaint to the management as confirmed by 26 interviewed workers.
- 4. The Labour Consultative Meeting was set up and regularly held once per 3 months which much better than the legal requirement. The related and last records (date: January 3, 2024) were well kept in file.

Evidence examined:

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

Any other comments:

None

What form of worker representation/union is there on site? (Please add the name of the union or committee in the textbox)	<input type="checkbox"/> Union <input checked="" type="checkbox"/> Other	<input type="checkbox"/> Worker Committee <input type="checkbox"/> None
Other details:	The Labour Consultative Meeting	
Is it a legal requirement to have a union?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Is it a legal requirement to have a worker's committee?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Is there any other form of effective worker/management communication channel? (Other than union/worker committee e.g. H&S, sexual harassment)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: All worker can communicate with the facility by suggestion box, private e-mail, and the labour management meeting.	
Is there evidence of free elections?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	

Does the supplier provide adequate facilities to allow the Union or committee to conduct related business?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: Meeting room was free provided for conducting labormanagement meeting.
Name of union and union representative, if applicable:	N/A. (no union exist in the facility)
Is there evidence of free elections?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not Applicable
If there is no union, is there a parallel means of consultation with workers e.g. worker committees?	Through Labour Management Meeting.
Is there evidence of free elections?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable
Are all workers aware of who their representatives are?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: All interview workers are aware of who their representatives are.
Were worker representatives freely elected?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Date of last election:	2023-05-17
Do workers know what topics can be raised with their representatives?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Were worker representatives/union representatives interviewed?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
If Yes, please state how many:	1.0
Please describe any evidence that union/worker's committee is effective? Specify date of last meeting; topics covered; how minutes were communicated etc.	meeting minutes are posted and announced to all workers. The latest labour management meeting took place on Feb 1, 2024, the topic of the labour management meeting including working environmental improvement and others suggestion issues.
Are any workers covered by Collective Bargaining Agreement (CBA)?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

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

3: Compliance Requirements

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

Current Systems and Evidence Examined

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

Current Systems:

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



- 1. Based on facility walkthrough observation, there are at least two fire exits and these were clearly marked in the office building.
- 2. Based on facility walkthrough observation, the maps of facility evacuation route were publicly posted on site.
- 3. Based on facility walkthrough observation, all first aid kits filled with adequate medicines were placed at working areas.
- 4. There are eleven employees (11) were attended the first aid training course and obtained the certificate.
- 5. The fire safety inspection had been conducted by fire-prevention technician on December 1, 2023, and the reports were submitted to the local fire department as record.
- 6. Based on 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.
- 7. The meters of fire extinguishers were examined every month by the facility and kept within acceptable usage range & expiry date.
- 8. There were training records/ photos on the use of fire extinguishers, and facility evacuation procedures were implemented.
- 9. The working rules was established and submitted to the local government department as record.
- 10. The facility conducted fire drill which covered the use of fire fighting system and evacuation drill conducted twice per year by law (The latest fire drill is done on December 23, 2023).
- 11. Regular health examination was provided to all workers once per year. The latest activity was conducted on March 14-15, 2023.
- 12. Based on facility walkthrough observation, the lighting was sufficiently, and the ventilation was adequately.
- 13. The injury/ accident records were available and registered on government website.
- 14. Based on facility walkthrough observation, toilets are sufficiently and separated by sex.
- 15. Based on facility walkthrough observation, sanitary potable water facilities are provided at site with free.
- 16. Based on facility walkthrough observation, all electrical wires/appliances were kept in good repair condition. The power panels were appropriately installed with inner covers and marked warning signs on outer covers.
- 17. Based on facility walkthrough observation, drink water stations are provided on each production area with free of charge. Facility also conducts drinking water test once per 3 months by law. The latest water testing is done on January 09, 2024.

Evidence examined:

<ul style="list-style-type: none"> ·Health and safety policy ·Health and safety manual ·Health and safety training records ·Fire equipment maintenance records ·Fire drill and evacuation drill records ·Evacuation map ·Training records/ photos on the use of fire extinguishers/ hydrants ·Regular health examination record ·Pest control plan and record ·Injury/ accident records ·Electrical wires/appliances inspection records ·Chemical list and MSDS for each chemical ·Potable water quality test report ·Interview with H&S manager ·Interviews with workers
Any other comments:
None

Does the facility have general and occupational Health & Safety policies and procedures that are fit for purpose and are these communicated to workers?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The facility has established ESH policies and procedures. A qualified H&S manager is appointed to be responsible for H&S issues, and H&S training courses are provided to workers regularly as well.
Are the policies included in workers' manuals?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: ESH policies and procedures are established in working rules and Health and Safety working rules.
Are there any structural additions without required permits/inspections (e.g. floors added)?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: No such issues had been found during the production plant.
Are visitors to the site informed on H&S and provided with personal protective equipment?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: All visitors to the site are verbally informed by ESH specialist.
Is a medical room or medical facility provided for workers?(This section is to list evidence to support system description (Documents examined & relevant comments. Include renewal/expiry date where appropriate))	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: Sufficient first aid kits filled with adequate medicines are placed at working areas.
Is there a doctor or nurse on site or there is easy access to first aider/ trained medical aid?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: There are 11 qualified first aiders and one contract nurse available in place by law.
Where the facility provides worker transport – is it fit for purpose, safe, maintained and operated by competent persons e.g. buses and other vehicles?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: N/A, no bus or other vehicles had been provided.

<p>Is secure personal storage space provided for workers in their living space and is fit for purpose?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Please give details:</p> <p>The facility provided a secure personal storage locker to all workers</p>
<p>Are H&S Risk assessments are conducted (including evaluating the arrangements for workers doing overtime e.g. driving after a long shift) and are there controls to reduce identified risk?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Please give details:</p> <p>Workplace H&S risk assessment is established and there are controls to reduce identified risk.</p>
<p>Is the site meeting its legal obligations on environmental requirements including required permits for use and disposal of natural resources?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Please give details:</p> <p>Wastewater treatment license and waste permits are present, and all waste records are in place meet legal limits.</p>
<p>Is the site meeting its customer requirements on environmental standards, including the use of banned chemicals?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Please give details:</p> <p>The auditee has a copy of the banned substances list from its customer and is meeting those requirements.</p>

Non-Compliance		Evidence
[Back to findings summary]		
Non-Compliance		
Status	CLOSED	
Reference	ZAF600412849	
Clause	3 - Working Conditions are Safe and Hygienic	
Issue Title	210 - Inadequate/ poorly functioning emergency lighting	
Subcategory	Fire Safety - Fire exits	
New or carried over?	<input checked="" type="checkbox"/> New <input type="checkbox"/> Carried Over	
Resolved by audit	ZAA600053815	
Root cause	<input type="checkbox"/> Training <input checked="" type="checkbox"/> System <input type="checkbox"/> Costs <input type="checkbox"/> Lack of workers <input type="checkbox"/> Other	
Root cause - Other		
Local law issue	The Installation Standards of Fire-Protection Equipment for All locations: Volume 3, Chapter 3, Article 148(Fire-Protection Equipment). The exit indicator should keep illuminated.	 Exit indicator mal function.JPG
ETI code	3.1 - A safe and hygienic working environment shall be provided, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Adequate steps shall be taken to prevent accidents and injury to health arising out of, associated with, or occurring in the course of work, by minimising, so far as is reasonably practicable, the causes of hazards inherent in the working environment.	 Direction indicator mal function.JPG
Explanation to the non compliance	One direction indicator at building A (2nd floor) and one exit indicator at Building C were malfunctioned. A棟二樓及C棟各發現有一緊急出口指示燈故障	
Follow up method	<input type="checkbox"/> Follow up audit <input checked="" type="checkbox"/> Desktop audit	
Timescale	<input type="checkbox"/> Immediate <input type="checkbox"/> 30 days <input checked="" type="checkbox"/> 60 days <input type="checkbox"/> 90 days <input type="checkbox"/> 120 days <input type="checkbox"/> 180 days <input type="checkbox"/> 365 days <input type="checkbox"/> Other	
Actions	Please keep all exit indicators light on 24 hours. 請確保所有緊急出口指示燈隨時保持不滅。	
Additional comments	立即維護此兩處燈號. Maintain these two lights at once. Based on the provide evidence record review, the corrective action is acceptable.	

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

4: Compliance Requirements

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

Current Systems and Evidence Examined

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

Current Systems:

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

- 1. According to the requirement procedure, original ID card was verified for age issue at the beginning of recruitment.
- 2. Copies of ID card were kept in personnel profile.
- 3. No evidence of child labour and young worker was identified during the audit.
- 4. The age of youngest worker was 23 years old (Birthday: June 02, 2001, Hiring date: July 24, 2023).
- 5. The facility established effective employment policy and recruitment procedure.

Evidence examined:

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

Any other comments:

None

Legal age of employment:	15
Age of youngest worker found:	23
Are there children present on the work floor but not working at the time of audit?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Percentage of under 18's at this site (of total workers)	0.0%
Are workers under 18 subject to hazardous work assignments?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: No workers in the facility under 18 years old. The age of youngest worker is 23 years old.

5 - Living Wages are Paid
[Summary of Findings]

5: Compliance Requirements

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

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

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

Current Systems and Evidence Examined

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

Current Systems:

Based on interview with the management / workers and documents review, effective Living Wages policy & procedure were established such as updated regulations and internal wage system management.

1. The facility paid wages to all workers by bank transfer on the 5th of the following month.
2. All employees were provided with a written and understandable statement of their pay.
3. Deduction items were fair, reasonable, and legal such as income tax and fees of National Health Insurance/ Labour Insurance.
4. The legal minimum wage was NTD27,470/month which met local legal requirement.
5. Based on the 26 sampled payrolls reviewed and confirmed with workers interview and contracts review, the facility provided 134%, 167% and 200% of regular hourly pay rate respectively for OT hours on weekday and statutory holidays which met legal requirements.
6. The facility provided health insurance, labor insurance and retirement pension to all workers, and the records were available.

Evidence examined:

- Document review
- Worker interview
- Wages and benefits policy
- Local legal minimum wage documents
- Payroll records from December 2023 to February 2024
- Leave records
- Payment receipts of National Health Insurance/ Labor Insurance
- Resignation records
- Payslips of all interviewed workers

Any other comments:

None

Summary Information

Criteria	Local Law	Actual at the Site	Is this part of a Collective Bargaining Agreement?
Standard/Contracted work hours: (Maximum legal and actual required working hours excluding overtime, please state if possible per day, week, and month)	Legal Maximum Per Day: 8.0 Per Week: 40.0 Per Month: null	Actual Per Day: 8.0 Per Week: 40.0 Per Month: 176.0	NO

Overtime hours: (Maximum legal and actual overtime hours, please state if possible per day, week, and month)	Legal Maximum Per Day: 4.0 Per Week: null Per Month: 46.0	Actual Per Day: 4.0 Per Week: 14.0 Per Month: 46.0	NO
Wage for standard/contracted hours: (Minimum legal and actual minimum wage at site, please state if possible per hr, day, week, and month)	Legal Maximum Per Day: null Per Week: null Per Month: null	Actual Per Day: 916 Per Week: 6412 Per Month: 27470	NO
Overtime wage: (Minimum legal and actual minimum overtime wage at site, please state if possible per hr, day, week, and month)	Legal Maximum Per Day: null Per Week: null Per Month: null	Actual Per Day: 153 Per Week: 1071 Per Month: 4284	NO
Wages Analysis:			
Were accurate records shown at the first request?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
Sample Size Checked (State number of worker records checked and from which weeks/months – should be current, peak, and random/low. Please see SMETA Best Practice Guidance and Measurement Criteria)	26 samples from December 2023 26 samples from January 2024 26 samples from February 2024 (most current month) Remark: Three months of payroll records were reviewed form last on-site follow assessment (date: January 17, 2024).		
Are there different legal minimum wage grades? If Yes, please specify all.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
If there are different legal minimum grades, are all workers graded and paid correctly?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not Applicable Please give details:		
For the lowest paid production workers, are wages paid for standard/contracted hours (excluding overtime) below or above the legal minimum?	<input checked="" type="checkbox"/> Below legal min <input type="checkbox"/> Meet <input checked="" type="checkbox"/> Above		
Lowest actual wages found: Note: full time employees and please state hour / week / month etc.	The lowest wage paid to a worker is TWD 27,470 / month which is meet the legal law requirement. (legal law: TWD 27,470 / month)		
Please indicate the breakdown of workforce per earnings	0.0% of workforce earning under minimum wage 13.0% of workforce earning minimum wage 87.0% of workforce earning above minimum wage		
Bonus Scheme found: Please specify details:	Bonus Scheme found: No bonus scheme were found for all workers. Note: type of employee (e.g. full time, temp, etc.) and please state which units e.g. /hour /week /month etc.		
What deductions are required by law e.g. social insurance? Please state all types:	Deductions including labour insurance, sick leave, labor pension insurance fund and national tax.		
Have these deductions been made?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
Please list all deductions that have been made.	All deductions including labour insurance, sick leave, labor pension insurance fund and national tax were made by law.		
Please list all deductions that have not been made.	None		
Were appropriate records available to verify hours of work and wages?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
Were any inconsistencies found? (if yes describe nature)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		

<p>Do records reflect all time worked? (For instance, are workers asked to attend meetings before or after work but not paid for their time)</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Please give details:</p> <p>The timecard punched system was in use in the facility to record the working hour, as per interview the employees, the record was the adequate reflect of their working hour, and the payment was correct counted.</p>
<p>Is there a defined living wage: This is not normally minimum legal wage. If answered yes, please state amount and source of info: Please see SMETA Best Practice Guidance and Measurement Criteria.</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>Please give details:</p>
<p>If yes, what was the calculation method used.</p>	<p><input type="checkbox"/> ISEAL/Anker Benchmarks <input type="checkbox"/> Asia Floor Wage</p> <p><input type="checkbox"/> Figures provided by Unions <input type="checkbox"/> Living Wage Foundation UK</p> <p><input type="checkbox"/> Fair Wear Wage Ladder <input type="checkbox"/> Fairtrade Foundation</p> <p><input type="checkbox"/> Other – please give details:</p>
<p>Are there periodic reviews of wages? If Yes give details (include whether there is consideration to basic needs of workers plus discretionary income).</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Please give details:</p> <p>The HR staff would collect and review the minimum local wage rate at least annually or revised by government.</p>
<p>Are workers paid in a timely manner in line with local law?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>Is there evidence that equal rates are being paid for equal work:</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Please give details:</p> <p>Based on payroll review, equal work was paid with equal rate in general. Some wage difference existed due to different working position, seniority, etc.</p>
<p>How are workers paid:</p>	<p><input type="checkbox"/> Cash <input type="checkbox"/> Cheque</p> <p><input checked="" type="checkbox"/> Bank Transfer <input type="checkbox"/> Other</p>

6 - Working Hours are not Excessive
[Summary of Findings]

6: Compliance Requirements

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

Current Systems and Evidence Examined

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

Current Systems:

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

- 1. The factory recorded the workers working hours by timecard swiped recording system for all workers.
 - 2. Based on attendance records review, the actual working hours were within legal requirements.
 - 3. Based on 26 employees' interview, all interviewed employees stated that their overtime is voluntary, and they can refuse overtime without any punishment.
 - 4. All workers had at least one day off in every seven days.
 - 5. Normal working hour was 8 hours per day, 5 days/ week, 40 hours/ week.
- Working time of employees:
 For one shift: 08:00 – 17:00; 1.0 hour for meal & rest (12:00 to 13:00)
 For two shifts: 08:00 – 16:00 / 20:00 – 04:00; 0.5 hour for meal & rest after continuously working for four hours.
- 6. Overtime work was conducted on voluntary basic, and approximately 2 to 4 hours a day, and approximately 4 to 8 times a week at peak months.
 - 7. Based on provided attendance records, no overtime hours were found exceed the legal requirements.

Evidence examined:

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

Any other comments:

None

Working hours' analysis

Systems & Processes

What timekeeping systems are used?	The facility utilized timecard swiped system to record all workers' time-in and time-out records including normal working hours and overtime hours.
------------------------------------	---

Is sample size same as in wages section?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details:
Are standard/contracted working hours defined in all contracts/employment agreements? (If no, please give details including % and which type of workers do NOT have standard hours defined in contracts/employment agreements.)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Are there any other types of contracts/employment agreements used?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Do any standard/contracted working hours defined in contracts/employment agreements exceed 48 hours per week? (If yes, please detail hours, %, types of workers affected and frequency.)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Are workers provided with at least 1 day off in every 7-day-period, or 2 in 14-day-period?	<input checked="" type="checkbox"/> 1 in 7 days <input type="checkbox"/> 2 in 14 days <input type="checkbox"/> No (please explain)
Is this allowed by local law?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Maximum number of days worked without a day off (in sample):	6
Standard/Contracted Hours worked	
Were standard working hours over 48 hours per week found? (If yes, % of workers & frequency)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No % of workers: null% Frequency:
Any local waivers/local law or permissions which allow averaging/annualised hours for this site? (If yes, please give details.)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Overtime Hours worked	
Actual overtime hours worked in sample (State per day/week/month)	Highest OT hours: Sample from December, 2023: 4 hours on normal day; 12 hours/week; 30 hours/month Sample from January 2024: 4 hours on normal day; 12 hours/week; 32 hours/month Sample from February 2024 (Current month): 4hours on normal day; 14 hours/week; 46 hours/month Remark: Three months of attendance records were reviewed form last on-site follow assessment (date: January 17, 2024).
Combined hours (standard or contracted + overtime hours = total) over 60 found?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: Based on timecard records reviewed, and the max combined hours is 54 hours a week.
Approximate percentage of total workers on highest overtime hours:	4.0%

Is overtime voluntary? (Please detail evidence e.g. Wording of contract / employment agreement / handbook / worker interviews / refusal arrangements)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Conflicting Information Please give details: Interviewed employees stated that their overtime was voluntary. They could refuse overtime without any punishment and threat.
Overtime premium	
Are the correct legal overtime premiums paid? (Please give details of normal day overtime premium as a % of standard wages)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A - there is no legal requirement to OT premium Please give details: Based on working rules and payroll records review, 100% workers are paid correct legal overtime premium rates. The OT premium rates is 134% of respective worker's hourly wage for the first 2 overtime hours, and 167% for the second 2 consecutive overtime hours on weekday which complied with legal requirement.
Is overtime paid at a premium?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Overtime paid premium rate is from 134% - 200% of respective worker's hourly wage by law.
If the site pays less than 125% OT premium and this is allowed under local law, are there other considerations? Please complete the boxes where relevant.	<input type="checkbox"/> No <input type="checkbox"/> Consolidated pay <input type="checkbox"/> Collective Bargaining agreements <input checked="" type="checkbox"/> Other
Please give details	N/A, overtime paid premium rate is from 134% - 200% of respective worker's hourly wage by law.
If more than 60 total hours per week and this is legally allowed, are there other considerations? Please complete the boxes where relevant. (Please explain any checked boxes above e.g. detail of consolidated pay / CBA or Other)	<input checked="" type="checkbox"/> Overtime is voluntary <input type="checkbox"/> Onsite Collective bargaining allows 60+ hours/week is voluntary <input type="checkbox"/> Safeguards are in place to protect worker's health and safety <input type="checkbox"/> Site can demonstrate exceptional circumstances <input type="checkbox"/> Other reasons (please specify)
Please explain any checked boxes above e.g. detail of consolidated pay / CBA or other	N/A
Is there evidence that overtime hours are being used for extended periods to make up for labour shortages or increased order volumes?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If sufficient workers cannot be hired, are new working time arrangements explored to ensure that overtime is the exception rather than the rule?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

7 - No Discrimination is Practiced
[Summary of Findings]

7: Compliance Requirements

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

Current Systems and Evidence Examined

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

Current Systems:

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

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

Evidence examined:

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

Any other comments:

None

Gender breakdown of Management + Supervisors (Include as one combined group)	Male: 50.0%	Female: 50.0%
Number of women who are in skilled or technical roles (e.g. where specific qualifications are needed i.e. machine engineer / laboratory analyst)	3 female laboratory analysts in the facility.	
Is there any evidence of discrimination based on race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation?	<input type="checkbox"/> Hiring <input type="checkbox"/> Promotion	<input type="checkbox"/> Compensation <input type="checkbox"/> Termination or retirement
	<input type="checkbox"/> Access to training <input checked="" type="checkbox"/> No evidence of discrimination found	

Please give details	Based on document reviewed, worker interview and facility walkthrough observation, no evidence of discrimination found on race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation.
Professional Development	
What type of training and development are available for workers?	CSR training, regular H&S training course, quality and qualified operators/supervisors as local law required.
Are HR decisions e.g. promotion, training, compensation based on objective, transparent criteria? (If no, please provide details)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

8 - Regular Employment Is Provided
[Summary of Findings]

8: Compliance Requirements

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

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

Additional Elements: Responsible Recruitment

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

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

8.5 Employment agencies must only supply workers registered with them.

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

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

Current Systems and Evidence Examined

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

Current Systems:

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

All employees were recruited by the factory directly. No apprenticeship schemes or home worker was identified by the auditors.

1. Continual employment was provided to all workers.
2. No negative evidence was identified for home working and apprenticeship use.
3. Annual leave, health inspection, benefits and bonus were provided to all employees.

Evidence examined:

- The hiring and termination records
- Personal files
- Payroll records were provided for review
- Attendance records were provided for review
- All kinds of fees records paid by factory were provided for review

Any other comments:

None

Responsible Recruitment

All Workers

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

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

Did workers pay any fees, taxes, deposits or bonds for the purpose of recruitment/placement? (If yes, please describe details and specific category(ies) of workers affected)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Migrant Workers	
Type of work undertaken by migrant workers:	All migrant workers were served on each kind of workstation. Such as knitting process and packing process.
Please give details about recruitment agencies for migrant workers:	Number of (in country) recruitment agencies used: 1 Number of (outside of local country) recruitment agencies used: 0
Are migrant workers' voluntary deductions (such as for remittances) confirmed in writing by the worker and is evidence of the transaction supplied by the facility to the worker?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: No voluntary deductions were made for all migrant workers.
Is there any observation on this finding?	None.
Are any migrant workers in skilled, technical or management roles? (This should include all migrant workers including permanent workers, temporary and/or seasonal workers)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Non-employee workers	
Recruitment Fees	
Are there any fees?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Agency Workers (if applicable) (Workers sourced from a local agent who are not directly paid by the site, but paid by the agency. Usually the agencies are paid by the site and the wages of the individual workers are paid by the agency.)	
Number of agencies used (average):	0
Please provide the names of agencies if applicable	N/A, no agencies workers used.
Were agency workers' age / pay / hours included within the scope of this audit?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Were sufficient documents for agency workers available for review?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is there a legal contract agreement with all agencies?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: N/A, no agencies workers used.
Does the site have a system for checking labour standards of agencies?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: N/A, no agencies workers used.
Contractors (Contractors in this context are generally individuals who supply several workers to a site. Usually the contractors are paid by the site and the wages of the workers are paid by the contractor. Common terms include, gang bosses, labor provider.)	
Any contractors on site?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please give details: N/A, no contractors workers used.

Do all contractor workers understand their terms of employment?

Yes No

Please give details:

N/A, no contractors workers used.

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

8A: Compliance Requirements

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

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

Current Systems and Evidence Examined

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

Current Systems:

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

1. No sub-contractor is used by this factory.
2. No home-working is used by the factory.

Evidence examined:

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

Any other comments:

None

Summary of sub-contracting – if applicable

Is there any sub-contracting at this site? Yes No

Summary of homeworking – if applicable

Is homeworking used at this site? Yes No

<p>Are there any open disputes?</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>Please give details:</p>
<p>Does the site encourage its business partners (e.g. suppliers) to provide individuals and communities with access to effective grievance mechanisms (e.g. helplines or whistle blowing mechanism)</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Please give details:</p>
<p>Is there a published and transparent disciplinary procedure?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Please give details:</p>
<p>If yes, are workers aware of these the disciplinary procedure?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Please give details:</p>
<p>Does the disciplinary procedure allow for deductions from wages (fines) for disciplinary purposes (see wages section)?</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>Please give details:</p>

10A - Entitlement to Work and Immigration
[Summary of Findings]

10A: Compliance Requirements

- 10.A.1 Only workers with a legal right to work shall be employed or used by the supplier.
- 10.A.2 All workers, including employment agency staff, must be validated by the supplier for their legal right to work by reviewing original documentation.

Current Systems and Evidence Examined

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

Current Systems:

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

1. All workers were reviewed and validated for the legal right to work during the hiring process.
2. The factory recruited the new workers through advertisement in employment service station / internet (Manpower bank) and another employee's recommendation.
3. The workers were aware of the terms and conditions of employment (wage, working hours, pay day, benefits, job position, annual leave, rules, etc) by proper training courses at commencement of employment, which was confirmed by the interviewed workers.

Evidence examined:

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

Any other comments:

None

10B4 - Environment 4–Pillar
[Summary of Findings]

10B4: Compliance Requirements

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

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

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

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

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

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

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

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

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

10B4: Guidance for Observations

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

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

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

Current Systems and Evidence Examined

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

Current Systems:

Based on site observation and document review:

1. The facility contracted with legal environmental & cleaning company to dispose manufacturing waste (general garbage).
2. No any deficiency issued by government agencies in the past years.
3. Facility had appointed a senior management (Mr. Shih-Huei Chang – Environmental Manager) to be responsible for co-ordinating the site’s efforts to improve environmental performance.
4. Internal audit contained the environment issues and the audit report was kept in file and the management review for internal audit result was implemented regularly as well.
5. As per document review, the environmental policy was available in place.
6. Based on- site tour observation, all recycle waste and general wastes were storage separated.
6. The facility have a system to identify the significant impacts and environmental implications associated to its activity of the facility.
7. The facility has obtained waste water treatment permit (No. 01369-00) form 2022-11-25 to 2027-11-24.
8. Based on site tour observation and document reviewed, waste water are proper handle by the facility before drain.
9. The facility has obtained air emission permit (No. D1282-01) form 2019-6-12 to 2024-6-11.
10. The facility has obtained certificate with ISO 14001:2015 Environmental Management System.

Evidence examined:

<ul style="list-style-type: none"> · Management interview · Business license · Contract of legal environmental & cleaning company · Analysis and assessment record of natural resources used · SAQ completed by factory
Any other comments:
None

Environmental Analysis	
Is there a manager responsible for Environmental issues (Name and Position):	Mr. Shih-Huei Chang / Facility Manager
Has the site conducted a risk assessment on the environmental impact of the site, including implementation of controls to reduce identified risks?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The facility is aware of its significant environmental impact, e.g., there has significant environmental impact assessment report available to be viewed.
Does the site have a recognised environmental system certification such as ISO 14000 or equivalent?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The facility has obtained certificate with ISO 14001:2015 Environmental Management System.
Does the site have an Environmental policy?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
If yes, is it publicly available?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
If yes, does it address the key impacts from their operations and their commitment to improvement?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The key impacts (such as air emission, industrial waste, water and etc.) were identified at this site.
Does the site have a Biodiversity policy?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is there any other sustainability systems present such as Chain of Custody, Forest Stewardship Council (FSC), Marine Stewardship Council (MSC) etc.?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The facility has obtained certificate with FSC Management System.
Have all legally required permits been shown?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The stationary waste permit and water were provided to be viewed.
Is there a documentation process to record hazardous chemicals used in the manufacturing process?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not Applicable Please give details: Through onsite observation, no hazardous chemical was used in the manufacturing process.

Is there a system for managing client's requirements and legislation in the destination countries regarding environmental and chemical issues?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The site's internal management system as per ISO 14001:2015 management system can managing client's requirements and legislation.
Facility has reduction targets in place for environmental aspects e.g. water consumption and discharge, waste, energy and green-house gas emissions:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The energy usage, water consumption and discharge and waste were monitored at site. Additionally, reduction targets were established to monitor the reduce of usage or cost.
Facility has evidence of waste recycling and is monitoring volume of waste that is recycled.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The recycling waste was disposed by external qualified recycle company and the monitoring records were kept in file.
Does the facility have a system in place for accurately measuring and monitoring consumption of key utilities of water, energy and natural resources that follows recognised protocols or standards?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: Both energy usage and water consumption were measured and monitored with record as per ISO 14001:2015 management system requirement.
Has the facility checked that any Sub-Contracting agencies or business partners operating on the premises have the appropriate permits and licences and are conducting business in line with environmental expectations of the facility?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The factory had checked the permits and licences of their suppliers.

Usage/Discharge analysis		
Criteria	Previous year: 2023	Current year: 2024
Electricity Usage: Kw/hrs	25134722	4264152
Renewable Energy Usage: Kw/hrs	0	0
Gas Energy Usage: Kw/hrs	3928127	741677
Has site completed any carbon Footprint Analysis?	No	No
If Yes, please state result		
Water Sources	Municipal water supply	Municipal water supply
Water Volume Used	236449	32112
Water Discharged	Production Waste water	Production Waste water
Water Volume Discharged	160670	16556
Water Volume Recycled	212805	21993
Total waste produced	93 tons	28 tons
Total hazardous waste produced	0	0

Waste to recycling	20 tons	6.5 tons
Waste to landfill	0	0
Waste to other	73 tons	21.5 tons
Total Product Produced	1200 tons / month	1200 tons / month

10C - Business Ethics – 4-Pillar Audit
[Summary of Findings]

10C: Compliance Requirements

- 10.C.1 Businesses shall conduct their business ethically without bribery, corruption, or any type of fraudulent Business Practice.
 - 10.C.2 Businesses as a minimum must meet the requirements of local and national laws related to bribery, corruption, or any type of fraudulent Business Practices.
 - 10.C.3 Where it is a legal requirement, businesses must be able to demonstrate that they comply with all fiscal legislative requirements.
 - 10.C.4 Businesses shall have access to a transparent system in place for confidentially reporting, and dealing with unethical Business Ethics without fear of reprisals towards the reporter.
 - 10.C.5 Businesses should have a Business Ethics policy, covering bribery, corruption, or any type of fraudulent Business Practice,
 - 10.C.6 Businesses should have a designated person responsible for implementing standards concerning Business Ethics
 - 10.C.7 Suppliers should ensure that the staff whose job roles carry a higher level of risk in the area of ethical Business Practice e.g. sales, purchasing, logistics are trained on what action to take in the event of an issue arising in their area.
- 10C: Guidance for Observations**
- 10.C.8 Businesses should communicate their Business Ethics policy, covering bribery, corruption, or any type of fraudulent Business Practice to all appropriate parties, including its own suppliers.
 - 10.C.9 Has the site recently been subject to (or pending) any fines/prosecutions for non-compliance to Business Ethics regulations. If so is there evidence that sustainable corrective actions have been implemented

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

Current Systems and Evidence Examined

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

Current Systems:

1. The factory management Mr. John Huang / General Manager, he was the designated person responsible for implementing standards concerning Business Ethics.
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. Based on document review, the facility has a system in place by email or hot line for confidentially reporting and dealing with unethical Business Practices without fear of reprisals towards the reporter.
4. The company established a business ethics policy which was communicated to workers through posters and training. The latest COC training is done on Jan 4-5, 2024.
5. There is an internal grievance process, which is an anonymous email address.
6. The facility has communicated their Business Ethics policy (COC) to their suppliers by signing of "COC consent of Agreement".

Evidence examined:




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

Any other comments:

None

<p>Does the facility have a Business Ethics Policy and is the policy communicated and applied internally, externally or both, as appropriate?</p>	<p><input checked="" type="checkbox"/> Internal Policy <input checked="" type="checkbox"/> Policy for third parties including suppliers</p> <p>Please give details: The documented business ethics policy had been set, the training had been provided to the employees with the annual refresher training, and such policy had been communicated with the supplier with the supplier consent letter.</p>
<p>Does the site give training to relevant personnel (e.g. sales and logistics) on business ethics issues?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Please give details: HR department is responsible for providing train on business ethics policy for all staffs and workers during annual COC training. The latest COC training is done on Jan 4-5, 2024.</p>
<p>Is the policy updated on a regular (as needed) basis?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Please give details: All staffs and workers are required to take a refresh training at least annual.</p>
<p>Does the site require third parties including suppliers to complete their own business ethics training</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Please give details: All major business partners are required to sign consent of agreement with the facility on business ethics policy.</p>

Attachments

 <u>Photo Report_NAN LIU ENTERPRIS.pdf</u>	 <u>CAPR_ZAA600053815.pdf</u>
 <u>Signed CAPR.pdf</u>	



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

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