

Sedex Members Ethical Trade Audit Report

Version 7



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Audit content

(1) A SMETA audit was conducted which included some or all of labour standards, health and safety, environment and business ethics. The SMETA minimum requirements were applied and the SMETA auditor manual was followed. The scope of workers included all types at the site e.g. direct employees, agency workers, workers employed by service providers and workers provided by other contractors. Any deviations from the SMETA methodology are stated (with reasons for deviation) in the SMETA declaration.

The audit scope includes an assessment of the Workplace Requirements and the Management Systems Assessment against the code areas below.

2-pillar audits include:

- Labour standards:
 - 0. Enabling accurate assessment
 - 1. Employment is freely chosen
 - 1.A. Responsible recruitment and entitlement to work
 - 2. Freedom of association and right to collective bargaining are respected
 - 4. Child labour shall not be used
 - 5. Legal wages are paid
 - 5.A. Living wages are paid
 - 6. Working hours are not excessive
 - 7. No discrimination is practiced
 - 8. Regular employment is provided
 - 8.A. Sub-contracting and homeworkers are used responsibly
 - 9. No harsh or inhumane treatment is allowed
- Health and safety:
 - 3. Working conditions are safe and hygienic
- Environment:
 - 10.A. Environment 2-pillar

4-pillar audits include, in addition to the above:

- Environment:
 - 10.B. Environment 4-pillar
- Business ethics:
 - 10.C. Business ethics

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

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

Audit details

Site details

Sedex site reference	ZS1058237	Site name	Nantong Foremost Headwears Co Ltd
Business name	Nantong Foremost Headwears Co. Ltd	Site address	No.18 of Foremost Road, Qinzao town, Gangzha District, Nantong CN 226011

Audit details

Sedex company reference	ZC1071961	Auditor company name	LRQA
Audit company address	16th Floor, Cambridge House, Taikoo Place, 979 King's Road Quarry Bay, Hong Kong SAR, HK, HK		
Date of audit	2025-10-30	Audit conducted by	Tod Zhang
Audit pillars	Labour Standards Health and safety Environment 4-Pillar Business ethics		
Time in and out	Day 1	Day 2	
	In 09:00	In	09:01
	Out 17:05	Out	12:00
Audit type	Periodic		
Was the audit announced?	Unannounced		

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Was the Sedex SAQ available for review? Yes

Who signed and agreed CAPR? Mr. Gao Ming / Compliance specialist

Any conflicting information SAQ/Pre-Audit Info No

Is further information available? No

Audit attendance

	Senior management	Worker representative	Union representative
A: Present at the opening meeting?	Yes	Yes	Yes
B: Present at the audit?	Yes	Yes	Yes
C: Present at the closing meeting?	Yes	Yes	Yes

Reason for absence at the opening meeting

Reason for absence during the audit

Reason for absence at the closing meeting

SMETA declaration

Auditor team

SMETA declaration

I declare that the audit underpinning the following report was conducted in accordance with SMETA Minimum Requirements and the SMETA Auditor Manual.

1. Where appropriate non-compliances/ non-conformances were raised against the Base Code and local law and recorded as non-compliances/ non-conformances on both the audit report, CAPR and on the Sedex Platform.
2. Any non-conformance against customer code alone shall not be uploaded to Sedex, and will be shared directly with the customer in question.

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

Any exceptions to the SMETA Methodology must be recorded here (e.g. different sample size) Unannounced

Lead auditor	Tod Zhang	APSCA Number	21701156
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Additional auditor	Jifeng Dong	APSCA Number	21701137
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Date of declaration	2025-10-31
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Site representation

Declaration	I acknowledge that details from this report can change during the review process and that I will be given the opportunity to dispute the content once the review has been published.
Full name	Mr. Gao Ming
Title	Compliance specialist
Date of declaration	2025-10-31

Summary of findings

Code area	Workplace requirement	Area of NC	Finding
3. Working conditions are safe and hygienic	3.H Where identified as necessary to reduce r...	Local law Base code	NC ZAF-
	3.M Ensure all machinery is installed, mainta...	Local law Base code	NC ZAF-
5. Legal wages are paid	5.B Ensure that workers receive the insurance...	Local law	NC ZAF601158399
6. Working hours are not excessive	6.F Ensure that where overtime is used, it is...	Local law	NC ZAF601158400

Management systems

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

Not addressed

Fundamental improvements required

Some improvements recommended

Robust management systems

[← Summary of findings](#)

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

Not addressed

Fundamental improvements required

Some improvements recommended

Robust management systems

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Site details

Company and site details

Sedex company reference	ZC1071961	
Sedex site reference	ZS1058237	
Company name	Nantong Foremost Headwears Co. Ltd	
Business ownership type	GOODS	
Site name	Nantong Foremost Headwears Co Ltd	
Site name in local language	南通富士美帽业有限公司	
GPS location	GPS address	No.18 Fumei Road, Qinzao Town, Gangzha District, Nantong, Jiangsu 江苏省南通市港闸区秦灶镇富美路18号
	Coordinates	N32°2'53", E120°53'20"
Is the worksite in a remote location, far from habitation?	No	
Site contact	Contact name	Mr. Gao Ming
	Job title	Compliance Specialist
	Phone number	051385675866
	Email	jean@4mostcaps.com
Applicable business and other legally required business license numbers and documents	Business license: 91320600724416036E; Valid date: December 1, 2000 to long term.	

[← Management systems](#)

[Worker analysis →](#)

Site activities

Site function	Factory Processing/Manufacturer	
Site activities	Primary	Manufacture of wearing apparel (clothing), except fur apparel
	Secondary	
	Other	
Product type	Headwears and other accessories	
Process overview	<p>Products being produced: Headwears and other accessories</p> <p>The main production processes included: Cutting, Embroidering, Sewing, Pressing, Inspection, Packing.</p> <p>Main equipment used: Cutting machines, Embroidering machines, Sewing machines, etc.</p>	
What level of mechanization best describes the work at this site?	Fair mechanisation / manual Labour	

Site scope

Is the audited site a physically continuous area?	Yes
What is the area of audited site to its boundary?	12500m ²

[← Site details](#)

[Worker analysis →](#)

Site scope

Building 1	Last construction works on site	2015
	If building is shared, provide details	Nil
	Number of floors	7
	Description of floor activities	1F: Finished product warehouse 2F: Pressing, inspection and packing sections 3F: Pressing, inspection and packing sections 4F: Pressing section 5F: Sewing section 6F: Cutting section 7F: Cutting section
Building 2	Last construction works on site	2006
	If building is shared, provide details	Nil
	Number of floors	2
	Description of floor activities	1F: Pressing, inspection and packing sections 2F: Auxiliary materials warehouse
Building 3	Last construction works on site	2006
	If building is shared, provide details	Nil
	Number of floors	2
	Description of floor activities	1F: Sewing section, raw material warehouse 2F: Raw material warehouse

[← Site details](#)

[Worker analysis →](#)

Site scope

Building 4	Last construction works on site	2006
	If building is shared, provide details	Nil
	Number of floors	2
	Description of floor activities	1F:Raw material warehouse, embroidering section 2F:Raw material warehouse

Building 5	Last construction works on site	2006
	If building is shared, provide details	Nil
	Number of floors	2
	Description of floor activities	1F: Lumber rooms 2F: Canteen and Kitchen

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

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

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

Worker accommodation and transport

Are there any site-provided worker accommodation buildings? No

[← Site details](#)

[Worker analysis →](#)

Worker accommodation and transport

Does the site organise worker transport to the worksite?	Not provided
	Transport was not provided by the factory to workers. There is no legal requirement that the factory must provide transport for the workers.

Work patterns

Approximate workers on site per month (% of peak)	January	50-75%	February	50-75%
	March	75-90%	April	90-95%
	May	90-95%	June	90-95%
	July	90-95%	August	90-95%
	September	90-95%	October	90-95%
	November	90-95%	December	90-95%

Is there any night shift work at the site?	No
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Site assessments

Does this site hold any certifications that address labour standards, human rights, corruption or environmental impact?	ISO 45001 (OHS), ISO 14001 (Environmental management)
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Has the site assessed for negative impacts on the human rights, lands, resources, territories, livelihoods or food security of indigenous peoples or the local community?	Yes
	The factory has conducted those negative impacts assessment each year in their internal audit.

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[Worker analysis →](#)

Site assessments

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

[← Site details](#)

[Worker analysis →](#)

Audit company:
LRQA

Audit reference:
ZAA600165666

Start Date:
2025-10-30

End Date:
2025-10-31

Worker analysis

Gender disaggregated data available Men and women

Worker totals

	Men	Women	Other	Total
Number of workers	40 (16.8%)	198 (83.2%)	- -	238 (100%)

Workers by type

	Men	Women	Other	Total
Permanent workers (employees)	40 (16.8%)	198 (83.2%)	- -	238 (100%)
Temporary or fixed term employees	0 -	0 -	- -	0 (0%)
Agency or subcontracted workers	0 -	0 -	- -	0 (0%)
Seasonal workers	0 -	0 -	- -	0 (0%)
Self-employed workers	0 -	0 -	- -	0 (0%)
Informal workers including home workers	0 -	0 -	- -	0 (0%)
Apprentices, trainees or interns	0 -	0 -	- -	0 (0%)

* % of total workforce

[← Site details](#)

[Worker interviews →](#)

Migrant workers

	Men	Women	Other	Total
Domestic migrant workers	9 (17.6%)	42 (82.4%)	- -	51 (21.4%)
International migrant workers	0 -	0 -	- -	0 (0%)
Total migrant workers	9 (17.6%)	42 (82.4%)	- -	51 (21.4%)

* % of total workforce

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

The ethnic background of all management and production workers was mainland Chinese, 21.4% workers were migrated from other provinces of Anhui, Shandong and Henan etc. All workers were recruited directly by the factory.

Workers by age

	Men	Women	Other	Total
18 - 24 years old	1 (50%)	1 (50%)	- -	2 (0.8%)
15 - 17 years old	0 -	0 -	- -	0 (0%)
Under 15 years old	0 -	0 -	- -	0 (0%)

* % of total workforce

[← Worker analysis](#)

[Worker interviews →](#)

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

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

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

Most common nationalities as approximate % of workforce

	Men	Women	Other	Total
Chinese	17%	83%	-	100%

Workers by remuneration type

	Men	Women	Other	Total
Workers paid per unit (piece rate)	0 -	0 -	- -	0 (0%)
Workers paid based on a mix of 'piece work' and hourly rate	0 -	0 -	- -	0 (0%)
Workers paid hourly / daily rate	40 (16.8%)	198 (83.2%)	- -	238 (100%)
Salaried workers	0 -	0 -	- -	0 (0%)

* % of total workforce

[← Worker analysis](#)

[Worker interviews →](#)

Workers by payment cycle

	Men	Women	Other	Total
Paid daily	0 -	0 -	- -	0 (0%)
Paid weekly	0 -	0 -	- -	0 (0%)
Paid monthly	40 (16.8%)	198 (83.2%)	- -	238 (100%)
Other	0 -	0 -	- -	0 (0%)

* % of total workforce

If other payment cycle entered, please provide details Nil

People in managerial, supervisory and administrative roles

	Men	Women	Other	Total
Employees in management positions	2 (33.3%)	4 (66.7%)	- -	6
Supervisors or team leaders	7 (63.6%)	4 (36.4%)	- -	11
Administrative staff	13 (86.7%)	2 (13.3%)	- -	15

[← Worker analysis](#)

[Worker interviews →](#)

Worker interview summary

Gender disaggregated data available Men and women

Which methods of worker engagement were used? Individual interviews
Group interviews

Digital worker survey participants

	Men	Women	Other	Total
Number of workers	-	-	-	-

Were any of the audit findings attributable to the survey?

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

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

Number and size of group interviews 4 groups of 5 workers each

Did workers understand the purpose of the audit? Yes

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

Was there any indication that workers had been 'coached' in how they should respond to questions?

No

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

Favorable

Attitude of workers

In which areas did workers raise significant concerns or complaints?

Other (provide details)

Nil

What did the workers like the most about working at this site?

Freedom of movement
Job security
Training and development

Additional comments

Interviewed workers reported they joined the factory by direct hiring of the factory, no labor agency was used by the factory, no any recruitment fee was paid by them during the recruitment periods. They signed labor contract with the factory and copies of labor contract was maintained by themselves. They stated that their overtime hours were too less, they want to work more overtime hours to earn more wages, no deduction was made from their wages, their wages were paid at the 25th of each month for the previous month, no delay payment happened in the factory before. Their overtime hours were 3 hours per day. no Sunday overtime work was arranged to them. The factory management treated them as friends; no discrimination or inhumane treatment happened to them. There is a labor union in the factory and union representatives were elected by them in the factory. They stated the working environment in the factory was good and no work-related injury happened in the factory. The factory conducted fire drills twice per year. They were all very satisfied with the factory.

Attitude of workers' committee/union representatives

There is one labor union established in the factory. The union representatives attended the whole assessment process. They were open to the assessor. They stated that they were elected by workers. Workers could raise suggestions or complaints through union meetings. They would participate in grievance solution.

Attitude of workers

Attitude of managers

Site management were cooperative with LRQA staff and provided full access to the whole facility. Management provided required documents and records in time, accompanied assessor with site tour and helped select workers for interviews. Management staff attended the closing meeting, confirmed all the findings and signed on to the CAPR without any argument.

Workers interviewed by type

	Total
Permanent workers	27
Temporary or fixed-term employees	0
Agency or subcontracted workers	0
Seasonal workers	0
Other workers	0
Total number of workers interviewed	27

Workers interviewed by group/individual

	Men	Women	Other	Total
Workers interviewed in groups	2	18	-	20
Workers interviewed individually	2	5	-	7

Migrant workers interviewed

	Men	Women	Other	Total
Domestic migrant workers interviewed	2	4	-	6
International migrant workers interviewed	0	0	-	0
Total migrant workers interviewed	2	4	-	6

Measuring workplace impact

Gender disaggregated data available Men and women

Annual worker turnover (%)*

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

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

Rate of absenteeism (%)*

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

Number of days lost through job absence in the year, calculated as: (Number of days lost through job absence in the year) / [(Number of employees on 1st day of the year + Number of employees on the last day of the year) / 2] * (Number of available workdays in the year).

Are accidents recorded? No

All accidents would be recorded and maintained for at least 12 months.

[← Worker interviews](#)

[Code area 0 →](#)

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

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

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

Lost day work cases (per 100 workers)*

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

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

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

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

[← Worker interviews](#)

[Code area 0 →](#)

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

Previous full calendar year (2023)	0.0%	0.0%	-	0.0%
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Percentage of workers that work on average more than 60 total hours in a given week

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

0. Enabling accurate assessment

Summary of findings

Code area	Workplace requirement	Area of NC	Finding
			No findings
Systems and evidence examined to validate this code section	<p>1.The factory has established a written human rights policy which was approved at the top management level.</p> <p>2.The factory was cooperative with the whole audit processes, documents were provided in time, entire factory areas within the business license scope were visited, workers interviews were conducted in a confidential way without interference.</p> <p>3.The provided site description and Sedex site profile declared prior to the audit were accurate and consistent with their actual operation.</p> <p>4.No unethical behavior happened, and no falsification records were identified during this audit process.</p> <p>5.The written human rights policy was communicated to all employees and its personnel concerned, including its suppliers, customers etc. through email, trainings, handbooks and postings at the facility.</p> <p>Details:</p> <ol style="list-style-type: none"> 1.Business license; 2.Employee Handbook; 3.Business ethic code of conduct; 4. Facility Profile 5.Factory rules; 6.Social compliance management handbook; 7.Appointment book of person responsible for implementing standards concerning Enabling accurate assessment; 8.Training records of the Code, social compliance, human rights; 9.Per employee interview, employees could raise issues regarding accurate assessment by suggestion box confidentially or call the hotline who was responsible for implementing standards of ensuring accurate assessment. 		

0. Enabling accurate assessment

Data points

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

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

1. Employment is freely chosen

Management systems

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

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

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

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

Management systems

Explanation for management systems grades

Policy and Procedure: (Robust)

The factory had established policy and procedure “Forced labor management procedure” in place. The policy indicated no any types of forced labor including human trafficking, debt bondage/ bonded labor or any other form of modern slavery was allowed, the worker can free to leave the factory buildings during non-working hours, all overtime hours were voluntary. The factory would not withhold any of workers’ original documents.

Resource: (Robust)

Mr. Gao Ming / Compliance specialist was assigned to be responsible for ensuring employment is freely chosen in the factory. Assignment letter was approved by General Manager who was familiar with labor laws, regulation and other requirements on forced labor issues.

Communication and Training: (Robust)

The policy and procedures were communicated to workers through training, posters etc. HR staff and managements were trained for communication of no forced labor policy to new workers; all existing workers were trained on force labor topic during annual refresh training based on the annual training plan. Training exam was taken to ensure communication was effective.

Monitoring: (Robust)

Regular monitoring was carried out to ensure employment is freely chosen and no forced labor issues happened in the factory. Monthly check and internal audits were conducted by qualified internal auditor for force labor management system and corrective actions were implemented to ensure continuous improvement. Based on the inspection records and internal audit report, no compliance regarding forced labor issue was raised in the past 2 years. Regular management review was conducted annually to review effective implementation status and seek continuous improvement.

Summary of findings

Code area	Workplace requirement	Area of NC	Finding
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No findings

[← Code area 0](#)

[Code area 1.A →](#)

Systems and evidence examined to validate this code section

- 1.The factory has established a hiring policy and procedure in place to ensure employment is freely chosen.
- 2.No forced labor, human trafficking, debt bondage/ bonded labor or any other form of modern slavery was identified.
- 3.No case of control workers through threats, penalties, coercion, physical force, violence, or harsh or inhumane treatment identified.
- 4.Workers can freely leave the workplace; security guards or other authoritative figures did not restrict workers' freedom of movement beyond what is reasonable.
- 5.No surveillance was used for the purpose of controlling or intimidating workers.
- 6.No deposits, recruitment fees or costs, or any original documents (I.D. card or school certificate) were retained during employment process.
- 8.Resignation is free, and wages are paid to resigned workers on time after reasonable notice (usually 30 days in advance).
- 9.Wages were paid in time in line with law requirements, no more than monthly.
- 10.No debt or loans were intentionally provided to workers.
- 11.No involuntary prison labor was identified during the audit.
- 12.Workers work overtime voluntarily, no case of forced overtime identified.
- 13.A designated top management was responsible for ensuring employment is freely chosen.

Details:

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

1. Employment is freely chosen

Data points

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

Does the site utilise any workers who are prisoners? No

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

1.A. Responsible recruitment and entitlement to work

Management systems

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

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

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

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

Management systems

Explanation for management systems grades

Policy and Procedure: (Robust)

The factory had established policy and procedure "Recruitment management procedure" in place. The procedure indicated that the factory would check workers ID cards during recruitment processes, no recruitment fee was required to be paid by workers.

Resource: (Robust)

Mr. Gao Ming / Compliance specialist was assigned to be responsible for ensuring responsible recruitment and entitlement to work is complied with legal requirements in the factory. Assignment letter was approved by General Manager who was familiar with labor laws, regulation and other requirements on recruitment issues.

Communication and Training: (Robust)

The policy and procedures were communicated to workers through training, posters etc. HR staff and managements were trained in communication of company policy and procedures to new workers, all existing workers were trained on above policy and procedures during annual refresh training based on the annual training plan. Training exam was taken to ensure communication was effective.

Monitoring: (Robust)

Regular monitoring was carried out to ensure responsible recruitment and entitlement to work. HR department was responsible for implementing the policy and procedures on recruitment. New workers interviews were conducted within the first month to ensure workers entered the factory as per factory policy. Regular management review was conducted annually to review effective implementation status and seek continuous improvement.

Summary of findings

Code area	Workplace requirement	Area of NC	Finding
			No findings

[← Code area 1](#)

[Code area 2 →](#)

Systems and evidence examined to validate this code section

1. During hiring processes, the factory would review original photographic identification to validate that all workers have the legal right to work.
2. Personnel files records included workers I.D. cards indicated all workers had legal right to work.
3. Employee contracts reviewed with the indicated nature of work, working conditions, living conditions, employment terms, living costs, wages and benefits were communicated and signed by workers during recruitment process.
4. The factory hired workers directly; no labor agents or labor contractors were used by the factory. No recruitment fee was paid by the workers during recruitment processes.

Details:

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

1.A. Responsible recruitment and entitlement to work

Data points

Labour hire

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

Migrant workers

Do any workers migrate across international borders to work at this site?	No
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[← Code area 1.A](#)

[Code area 2 →](#)

Percentage of workers that are migrant 21%

Do any workers migrate from other states, provinces or regions within the country to work at this site? Yes

List the sending states/provinces/regions The ethnic background of all management and production workers was mainland Chinese, 21.4% workers were migrated from other provinces of Anhui, Shandong and Henan etc. All workers were recruited directly by the factory.

Recruitment fees

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

Were recruitment fees or costs identified during worker interviews? No

As per workers interview and review of personnel files, no recruitment fee or cost was required to be paid by them during recruitment processes.

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

Management systems

Develop and maintain relevant policies and procedures to ensure workplace requirements are met	Robust Management Systems
Appoint a manager with sufficient seniority who is responsible for implementing procedures	Robust Management Systems
Communicate and train employees and other workers, including managers and supervisors, on relevant policies and procedures	Robust Management Systems
Monitor the effectiveness of procedures to meet policy and workplace requirements	Some Improvements Recommended

Management systems

Explanation for management systems grades

Policy and Procedure: (Robust)

The factory had established policy and procedure “Freedom of association management procedure” in place. The procedure indicated that workers can be free to join or form union or equivalent workers organization, union members and workers representatives worked as communication and negotiation bridge between workers and managements.

Resource: (Robust)

Mr. Gao Ming / Compliance specialist was assigned to be responsible for ensuring freedom of association and right to collective bargaining are respected in the factory. He is familiar with labor laws, regulation and other requirements on freedom and association issues.

Communication and Training: (Robust)

The policy and procedures were communicated to workers through training, posters etc. HR staff and managements were trained in communication of company policy and procedures to new workers, all existing workers were trained on above policy and procedures during annual refresh training based on the annual training plan. Training exam was taken to ensure communication was effective.

Monitoring: (Some Improvements Recommended)

Regular monitoring was carried out to ensure Freedom of association and right to collective bargaining are respected. Internal audits were conducted for labor management system and corrective actions were implemented to ensure continuous improvement.

For free join of labor union, in China, union belong to the local city federation of trade union, workers who want to join or form a labor union should be approved by local federation of trade union, so auditor rated this section as Some Improvements Recommended.

Summary of findings

Code area	Workplace requirement	Area of NC	Finding
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No findings

[← Code area 1.A](#)

[Code area 3 →](#)

Systems and evidence examined to validate this code section

- 1.The factory has written policy on freedom of association, which states that workers are free to form any union or any form of other workers organization in the facility.
- 2.Currently, there was a labor union established in the factory. There was no collective bargain agreement (CBA) signed between union representatives and factory managements in the factory.
- 3.A worker committee was available, through review of vote records, worker representatives were elected by workers.
- 4.All employees have the right to join labor union.
- 5.Union/worker representatives are not discriminated against and have access to carry out their representative functions in the workplace. The workers could raise any issue or express their concerns through union meetings to union/work representatives and management representatives. The meetings between factory management representatives, worker representatives and union representatives were conducted quarterly to handle workers' grievance and concerns, and corrective actions were addressed at a reasonable timeframe.
- 6.Per worker interviews, workers expressed that they knew who their representative is, their activities and how they can engage with them.

Details:

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

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

Data points

Are trade unions allowed by law in the national context?	Yes
Are there any registered trade unions in the workplace?	Yes
Are they active?	Nantong Foremost Headwears Co., Ltd. Trade union
Does the employer recognise the trade union?	Yes
Are the worker representative bodies, trade union or otherwise, accessible to all workers, including more vulnerable workers (such as female, migrant, agency, and seasonal workers)?	Yes
Are the worker representatives freely elected by the workforce as a whole?	Yes
Does union/worker committee membership reflect the gender composition of the workforce?	Yes
Does the membership reflect the nationality composition of the workforce?	Not Applicable
Has there been any industrial action (e.g. strikes, unrest, or cases raised to formal tribunals or labour courts) in the past two years?	No

[← Code area 2](#)

[Code area 3 →](#)

3. Working conditions are safe and hygienic

Management systems

Develop and maintain relevant policies and procedures to ensure workplace requirements are met	Robust Management Systems
Appoint a manager with sufficient seniority who is responsible for implementing procedures	Robust Management Systems
Communicate and train employees and other workers, including managers and supervisors, on relevant policies and procedures	Some Improvements Recommended
Monitor the effectiveness of procedures to meet policy and workplace requirements	Fundamental Improvements Required

Management systems

Explanation for management systems grades

Policy and Procedure: (Robust)

The factory had established policy and procedure “Environment, Health and Safety management procedure” in place. Based on the procedure, the factory should be complied with all legal requirements on health and safety issues.

Resource: (Robust)

Mr. Gao Ming / Compliance specialist was assigned to be responsible for ensuring working conditions are safe and hygienic in the factory. He participated in the safety management staff training and obtained the safety management staff certificate. He is familiar with labor laws, regulation and other requirements on health and safety issues.

Communication and Training: (Some Improvements Recommended)

The policy and procedures were communicated to workers through training, posters etc. Health and safety training were conducted as per annual training plan for existing workers and orientation training for new workers. Training exam was taken to ensure communication was effective.

However, based on workers interviews, some workers still reported they did not know some of health and safety risks, the training result was ineffective, and the factory should enhance the training method or frequency to ensure more effective communications. Auditor rated this section as Some Improvements Recommended.

Monitoring: (Fundamental Improvements Required)

Regular monitoring was carried out to ensure Working conditions are safe and hygienic. Regular inspection and internal audits were conducted for labor management system and corrective actions were implemented to ensure continuous improvement.

However, implementation was systemic missing as safety eye-shields were not available for 2 out of 4 sweat belt sewing machines and no one was assigned to supervise workers wearing the required PPE and remind workers of using the correct PPE required. So auditor rated this section as Fundamental Improvements Required.

Summary of findings

Code area

Workplace requirement

Area of NC

Finding

[← Code area 2](#)

[Code area 4 →](#)

3. Working conditions are safe and hygienic

3.H Where identified as necessary to reduce r...

Local law
Base code

NC [ZAF-](#)

3.M Ensure all machinery is installed, mainta...

Local law
Base code

NC [ZAF-](#)

Systems and evidence examined to validate this code section

The facility had established EHS policies and procedures in place.

1. General Health and Safety management in the factory.

- A Senior Manager was responsible for issue of Health & Safety in the factory and obtained the safety management staff license, there was an EHS committee established in the factory.
- Minutes of meetings show that there were regularly meetings between EHS committee members and senior managers.
- EHS committees conducted risk assessment by departments, high risks were managed by corresponding action plans.
- Ventilation, temperature and lighting were adequate for the production processes.
- Sufficient clean toilets segregated by gender were available at all time to workers.
- The factory provided potable water to workers free of charge in workshop.

2. Structural Safety

- The structural safety approval for all buildings were obtained.
- No visual crack or obvious structural safety issue were identified for factory buildings.

3. Fire Safety

- Fire safety approval was obtained for all buildings used by the factory.
- Evacuation plans were posted in all workshops and understood by all interviewed workers.
- The adequate number of emergency exits for all workshops were available as per legal requirements.
- Sufficient fire-fighting equipment such as fire extinguishers and hydrants in production building. Regular inspection was taken by the factory per month.
- Fire drill was conducted in the factory every 6 months according to the fire drill plans and the records, the latest two fire drills were conducted on November 6, 2024 and May 14, 2025 separately which cover all shifts.

4. Electrical safety

- All parts of electrical equipment were maintained in good condition such as sockets, plugs, switches, and main fuse boards.
- Qualified electricians were presented in the factory and the certificates were available for review.
- Electrical equipment was inspected regularly by electrician.

5. Chemical safety

- Chemical inventory list was available.
- Chemicals were stored separately with anti-leakage facilities, properly labelled, MSDS was posted at the chemical storage and usage areas.
- Chemical spill drill was conducted annually with the records in place.
- Workers in the chemical store area confirmed that they had been trained on correct handling procedures as well as what to do in an emergency.

6. Medical services

- Sufficient first aid kit in production area and they were well stocked, workers could

access them freely.

- Sufficient first aiders were available in the factory cover all shifts and the certificates were provided for review.
- Work incidents were recorded even no work incident happened in the factory for the latest 3 years.
- Medical checks were provided to workers contacting occupational hazards as per legal requirements.

7. Machine safety

- Machine safeguards were assessed and installed before put into use.
- Daily inspection was conducted by operators before daily operation.
- Work instruction was posted beside machines and regular inspection was conducted for machine safety.
- Certificates and inspection reports for special equipment was valid and current.
- Licenses for special equipment operators and special work operators were valid and current.

8. PPE

- PPE were provided to workers where required.
- Training were provided to workers using PPE and responsible person was assigned to monitor the using of PPE during operation.

Details:

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

Findings: non-compliances

ZAF-

Non-compliance

<p>Code area</p> <p>3 Working conditions are safe and hygienic</p> <p>Workplace requirement</p> <p>3.H Where identified as necessary to reduce residual risk, provide (without charge to workers) and ensure the use of appropriate personal protective equipment (PPE).</p> <p>Issue title</p> <p>278 - Personal Protective Equipment (PPE) provided but incidents of workers not using PPE where appropriate</p> <p>Description</p> <p>It was noted that the factory had provided the personal protective equipment such as earplugs to its workers. However, 3 sewing workers in sewing section on the 2/F of 1 block of 2-storey production building did not use them during working time. 在此次审核过程中，审核员发现工厂给工人提供了个人劳动防护用品如耳塞，但1栋2层厂房2楼缝纫车间3名缝纫工人在工作期间没有佩戴。</p> <p>Corrective and preventative actions</p> <p>It is recommended that factory should provide appropriate PPE to workers in the sewing section. Furthermore, the factory shall provide regular PPE training to workers, conduct regular PPE safety inspection at workplace, and develop and implement a Personal Protective Equipment (PPE) program to protect employees from workplace hazards that may cause bodily injury.</p> <p>Local law reference</p> <p>In accordance with Law of the People’s Republic of China on Work Safety article 45. Production and business entities must provide employees with labor protection products that comply with national standards or industry standards and supervise and educate employees to wear and use them in accordance with the rules of use. Article 47, the production and business unit shall arrange funds for the provision of labor protection equipment and safety production training.</p> <p>Evidence</p>	<p>Status</p> <p>Open*</p> <p>Time given to resolve</p> <p>30 days</p> <p>Verification method</p> <p>Desktop audit</p> <p>Area of non-compliance/non-conformance</p> <p>Local law Base code</p>
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[← Code area 3](#)

[Code area 4 →](#)



[NC-Not wear earplugs.JPG](#)



* PDF generated at 15:06 (UTC) on 07 Nov 2025. [View this finding on the Sedex platform](#) for live updates and closure details.

ZAF-

Non-compliance

Code area

3 Working conditions are safe and hygienic

Status

Open*

Workplace requirement

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

Time given to resolve

30 days

Issue title

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

Verification method

Desktop audit

Description

It was noted that safety eye-shields were not available for 2 out of 4 sweat belt sewing machines in sewing section on the 2/F of 1 block of 2-storey production building in the factory.
在此次审核过程中，审核员发现工厂1栋2层厂房2楼缝纫车间4个汗带缝纫机中的2台没有设置安全护眼挡板。

Area of non-compliance/non-conformance

Local law
Base code

Corrective and preventative actions

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

[← Code area 3](#)

[Code area 4 →](#)

Local law reference

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

Evidence



[NC-No eye-shields.JPG](#)



* PDF generated at 15:06 (UTC) on 07 Nov 2025. [View this finding on the Sedex platform](#) for live updates and closure details.

3. Working conditions are safe and hygienic

Data points

Is someone within the company responsible for health and safety?	Yes, senior manager or business owner
Do workers operate high risk or heavy machinery or vehicles as part of their jobs?	No
Do workers handle or have access to hazardous substances (e.g. chemicals or pesticides)?	No
Who organises accommodation for workers?	Workers independently arrange their own accommodation
Who organises worker transportation between accommodation and worksite?	Workers organise their own transport
Who organises worker transportation while at work?	Not applicable
Do all structural additions (e.g. added floors) have a valid permit/inspection report as per local law?	Not Applicable No added floors.
Does the visual appearance of the building give you any immediate concerns about the structural integrity of the building?	No
Are there any cracks observed in the walls, floors, ceilings or other areas of the facility, both internally or externally?	No

[← Code area 3](#)

[Code area 4 →](#)

Does the site have a structural engineer evaluation? Yes

[← Code area 3](#)

[Code area 4 →](#)

4. Child labour shall not be used

Management systems

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

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

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

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

Management systems

Explanation for management systems grades

Policy and Procedure: (Robust)

The factory had established policy and procedure “Child labor and juvenile worker protection procedure” in place. Based on the procedure, no child labor can be used by the factory and prevent the placement of young workers in unsuitable positions. It outlined processes and responsibilities, including financial, for undertaking remediation for child labor. The factory would check workers ID card and copies of ID card would be maintained for records keeping.

Resource: (Robust)

Mr. Gao Ming / Compliance specialist was assigned to be responsible for implementing the hiring and ensuring child labor is not used in the factory. He is familiar with labor laws, regulation and other requirements on child labor.

Communication and Training: (Robust)

The policy and procedures were communicated to workers through training, posters etc. Related training was conducted as per annual training plan for existing workers and orientation training for new workers. Training exam was taken to ensure communication was effective.

Monitoring: (Robust)

Regular monitoring was carried out to ensure Child labor is not used. Internal audits were conducted for labor management system and corrective actions were implemented to ensure continuous improvement. Based on the internal audit report and management review report, no child labor had ever used by the factory. Regular management review was conducted annually to review effective implementation status and seek continuous improvement.

Summary of findings

Code area	Workplace requirement	Area of NC	Finding
			No findings

Systems and evidence examined to validate this code section

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

Details:

1. Personal file
2. I.D. card copies
3. Roster of employees
4. Management and workers interview

4. Child labour shall not be used

Data points

Percentage of workers that are age 24 or younger	0%
Enter the legal age of employment	16
Enter the age of the youngest worker identified	18
Enter the number of workers under local legal minimum age	0
Enter the number of workers under 15 years old	0
Percentage of workers that are apprentices, trainees or interns	0.0%
Were there children present on the work floor but not working at the time of audit?	No
Do children live at the accommodation provided to workers?	Not Applicable

[← Code area 4](#)

[Code area 5 →](#)

5. Legal wages are paid

Management systems

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

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

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

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

Management systems

Explanation for management systems grades

Policy and Procedure: (Robust)

The factory had established policy and procedure “Wages and benefit management procedure” in place. Based on the procedure, wages and benefits should be complied with legal requirements.

Resource: (Robust)

Mr. Gao Ming / Compliance specialist was assigned to responsible for ensuring legal wages are paid in the factory. He is familiar with labor laws, regulation and other requirements on wages and benefits.

Communication and Training: (Robust)

The policy and procedures were communicated to workers through training, posters etc. Related training was conducted as per annual training plan for existing workers and orientation training for new workers. Training exam was taken to ensure communication was effective.

Monitoring: (Robust)

Regular monitoring was carried out to ensure Legal wages are paid. Internal audits were conducted by qualified internal auditors for labor management systems and corrective actions were implemented to ensure continuous improvement. Based on the internal audit report and management review report, the factory complied with all legal requirements on wages and benefits. Regular management review was conducted annually to review effective implementation status and seek continuous improvement.

Summary of findings

Code area	Workplace requirement	Area of NC	Finding
5. Legal wages are paid	5.B Ensure that workers receive the insurance...	Local law	NC ZAF601158399

[← Code area 4](#)

[Code area 5.A →](#)

Systems and evidence examined to validate this code section

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

2. During this audit, the factory provided 12 months' payrolls (from October 2024 to September 2025) for review. A sample of these records provided for the months of September 2025 (most recent month), May 2025 (random month) and March 2025 (random month) were reviewed. As per factory management and provided payrolls, wages for all workers were calculated on an hourly basis and paid through bank transfer at 25th of each month. Based on provided payrolls and time attendance records, both workers' basic wages and overtime wages were equal to or above the legal requirements, workers hourly wages ranged from RMB 14.31 to RMB 19.64 per hour, which were equal to or above the local minimum wage of RMB 2490 per month/ RMB 14.31 per hour . Overtime wage was paid at 150%, 200% and 300% of workers normal rate for overtime on normal workdays, rest days and official public holidays respectively, and total paid wages ranged from RMB 3117 to RMB 7434 per month. The gap between reported wages and legal requirements was nil and the percentage of workers being paid below the minimum wage was nil.

For social insurance, a total of 201 (total 270 excluding 69 retired and rehired employees) employees were eligible to receive five types of social insurances in September 2025 according to the law. Through review of social insurance enrolment list, all employees were enrolled in pension insurance, unemployment insurance, occupational injury insurance, child-bearing insurance and medical insurance. The factory had provided the employer's commercial insurance for all employees with valid period from December 26, 2025 to December 25, 2026.

Wage slip detailing: basic wages, hourly wage rate, normal working hours, overtime working hours, holiday working hours, normal working hours wage, overtime working hours wage, statutory holidays allowance, paid leave, total monthly wages were provided to each worker.

- 3. No deduction from workers' payment for disciplinary sanctions was identified.
- 4. The legal required paid leave and breaks, for example paid annual leave, sick leave etc. were provided as per legal requirements.
- 5. Pay slips were provided to workers before payment was issued.
- 6. No in-kind benefits were used as part of payment by the factory.

Details:

- 1. Employee handbook
- 2. Wages and benefits policy
- 3. Various leave records and corresponding payment records
- 4. Resigned workers time and payroll records

- 5. Payroll and attendance records
 - 6. Social insurance and payment receipts
 - 7. Disciplinary records
 - 8. Management & workers interview
-

Findings: non-compliances

ZAF601158399

Non-compliance

Due 2023-04-15

Code area

5 Legal wages are paid

Status

Closed (2025-10-31)*

Workplace requirement

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

Time given to resolve

60 days

Issue title

424 - Compulsory insurance (e.g. social insurance, accident insurance etc.) not paid - isolated

Verification method

Desktop audit

Description

Periodic audit on October 30-31, 2025: Closed. 201 (total 270 excluding 69 retired and rehired employees) employees were eligible to receive five types of social insurances in September 2025 according to the law. Through review of social insurance enrolment list, all employees were enrolled in pension insurance, unemployment insurance, occupational injury insurance, child-bearing insurance and medical insurance. The factory had provided the employer's commercial insurance for all employees with valid period from December 26, 2025 to December 25, 2026.

Area of non-compliance/non-conformance

Local law

Description (carried over)

It was noted that a total of 221 employees (excluding 52 retired employees) were eligible to receive five types of social insurance in November 2024 according to the law. However, through review of social insurance enrollment list and payroll records, only 214 employees were enrolled in unemployment insurance and pension insurance; only 215 employees were enrolled in medical insurance and child-bearing insurance. and occupational injury insurance

Remark: The factory has purchased commercial accident insurance for all Employers, valid from January 1, 2024, to December 31, 2024

在此次审核过程中, 审核员发现2024年11月, 221名(不包含52名退休员工)符合参保条件的员工中, 只有214名员工参加了失业保险, 养老保险, 只有215人购买了医疗保险和生育保险, 工伤导致残疾保险。

备注: 工厂为所有购买了商业意外伤害险, 有效期从2024年1月1日到2024年12月31日

Corrective and preventative actions

Not Applicable

[← Code area 5](#)

[Code area 5.A →](#)

Corrective and preventative actions (carried over)

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

Local law reference

In accordance with Social Insurance Act of the People's Republic of China, article 2, the state establishes basic pension insurance, basic medical insurance, occupational injury insurance, unemployment insurance, maternity insurance to form the social security system, to protect citizens' right to receive material assistance from the state and society in accordance with the law from old age, illness, work injury, unemployment, childbirth, etc. Article 4. Employers and employees within the territory of the People's Republic of China should pay social insurance premiums in accordance with the law.

Evidence



[Corrected-Social insurance.JPG](#)



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5. Legal wages are paid

Data points

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

Worker remuneration

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

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

[← Code area 5](#)

[Code area 5.A →](#)

Actual required working hours	Required hours per day	8.0
	Required hours per week	40.0
	Required hours per month	Non applicable
Maximum legal overtime hours	Max hours per day	3.0
	Max hours per week	Non applicable
	Max hours per month	36.0
Actual overtime hours	Max hours per day	3.0
	Max hours per week	20.0
	Max hours per month	82.0
Minimum legal wage	Min per hour	14.31
	Min per day	114.48
	Min per week	Non applicable
	Min per month	2490.0
Actual minimum wage	Actual per hour	14.31
	Actual per day	114.48
	Actual per week	Non applicable
	Actual per month	2490.0
Minimum legal overtime wage	Min per hour	21.47
	Min per day	Non applicable
	Min per week	Non applicable
	Min per month	Non applicable

[← Code area 5](#)

[Code area 5.A →](#)

Actual minimum overtime wage	Actual per hour	21.47
	Actual per day	Non applicable
	Actual per week	Non applicable
	Actual per month	Non applicable

Wage analysis

Number of workers' records checked	78
Provide the date and details of the records	26 samples from September 2025 (most recent) 26 samples from May 2025 (random) 26 samples from March 2025 (random)
Are there different legal minimum/legally recognised CBAs wage grades?	No
For the lowest paid workers, are wages paid for standard/contracted hours (excluding overtime) below or above the legal minimum/legally recognised CBAs?	Meets legal minimum
Indicate the breakdown of workforce per earnings	10% of workforce earned minimum basic wage and 90% of workforce earned above minimum wage.
Are there any bonus schemes used?	No
Were accurate records shown at the first request?	Yes
Were any inconsistencies found?	No

5.A. Living wages are paid

Summary of findings

Code area	Workplace requirement	Area of NC	Finding
			No findings
Systems and evidence examined to validate this code section	<p>1.The factory had established a living wage investigation and calculation procedure in place.</p> <p>2.Wages and benefits paid for a standard working week meet, at a minimum, national legal standards.</p> <p>3.The factory implemented the Full-Fledged Anker Methodology to calculated the total living wage of a family based on the following key elements: food, housing, education, transportation, clothes, energy and water consumption, saving for handling emergency affairs and divided the total workforce in the factory to obtain a single person living wage, the calculated living wages were RMB3000, the calculated living wages plus legal deductions of social insurance, housing fund and personal tax were lower than the wages of lowest one paid by the factory. No gap was detected between the calculated living wage and the paid wages to workers.</p> <p>Details:</p> <ol style="list-style-type: none"> 1. Payroll records 2. Living wages investigation and calculation procedure 3. Cost summary sheet of basic needs for all workers 4. Gap analysis sheet between calculated living wages and workers actual wages 5. Attendance records 6. Local legal minimum wage documents 7. Wages and benefits policy ss 8. Labor contracts for all employees 9. Pay slips of all interviewed workers 10. Workers and management interview 		

6. Working hours are not excessive

Management systems

Develop and maintain relevant policies and procedures to ensure workplace requirements are met	Robust Management Systems
Appoint a manager with sufficient seniority who is responsible for implementing procedures	Robust Management Systems
Communicate and train employees and other workers, including managers and supervisors, on relevant policies and procedures	Some Improvements Recommended
Monitor the effectiveness of procedures to meet policy and workplace requirements	Fundamental Improvements Required

Management systems

Explanation for management systems grades

Policy and Procedure: (Robust)

The factory had established policy and procedure “Working hours management procedure” in place. Based on the procedure, all overtime hours should be complied with legal requirements, breaks, rest days and holidays are defined and provided to workers as per legal requirements.

Resource: (Robust)

Mr. Gao Ming / Compliance specialist was responsible assigned to responsible for ensuring working hours are not excessive in the factory. She is familiar with labor laws, regulation and other requirements on overtime working hours.

Communication and Training: (Some Improvements Recommended)

The policy and procedures were communicated to workers through training, posters etc. Training exam was taken to ensure communication was effective. However, as the factory could not control workers’ monthly overtime hours as per legal requirements and most workers wanted to work overtime to earn more money, the overtime was voluntary, the training for overtime control was not mandatory implemented. As isolated missing of training processes, auditor rated this section as Some Improvements Recommended.

Monitoring: (Fundamental Improvements Required)

Regular monitoring was carried out to ensure Working hours are not excessive. Internal audits were conducted for labor management system and corrective actions were implemented to ensure continuous improvement. Based on the internal audit report and management review report, the factory could not control working hours to comply with legal requirement as most workers wanted to work overtime to earn more money, and rush shipment turnaround made the factory hard to establish the production plan to balance the shipment period and no excessive working hours to workers. The monitoring process of control overtime hours were not implemented, as it is a systemic failure case of missing monitoring, auditor rated this section as Fundamental Improvements Required.

Summary of findings

Code area	Workplace requirement	Area of NC	Finding
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[← Code area 5.A](#)

[Code area 7 →](#)

6. Working hours are not excessive

6.F Ensure that where overtime is used, it is...

Local law

NC [ZAF601158400](#)

Systems and evidence examined to validate this code section

1. There was a written policy established on working hours and overtime hours, as well as a system for monitoring working hours and overtime hours. Policy and Procedures for special terms for young workers and pregnant women are also in place.
2. The factory keeps an electrical attendance recording system to ensure the attendance system to be accurate.
3. During this audit, the factory provided 13 months' time attendance records (from October 2024 to October 2025) for review. A sample of these records provided for the months of September 2025 (most recent month), May 2025 (random month) and March 2025 (random month) were reviewed. Based on the provided attendance records, workers' working hours were 8-11 hours a day, 48-60 hours a week, with the average being 58 hours per week. The most continuous working days without rest were 6 while the average continuous working days without rest were 6.
4. Overtime hours were voluntary, and workers could refuse without penalty.
5. Overtime wages were paid at 150%, 200% and 300% of employee normal rate wages for overtime on normal workdays, rest days and official public holidays respectively.
6. Workers received all legally required rest and meal breaks, including continuous rest hours between shifts.

Details:

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

Findings: non-compliances

ZAF601158400

Non-compliance

Due 2023-04-15

Code area

6 Working hours are not excessive

Status

Open*

Workplace requirement

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

Time given to resolve

60 days

Issue title

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

Verification method

Follow up audit

Area of non-compliance/non-conformance

Local law

Description

Periodic audit on October 30-31, 2025: Open. It was noted that the monthly overtime hours of 26 out of 26 randomly selected workers (from all sections) exceeded 36 hours in September 2025 (the current month) with the highest of 76 hours; 26 out of 26 (from all sections) exceeded 36 hours in May 2025 (random month) with the highest of 82 hours; 26 out of 26 (from all sections) exceeded 36 hours in March 2025 (random month) with the highest of 80 hours. No worker had worked more than 3 hours per day.

在此次审核过程中，审核员发现在2025年9月(当前月)，在随机抽查的26名员工中（来自所有部门），有26人的月加班时间超过了36小时，最高达到了76小时；在2025年5月（随机月），26名员工中有26人月加班时间（来自所有部门）超过36小时，最高达到82小时；在2025年3月（随机月），26名员工中有26人月加班时间（来自所有部门）超过36小时，最高达到80小时。工人每天加班不超过3小时。

Description (carried over)

It was noted that the monthly overtime hours of 26 out of 26 randomly selected workers (from all sections) exceeded 36 hours in October 2024 (the current month) with the highest of 77 hours; 26 out of 26 (from all sections) exceeded 36 hours in June 2024 (random month) with the highest of 83 hours; 26 out of 26 (from all sections) exceeded 36 hours in March 2024 (random month) with the highest of 83 hours. No worker had worked more than 3 hours per day.

在此次审核过程中，审核员发现在2024年10月(当前月)，在随机抽查的26名员工中（来自所有部门），有26人的月加班时间超过了36小时，最高的达到了77小时；在2024年6月（随机月），26名员工中有26个（来自所有部门）超过36小时，最高达到83小时；在2024年3月（随机月），26名员工中有26个（来自所有部门）超过36小时，最高达到83小时。工人每天加班不超过3小时。

[← Code area 6](#)

[Code area 7 →](#)

Corrective and preventative actions

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

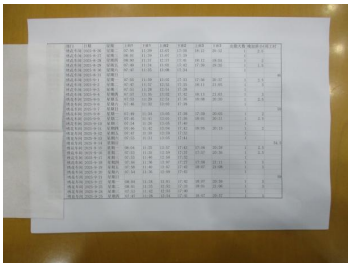
Corrective and preventative actions (carried over)

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

Local law reference

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

Evidence



[NC-Monthly OT exceeded 36.JPG](#) 

* PDF generated at 15:06 (UTC) on 07 Nov 2025. [View this finding on the Sedex platform](#) for live updates and closure details.

6. Working hours are not excessive

Data points

Is the sample size the same as in the wages section?	Yes
Normal day overtime premium as a percentage of standard wages	150%
If the site pays an overtime premium of less than 125% and this is allowed under local law, are there other considerations?	Not applicable. Workers overtime wages were paid at 150%, 200% and 300% of employee normal rate wages for overtime on normal workdays, rest days and official public holidays respectively.
Excluding overtime, what are the regular working hours per week for workers at this site?	40.0
Including overtime, what is the average number of working hours per week for full-time workers at this site?	58.0
In the sample, what was the maximum number of hours worked in a single week, including overtime, for any worker at this site?	60.0
Maximum number of days worked without a day off in sample	6

[← Code area 6](#)

[Code area 7 →](#)

7. No discrimination is practiced

Management systems

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

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

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

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

Management systems

Explanation for management systems grades

Policy and Procedure: (Robust)

The factory had established policy and procedure “Anti-discrimination management procedure” in place. The procedure indicated that the factory would not discriminate applicant's race, ethnicity, color, sex, religion, political views, ethnic origin, social origin, disability, HIV/AIDS status, sexual orientation, pregnancy/childbearing status, marital status, family responsibilities, age (other than the legal minimum working age) or nationality/foreign worker status. Workers at the same position get the same wages.

Resource: (Robust)

Mr. Gao Ming / Compliance specialist was assigned to responsible for ensuring no discrimination is practiced in the factory. He is familiar with labor laws, regulation and other requirements on anti-discrimination.

Communication and Training: (Robust)

The policy and procedures were communicated to workers through training, posters etc. Related training was conducted as per annual training plan for existing workers and orientation training for new workers. Training exam was taken to ensure communication was effective.

Monitoring: (Robust)

Regular monitoring was carried out to ensure No discrimination is practiced. Internal audits were conducted for labor management system and corrective actions were implemented to ensure continuous improvement. Based on the internal audit report and management review report, no discrimination issue was identified in the past 2 years. Regular management review was conducted annually to review effective implementation status and seek continuous improvement.

Summary of findings

Code area	Workplace requirement	Area of NC	Finding
			No findings

[← Code area 6](#)

[Code area 8 →](#)

Systems and evidence examined to validate this code section

- 1.The factory has written policy on anti-discrimination as well as policy on compensation, promotion, and training etc.
- 2.New staff hiring policy and advertisement indicates that no pregnancy or health check (HIV testing, HB check) was required.
- 3.No discrimination is practiced, taking particular consideration of race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation.
- 4.Gender and ethnic balance between workers and middle management is proper.
- 5.Workers have an equal approach in recruitment, training, development and promotion processes.
- 6.There's grievance channel (suggestion box or anonymous phone line etc.) for workers to report any discrimination.
- 7.The factory had a dedicated gender equity approach in recruitment, training, development and promotion processes.

Details:

1. Factory policy, hiring procedure,
2. Employee handbook,
3. Payrolls records,
4. Training records,
5. Employee contracts,
6. Termination records,
7. Medical check records,
8. Management and workers' interview

7. No discrimination is practiced

Data points

Percentage of women workers in skilled or technical roles (e.g. where specific qualifications are needed, such as engineer/laboratory analyst)? 70%

Representation of women in managerial roles (ratio of women workers to women managers) 2%

Representation of women in supervisory roles (ratio of women workers to women supervisors) 2%

Three most common nationalities in managerial and supervisory roles All employees including workers, managers and supervisors were Chinese.

8. Regular employment is provided

Management systems

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

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

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

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

Management systems

Explanation for management systems grades

Policy and Procedure: (Robust)

The factory had established policy and procedure on employment management. In the procedure, no labor agent or contractor was allowed to hire workers. All workers were hired directly.

Resource: (Robust)

Mr. Gao Ming / Compliance specialist was assigned to responsible for ensuring employment followed with legal requirements in the factory. He is familiar with labor laws, regulation and other requirements on hiring process, no labor agent or contractor was allowed to hire workers.

Communication and Training: (Robust)

The policy and procedures were communicated to workers through training, posters etc. Related training was conducted as per annual training plan for existing workers and orientation training for new workers. Training exam was taken to ensure communication was effective.

Monitoring: (Robust)

Regular monitoring was carried out to ensure Regular employment is provided. Internal audits were conducted for labor management system and corrective actions were implemented to ensure continuous improvement. Based on the internal audit report and management review report, no labor agent or contractor was allowed to hire workers in the past 2 years. Regular management review was conducted annually to review effective implementation status and seek continuous improvement.

Summary of findings

Code area	Workplace requirement	Area of NC	Finding
			No findings

[← Code area 7](#)

[Code area 8.A →](#)

Systems and evidence examined to validate this code section

1. Work performed was on the basis of recognized employment relationship established through national law and normal practice.
2. The factory hired workers directly and they never used any home-workers or agency workers.
3. No apprentice or temporary worker was working in the factory.
4. The factory signs labor contracts with employees on the day of confirmed employment, and all workers can have their own copy of the contract and pay slip.
5. HR staff were aware of local law concerning above worker pattern.

Details:

1. Factory policy, employee handbook
2. Labor contracts
3. Hiring and termination records
4. Personal files
5. Job advertisement posters
6. Management and worker's interview

8. Regular employment is provided

Data points

Percentage of workers that are permanently or temporarily employed	100.0%
Percentage of workers that have been engaged via irregular, sub-contracted or non-employment models of labour, rather than permanent or temporary contracts of employment	0.0%
Percentage of workers employed as apprentices, trainees or interns	0.0%

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

Management systems

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

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

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

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

Management systems

Explanation for management systems grades

Policy and Procedure: (Robust)

The factory had established policy on sub-contracting, homeworking, and external processing, as well as written policy and procedure in place to control external working.

Resource: (Robust)

Mr. Gao Ming / Compliance specialist was assigned to be responsible for ensuring no subcontracting and homeworkers were used in the factory. He is familiar with labor laws, regulation and other requirements on using subcontractors and homeworkers, and clients were not allowed for using of subcontractors and homeworkers.

Communication and Training: (Robust)

The policy and procedures were communicated to workers through training, posters etc. Related training was conducted as per annual training plan for existing workers and orientation training for new workers. Training exam was taken to ensure communication was effective.

Monitoring: (Robust)

Regular monitoring was carried out to ensure no Sub-contracting and homeworkers are used. Internal audits were conducted for labor management system and corrective actions were implemented to ensure continuous improvement. Based on the internal audit report and management review report, no subcontractor and homeworker was noted in the past 2 years.

Summary of findings

Code area	Workplace requirement	Area of NC	Finding
			No findings

Systems and evidence examined to validate this code section

- 1.The factory established policy on sub-contracting, homeworking, and external processing, as well as written policy and procedure in place to control external working.
- 2.The factory posted customers' Code of Conduct in the facility.
- 3.Through site tours, no sub-contracting and homework was used by the factory.
- 4.Review of material receiving/releasing records in warehouse, good releasing registration records in security guard room, purchase orders and production output records, the factory production capacity was sufficient to support current orders from their clients. No sub-contracting and homeworkers were used by the factory.

Details:

1. Factory policy,
2. Various production and warehouse records checking
3. Management & workers interview
4. Site observations

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

Data points

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

Gender disaggregated data available

Number of homeworkers used

	Men	Women	Other	Total
Number of workers	-	-	-	-

What processes are carried out by homemaker?

Are full records of homeworkers available at the site?

Does the supplier buy products or services from suppliers that use homeworkers?

No

Through documents reviewing the order records, materials in/out records, goods in/out records in security guard room, finished products shipping records, no homemaker was used by the factory and its suppliers.

Sub-contracting

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

Through documents reviewing the order records, materials in/out records, goods in/out records in security guard room, finished products shipping records, the factory did not use subcontractor by evaluating the workers' capacity and production capacity

Are any sub-contractors used? No

9. No harsh or inhumane treatment is allowed

Management systems

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

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

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

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

Management systems

Explanation for management systems grades

Policy and Procedure: (Robust)

The facility had established a written Anti-harsh and inhumane treatment management procedure in place. The procedure indicated no cases of physical, verbal, psychological harassment, violence or abuse were allowed by the factory.

Resource: (Robust)

Mr. Gao Ming / Compliance specialist was assigned to responsible for ensuring no harsh or inhumane treatment is allowed in the factory. He is familiar with labor laws, regulation and other requirements on inhumane treatment.

Communication and Training: (Robust)

The policy and procedures were communicated to workers through training, posters etc. Related training were conducted as per annual training plan for existing workers and orientation training for new workers. Training exam was taken to ensure communication was effective.

Monitoring: (Robust)

Regular monitoring was carried out to ensure No harsh or inhumane treatment is allowed. Internal audits were conducted for labor management system and corrective actions were implemented to ensure continuous improvement. Based on the internal audit report and management review report, no harsh or inhumane treatment issue was noted in the past 2 years. Regular management review was conducted annually to review effective implementation status and seek continuous improvement.

Summary of findings

Code area	Workplace requirement	Area of NC	Finding
			No findings

Systems and evidence examined to validate this code section

- 1.The factory had established an anti-harsh or inhumane treatment policy. The policy states that physical abuse or discipline, the threat of physical abuse, sexual or other harassment and verbal abuse or other forms of intimidation shall be prohibited in this facility.
- 2.The disciplinary procedure only includes oral warning, written warning and education, which was confirmed through worker’s interview.
- 3.The factory has established grievance mechanism with non-retaliation policy and allow workers to report issues anonymously. Related training records and grievance records / documented evidence were maintained in place.
- 4.Security practices were humane and comply with customers’ expectations. No bodily searches were conducted by the security guards.
- 5.No facilitated harsh or inhumane treatment of workers, including gender-based violence and harassment was identified.
6. The factory provided anti-harsh or inhumane treatment training for workers to prevent harsh or inhumane treatment in the workplace. Admin supervisor was responsible for monitoring the implementation of the training. Per the training records review and worker interviews, all workers were trained and acknowledged their rights.

Details:

1. Policy of prevention of harassment and abuse.
2. Internal grievance procedure and grievance records.
3. Training records
4. Disciplinary records
5. Management and employee interview

9. No harsh or inhumane treatment is allowed

Data points

<p>Is there a formal process for workers to report concerns, complaints, or problems ('grievance mechanism')?</p>	<p>Yes, there is a formal grievance process</p> <p>The grievance process is available to all workers</p> <p>The grievance process is available to members of the local community</p>
<p>What type of grievance mechanism(s) are available?</p>	<p>Report to worker representatives, leaders, supervisors and managers directly, write grievance to suggestion box to top management.</p>
<p>Number of grievances raised in the last 12 months</p>	<p>0</p>
<p>Number of grievances resolved in the last 12 months</p>	<p>0</p>

10.A. Environment 2-Pillar

Management systems

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

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

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

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

Management systems

Explanation for management systems grades

Policy and Procedure: (Robust)

The facility had established a written environmental management procedure in place. The procedure indicated that the factory would ensure the factory would comply with the legal requirement on environment aspects.

Resource: (Robust)

Mr. Gao Ming / Compliance specialist was assigned to be responsible for ensuring the factory complied with environmental requirements. He is familiar with environmental laws, regulation and other requirements.

Communication and Training: (Robust)

The policy and procedures were communicated to workers through training, posters etc. Related training were conducted as per annual training plan for existing workers and orientation training for new workers. Training exam was taken to ensure communication was effective.

Monitoring: (Robust)

Regular monitoring was carried out to ensure the factory comply with the legal requirement on environment aspects. The regular inspection for environmental factors including air emission, boundary noise and domestic wastewater was conducted annually and the result was within regulatory limits. Internal audits were conducted for environmental management system and corrective actions were implemented to ensure continuous improvement.

Summary of findings

Code area	Workplace requirement	Area of NC	Finding
			No findings

Systems and evidence examined to validate this code section

- 1.The site has established Environmental policy concerning environment issue (including hazardous waste disposal handling procedures)
- 2.The management staff responsible for environmental issues was aware of local laws / regulations governing environment, keeping the law up to date.
- 3.The factory had assessed the legal and customers' requirements on environmental factors, action plans for potential gaps were implemented.
- 4.The factory obtained the environmental impact assessment documents examined and approved by authorized environmental protection department, and the environmental acceptance check report was obtained.
- 5.The annual monitoring reports for air emission, wastewater and boundary noise were provided for review, and the results are within the restriction per environmental law.
- 6.The factory maintained a list of hazardous substances (e.g. chemicals and pesticides) used in manufacturing or in purchased components. Ensure they are compliant with their clients' requirements and relevant legislation in the destination countries for those substances.

Details:

- 1.Environmental policy and procedures
- 2.Environmental impact assessment report and approval
- 3.Environmental acceptance check report
- 4.Fixed pollutant sources registration form
- 5.Law list on environmental aspects concerned by the factory
- 6.Hazardous substances list
- 7.Workers and Factory management interview
- 8.Site observations

10.A. Environment 2–Pillar

Data points

<p>Has the site received an official notice, fine or prosecution for any non-compliances with environmental legislation, regulation, consent or permits (within the last three years)?</p>	<p>No</p>
<p>Does the site have any valid environmental or energy management certificates?</p>	<p>The factory obtained the Environment Impact Report and Approval, Environmental Protection Completion Acceptance for its environmental projects. The factory had registered its pollutant sources and obtained the approval as per legal requirements.</p>
<p>Are there any other sustainability certifications present (e.g. Forest Stewardship Council (FSC), Marine Stewardship Council (MSC))?</p>	<p>No</p>
<p>Has the site implemented or made plans to implement any adaptive measures to protect workers from the impact of climate change?</p>	<p>Yes The factory had implemented programs to reduce energy consumption and resources usage to protect workers from the impact of climate change.</p>

[← Code area 10.A](#)

[Code area 10.B →](#)

10.B. Environment 4-Pillar

Summary of findings

Code area	Workplace requirement	Area of NC	Finding
			No findings
Systems and evidence examined to validate this code section	<ol style="list-style-type: none"> The site has established Environmental policy concerning environment issue (including hazardous waste disposal handling procedures) The factory conducted environmental factors analysis and raised the risk level, control measures were implemented. Targets and objectives on electricity, water and waste reduction were established, and key performance indicators were monitored. The factory monitored and mitigated the site's impact on biodiversity. <p>Details:</p> <ol style="list-style-type: none"> Environmental policy and procedures Law list on environmental aspects concerned by the factory Hazardous substances list Targets and objectives on resource-use Key performance indicator data Workers and Factory management interview Site observations 		

10.B. Environment 4-Pillar

Data points

<p>Has the site conducted a risk assessment on the environmental impact of the site, including implementation of controls to reduce identified risks?</p>	<p>Yes</p>
<p>What additional specific environmental policies does the site capture?</p>	<p>Responsible use and management of water Circular economy and resource efficiency Sustainable material sourcing</p>
<p>Is there a system for managing client's requirements and legislation in the destination countries regarding environmental and chemical issues?</p>	<p>Yes</p> <p>The factory established a management system to manage environmental and chemicals issues. The factory would also collect clients' requirements as well as law requirements and evaluate the compliance status of the factory, if not met, the factory would take immediate action to address it.</p>
<p>Does the site have reduction targets in place to manage climate related risks?</p>	<p>None</p>
<p>Does the site have reduction targets in place for environmental aspects (e.g. water consumption and discharge, waste, energy and green-house gas emissions: (Scope 1, 2 & 3))?</p>	<p>Yes</p> <p>The factory had implemented programs to reduce energy consumption and GHG emissions. Targets and tracking records indicated the reduction plan implemented effectively.</p>
<p>Has the site checked that any sub-contracting agencies or business partners operating on the premises have the appropriate permits and licences and are conducting business in line with environmental expectations of the facility?</p>	<p>Yes</p> <p>The factory conducted suppliers' audits annually and the environmental aspect was included.</p>

Usage/discharge analysis

[← Code area 10.B](#)

[Code area 10.C →](#)

	Last full calendar year (2024)	Previous full calendar year (2023)
Total electricity consumption from non-renewable sources (kWh)	1,197,575	971,100
Total electricity consumption from renewable sources (kWh)	0	0
Sources of renewable energy used	None	None
Types of renewable energy used	Data not available	Data not available
Total natural gas consumption (kWh)	0	0
Usage of other purchased fuels	0	0
Has the site completed any carbon footprint analysis?	No	No
Water sources	local water authority	local water authority
Does the site use mercury or mercury compounds?	No	No
Water volume used (m3)	7,399	9,249
Water discharged	Municipal sewage system	Municipal sewage system
Water volume discharged (m3)	7,000	9,100
Water volume recycled (m3)	0	0
Total waste produced (mt)	2	1.8

[← Code area 10.B](#)

[Code area 10.C →](#)

Total hazardous waste produced (mt)	0.1	0.1
Waste to recycling (mt)	0	0
Waste to landfill (mt)	0	0
Waste to other (mt)	0	0
Total product produced (mt)	4,000,000	3,500,000

[← Code area 10.B](#)

[Code area 10.C →](#)

10.C. Business ethics

Management systems

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

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

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

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

[← Code area 10.B](#)

Management systems

Explanation for management systems grades

Policy and Procedure: (Robust)

The facility had established a written Company business ethic procedure in place, the procedure indicating no unethical business behavior would be allowed and grievance channel, investigation processes were in place and provided to all concerned parties.

Resource: (Robust)

Mr. Gao Ming / Compliance specialist was assigned to responsible for ensuring the factory complied with business requirements. He is familiar with business laws, regulations and other requirements.

Communication and Training: (Robust)

The policy and procedures were communicated to workers through training, posters etc. Related training was conducted as per annual training plan for existing workers and orientation training for new workers. Training exam was taken to ensure communication was effective.

Monitoring: (Robust)

Regular monitoring was carried out to ensure no unethical behavior happened in the factory. Internal audits were conducted for business management system and corrective actions were implemented to ensure continuous improvement. No unethical issuing was reported in the past 2 years.

Summary of findings

Code area	Workplace requirement	Area of NC	Finding
			No findings

[← Code area 10.B](#)

Systems and evidence examined to validate this code section

- 1.The factory established a company business ethic code of conduct.
- 2.The plant manager was the designated person responsible for implementing standards concerning Business Ethics, and that site practices were conducted without any corruption and/or bribery.
- 3.The factory conducted risk assessments to identify the potential risk of bribery, corruption or any fraudulent or unethical business practices and implement measures to mitigate these.
- 4.Personal data were properly protected, and only authorized personnel could have access to ensure privacy protection.
- 5.The company business ethics code of conduct was communicated to workers through posters and training.
- 6.There was an internal grievance process, which was an anonymous email address to report any unethical issues, non-retaliation policy was implemented to protect the reporters.

Details:

- 1.The company business ethics code of conduct
- 2.Business ethic risk assessment reports
- 3.Worker handbook
- 4.Business ethic training records
- 5.Reports from Anonymous email account
- 6.Worker and management interview

[← Code area 10.B](#)

10.C. Business ethics

Data points

Has the site received an official notice, fine or prosecution for any non-compliances with business ethics legislation, regulation, consent or permits (within the last three years)?

No

Provide any certified anti-bribery management systems for the site

Nil

[← Code area 10.C](#)

Attachments



[LRQA-CN-SMTA-330129_Photo Form_Nantong Foremost Headwears Co., Ltd._October 30 & 31, 2025.pdf](#)



[LRQA-CN-SMTA-330129_Signed CAPR_Nantong Foremost Headwears Co., Ltd._October 30 & 31, 2025.pdf](#)