



Sedex Members Ethical Trade Audit Report

Version 6.1



Audit Details

Sedex Company Reference: <i>(only available on Sedex System)</i>	ZC: 417130696	Sedex Site Reference: <i>(only available on Sedex System)</i>	ZS: 417283651
Business name (Company name):	Felt and Yarn Pvt. Ltd		
Site name:	Felt and Yarn Pvt. Ltd		
Site address: <i>(Please include full address)</i>	Dallu, Ward No. 15 , Janasewa Marg, Kathmandu -44600	Country:	Nepal
Site contact and job title:	Mr. Raj Basnet - CEO		
Site phone:	+977 1 4383070	Site e-mail:	rikzen@feltandyarn.com
SMETA Audit Pillars:	<input checked="" type="checkbox"/> Labour Standards	<input checked="" type="checkbox"/> Health & Safety (plus Environment 2-Pillar)	<input type="checkbox"/> Environment 4-pillar <input type="checkbox"/> Business Ethics
Date of Audit:	28 March 2022		

Audit Company Name & Logo:

URS VERIFICATION



Report Owner (payer):

Felt and Yarn Pvt. Ltd

Audit Conducted By

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

If you have any concerns or queries about this SMETA report or the associated SMETA audit, please contact grievance@sedex.com.

To confirm the validity of this report, please visit <https://www.sedex.com/audit-verifier/>

Audit Content:

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

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

2-Pillar SMETA Audit

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

4-Pillar SMETA

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

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

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

SMETA Declaration

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

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

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

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

Lead auditor: Ankit Arora APSCA number: RA 21700713

Lead auditor APSCA status: Registered Auditor in good standing

Team auditor: N/A APSCA number: Nil

Interviewers: Ankit Arora APSCA number: RA 21700713

Report writer: Ankit Arora RA 21700713

Report reviewer: TBF

Date of declaration: 28 March 2022

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

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

Summary of Findings

Issue <i>(please click on the issue title to go direct to the appropriate audit results by clause) Note to auditor, please ensure that when issuing the audit report, hyperlinks are retained.</i>	Area of Non-Conformity <i>(Only check box when there is a non-conformity, and only in the box/es where the non-conformity can be found)</i>				Record the number of issues by line*:			Findings <i>(note to auditor, summarise in as few words as possible NCs, Obs and GE)</i>	
	ETI Base Code	Local Law	Additional Elements	Customer Code	NC	Obs	GE		
0A	Universal Rights covering UNGP			<input type="checkbox"/>	<input type="checkbox"/>		0	0	<ul style="list-style-type: none"> None Observed
0B	Management systems and code implementation		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	02	01	0	<p>Obs:</p> <ol style="list-style-type: none"> Facility has not completed the SAQ on the Sedex website. <p>NCs:</p> <ol style="list-style-type: none"> 10 out 10 selected samples were not aware about ETI Code. facility has not conducted structure analysis in accordance with Nepal national building code NBC 105:2020
1.	Freely chosen Employment	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	0	0	0	<ul style="list-style-type: none"> None Observed
2	Freedom of Association	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>	01	0	0	<ol style="list-style-type: none"> Facility not formed labour relation committee
3	Safety and Hygienic Conditions	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>	13	0	0	<ol style="list-style-type: none"> Secondary stair case to be used in case of emergency not provided to First Floor (Shed -2) hand stitching section have 15 workers.

										<ul style="list-style-type: none"> 2) Aisle marking was not provided anywhere inside the production area. 3) Evacuation plan were not posted inside the facility. 4) hand railing was not provided to the 01 staircase leading from first floor towards ground floor (shed 2) 5) Industrial grade high beam yellow emergency lights were not provided. Instead facility has provided LED Light with inverter support. 6) Facility has not established a health and safety committee. 7) Facility has not provided first aid training to it workers. 8) Material (wool felt balls.) was kept underneath the staircase. Material was stored up to the ceiling height located on ground floor 9) Loose electrical wiring was observed in shed 1 and shed 2. 10) Facility has not conducted emergency mock drill.
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									<p>11) Facility has not conducted health and safety risk assessment of its processes.</p> <p>12) Facility does not have a documented fire fighting training record.</p> <p>13) proper labelling, secondary containment and eye wash station was not provided to chemical drums</p>
4	<u>Child Labour</u>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	0	0	0	<ul style="list-style-type: none"> None Observed
5	<u>Living Wages and Benefits</u>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>	02	0	0	<p>1) Provident fund benefit not provided to 70 workers.</p> <p>2) payslip is not provided to any employees</p>
6	<u>Working Hours</u>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>	01	0	0	<p>1) Weekly off (Saturday working was observed – 5 March, 12 March) was not provided to 10 employees.</p>
7	<u>Discrimination</u>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	0	0	0	<ul style="list-style-type: none"> None Observed
8	<u>Regular Employment</u>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	01	0	0	<p>1) Appointment / employment letter was not provided to 70 piece rate workers.</p>
8A	<u>Sub-Contracting and Homeworking</u>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	0	0	0	<ul style="list-style-type: none"> None Observed
9	<u>Harsh or Inhumane Treatment</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	0	0	0	<ul style="list-style-type: none"> None Observed

10A	Entitlement to Work		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	0	0	0	• None Observed
10B2	Environment 2-Pillar		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	02	0	0	1) Effluent treatment plant was not provided however, facility has wet process (felted using soap, softener, acetic acid). The waste water is being release in the govt. sewage 2) Work zone air and ambient air testing was not conducted.
10B4	Environment 4-Pillar		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	N/A	N/A	N/A	N/A
10C	Business Ethics		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	N/A	N/A	N/A	N/A

General observations and summary of the site:

The audited site - Felt and Yarn Pvt. Ltd started its operation since 2017 at Dallu, Ward No. 15, Janasewa Marg, Kathmandu -44600, Nepal. The factory's manufacturing activities are carried out in 02 sheds. The total land area occupied by the facility is about 7,000 sq. feet (Approx.) The built up area is about 8500 sq. feet (Approx.)

Facility has 06 days a week working in one shift – (Sunday - Friday) Saturday off. Details are given below:

-Factory timing – General shift: 10:00 am – 6:00 pm; Lunch break: 2:00 --2:30 pm.

Total Employees = 95

Male =05, Female = 90

Company – 95, Production=85, Non Production = 10-----

The audit findings were based upon on-site observation, interview with employees & management and documents & records review.

The below Positive findings were observed:

No child labour was identified during the audit. The factory had age proof document copies and current photos kept in the personnel files of all the on roll employees. The youngest worker was above 20 year old.

- No forced labour, discrimination and harsh or inhumane treatment were identified during the audit.
- Based on interview with management & workers and document review, it was identified that the factory had established the effective

- employment policies & program,
- Adequate number of clean, gender wise segregated toilets was available for use by the workers.
- Drinking water was clean and available for workers in factory.
- Mr. Raj Basnet - CEO was responsible for H&S issues in the factory.

Non-conformances: In this audit, 02 non-compliances issue in Management system and Code Implementation, 01 non-compliances issue in Freedom of Association, 13 non-compliances issue in Safety and Hygienic Conditions , 02 non-compliances issue in Wages and benefit , 01 non-compliances issue in Working hours, 01 non-compliances issue in Regular Employment and 02 non-compliances issue in Environment 2-Pillar The details were marked in specific section of the report.

Observations: one observations of Management system and Code
Good Example: None

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

Site Details

Site Details														
A: Company Name:	Felt and Yarn Pvt. Ltd													
B: Site name:	Felt and Yarn Pvt. Ltd													
C: GPS location: (If available)	GPS Address: Dallu, Ward No. 15 , Janasewa Marg, Kathmandu -44600	Latitude: 27.701690 Longitude: 85.320600												
D: Applicable business and other legally required licence numbers and documents, for example, business license number, liability insurance, any other required government inspections	Business License Issued by Ministry of Industry department of Home and Small Industries. S.N. 15397/525 Issue date : 29th OF Jeth, 2074 (Date as per Hindu Calendar)													
E: Products/Activities at site, for example, garment manufacture, electricals, toys, grower, cutting, sewing, packing etc	The facility is involved in the Manufacturing of Wool felt ball rugs, cat caves, baskets and holiday décor, craft supplies.													
F: Site description: (Include size, location, and age of site. Also, include structure and number of buildings)	<p>FELT AND YARD PVT. LTD started its operation since 2017 at Dallu, Ward No. 15, Janasewa Marg, Kathmandu -44600, Nepal</p> <p>The factory's manufacturing activities are carried out in 02 Sheds. The total land area occupied by the facility is about 7,000 sq. feet (Approx.), The built up area is about 8500 sq. feet</p> <table border="1"> <thead> <tr> <th>Production Building no</th> <th>Description</th> <th>Remark, if any</th> </tr> </thead> <tbody> <tr> <td>Shed 1 – Ground Floor</td> <td>Office, felting, drying, q/c, packaging, Ram material store</td> <td>Nil</td> </tr> <tr> <td>Shed 2 – Ground Floor</td> <td>hand stitching, Hand needling, storage</td> <td>Nil</td> </tr> <tr> <td>First Floor</td> <td>Hand sewing.</td> <td>Nil</td> </tr> </tbody> </table> <p>Is this a shared building? Yes</p> <p>Felt and yarn (Audit site) has 02 sheds.</p> <p>Bag Manufacturer- Shiva Gautam -01 shed</p> <p>Home – one rented and one land owner house.</p>		Production Building no	Description	Remark, if any	Shed 1 – Ground Floor	Office, felting, drying, q/c, packaging, Ram material store	Nil	Shed 2 – Ground Floor	hand stitching, Hand needling, storage	Nil	First Floor	Hand sewing.	Nil
Production Building no	Description	Remark, if any												
Shed 1 – Ground Floor	Office, felting, drying, q/c, packaging, Ram material store	Nil												
Shed 2 – Ground Floor	hand stitching, Hand needling, storage	Nil												
First Floor	Hand sewing.	Nil												
	(Approx.).													

	<p>Facility has 06 days a week working in one shift – (Sunday - Friday) Saturday off. Details are given below: Factory timing – General shift: 10:00 am – 6:00 pm; Lunch break: 2:00 –2:30 pm.</p> <p>Total Employees = 95 Male =05, Female = 90 Company – 95, Production=85, Non Production = 10</p> <p>F1: Visible structural integrity issues (large cracks) observed? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No F2: Please give details: N/A</p> <p>F3: Does the site have a structural engineer evaluation? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No F4: Please give details: Facility has not conducted structure analysis in accordance with Nepal national building code NBC 105:2020</p>
<p>G: Site function:</p>	<p><input type="checkbox"/> Agent <input checked="" type="checkbox"/> Factory Processing/Manufacturer <input type="checkbox"/> Finished Product Supplier <input type="checkbox"/> Grower <input type="checkbox"/> Home worker <input type="checkbox"/> Labour Provider <input type="checkbox"/> Pack House <input type="checkbox"/> Primary Producer <input type="checkbox"/> Service Provider <input type="checkbox"/> Sub-Contractor</p>
<p>H: Month(s) of peak season: (if applicable)</p>	<p>There was no defined peak season in the factory</p>
<p>I: Process overview: (Include products being produced, main operations, number of production lines, main equipment used)</p>	<p>The facility is involved in the Manufacturing of Wool felt ball rugs, cat caves, baskets and holiday décor, craft supplies.</p> <p>The main production processes flow chart listed below: Raw material – checking – drying – weighing the wool – felting – hydro – drying – finishing – packaging – dispatch.</p> <p>Machines used: hydro machine, drying machine, 01 sewing machine.</p>
<p>J: What form of worker representation / union is there on site?</p>	<p><input type="checkbox"/> Union (name) <input type="checkbox"/> Worker Committee <input type="checkbox"/> Other (specify) <input checked="" type="checkbox"/> None</p>
<p>K: Is there any night production work at</p>	<p><input type="checkbox"/> Yes</p>

the site?	<input checked="" type="checkbox"/> No
L: Are there any on site provided worker accommodation buildings e.g. dormitories	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No L1: If yes, approx. % of workers in on site accommodation
M: Are there any off site provided worker accommodation buildings	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No M1: If yes, approx. % of workers
N: Were all site-provided accommodation buildings included in this audit	<input type="checkbox"/> Yes <input type="checkbox"/> No N1: If no, please give details N/A

Audit Parameters			
A: Time in and time out	Day 1 Time in: 9:50 am Day 1 Time out: 6:30 pm	A3: Day 2 Time in: Nil A4: Day 2 Time out: Nil	A5: Day 3 Time in: Nil A6: Day 3 Time out: Nil
B: Number of auditor days used:	01 Man day (01 Auditor x 01 Day)		
C: Audit type:	<input checked="" type="checkbox"/> Full Initial <input type="checkbox"/> Periodic <input type="checkbox"/> Full Follow-up <input type="checkbox"/> Partial Follow-Up <input type="checkbox"/> Partial Other If other, please define:		
D: Was the audit announced?	<input type="checkbox"/> Announced <input checked="" type="checkbox"/> Semi – announced: Window detail: 04 weeks <input type="checkbox"/> Unannounced		
E: Was the Sedex SAQ available for review?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If No, why not – Facility has not filled the SAQ		
F: Any conflicting information SAQ/Pre-Audit Info to Audit findings?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes , please capture detail in appropriate audit by clause		
G: Who signed and agreed CAPR (Name and job title)	Mr. Raj Basnet - CEO		
H: Is further information available (If yes, please contact audit company for details)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
I: Previous audit date:	N/A		
J: Previous audit type:	N/A		
K: Were any previous audits reviewed for this audit	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A		

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

B: Present at the audit?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
C: Present at the closing meeting?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
D: If Worker Representatives were not present please explain reasons why <i>(only complete if no worker reps present)</i>	Facility has not formed labour relation committee		
E: If Union Representatives were not present please explain reasons why: <i>(only complete if no union reps present)</i>	N/A		

Worker Analysis

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

Worker Analysis								
	Local			Migrant*			Home workers	Total
	Permanent	Temporary	Agency	Permanent	Temporary	Agency		
Worker numbers – Male	05	0	0	0	0	0	0	05
Worker numbers – female	90	0	0	0	0	0	0	90
Total	95	0	0	0	0	0	0	95
Number of Workers interviewed – male	02	0	0	0	0	0	0	02
Number of Workers interviewed – female	08	0	0	0	0	0	0	08
Total – interviewed sample size	10	0	0	0	0	0	0	10



A: Nationality of Management	Nepali	
<p>B: Please list the nationalities of all workers, with the three most common nationalities listed first.</p> <p><i>Please add more nationalities as applicable to site. Add more rows if required.</i></p>	<p>Nationalities:</p> <p>B1: Nationality 1: <u> Nepali </u></p> <p>B2: Nationality 2: <u> </u></p> <p>B3: Nationality 3: <u> </u></p>	<p>Was the list completed during peak season?</p> <p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p> <p>If no, please describe how this may vary during peak periods: Constant throughout the year</p>
C: Please provide more information for the three most common nationalities.	<p>C: approx % total workforce: Nationality 1 <u> 100 </u></p> <p>C1: approx % total workforce: Nationality 2 <u> </u></p> <p>C2: approx % total workforce: Nationality 3 <u> </u></p>	
D: Worker remuneration (management information)	<p>D: <u> 70 </u>% workers on piece rate</p> <p>D1: <u> </u>% hourly paid workers</p> <p>D2: <u> 30 </u>% salaried workers</p> <p>Payment cycle:</p> <p>D3: <u> </u>% daily paid</p> <p>D4: <u> </u>% weekly paid</p> <p>D5: <u> 100 </u>% monthly paid</p> <p>D6: <u> </u>% other</p> <p>D7: If other, please give details</p>	

Worker Interview Summary	
A: Were workers aware of the audit?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
B: Were workers aware of the code?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
C: Number of group interviews: <i>(Please specify number and size of groups. Please see SMETA Best Practice Guidance and Measurement Criteria. If the auditor was not able to follow the BPG, please state within the declaration)</i>	1 Group Interview (4 workers in 1 Group)
D: Number of individual interviews <i>(Please see SMETA Best Practice Guidance and Measurement Criteria)</i>	D1: Male: 02 D2: Female: 04
E: All groups of workers are included in the scope of this audit such as; Direct employees, Casual and agency workers, Workers employed by service providers such as security and catering staff as well as workers supplied by other contractors. <i>Note to auditor: please record details of migrant /agency/contractor workers in section 8 – Regular Employment, under Responsible Recruitment</i>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If no, please give details
F: Interviews were done in private and the confidentiality of the interview process was communicated to the workers?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
G: In general, what was the attitude of the workers towards their workplace?	<input checked="" type="checkbox"/> Favourable <input type="checkbox"/> Non-favourable <input type="checkbox"/> Indifferent
H: What was the most common worker complaint?	Nil
I: What did the workers like the most about working at this site?	No work pressure, on time payment, good facilities inside the factory.
J: Any additional comment(s) regarding interviews:	Nil
K: Attitude of workers to hours worked:	Good
L. Is there any worker survey information available?	
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No L1: If yes, please give details:	
M: Attitude of workers: <i>(Include their attitude to management, workplace, and the interview process. Both positive and negative information should be included) Note: Do not document any information that could put workers at risk</i>	
The factory agreed that the auditor conducts the confidential interviews with workers who were chosen	

freely without any influence by the factory management; 10 (08 female and 02 male) workers were randomly selected from different work floors for individual & group interviews among 95 employee; The workers interviews were conducted in a separate Room. The workers showed a cooperative attitude during the interview process. The effective evidences were collected by workers interview. Based on the workers interview, workers expressed their positive attitude to management and workplace. They agreed with the rules and management of the factory.

The information of interview was as below:

- For child labour issue, all interviewees confirmed that the factory checked their ID cards to verify their ages during recruitment. All interviewed workers declared their ages were over 18 years old. Factory checks the age before recruitment and maintain copies of age related documents in the workers personnel files.
- For forced labour issue, the workers confirmed no "deposit" was required and their original documents such as ID cards were kept by themselves.
- For discrimination issue, the workers' wages were paid based on their positions, outputs and abilities. All interviewees confirmed that no discrimination occurred in the factory.
- For discipline practice issues, the interviewees said they had never been warned, fined or fired if they broke the factory rules.
- For safety and health issue, the workers were satisfied with the working condition and the factory provided induction training for new workers and regular safety training to all workers. Factory does not engage any home workers.
- For working hour's issues, workers reported they worked regularly for 6 days per week, 8 hour per day, they rested on each Saturday.
- For wages issue, the interviewed worker said they could obtain the wages periodically through Bank.
- For treatment issue, the workers confirmed no harsh or inhumane treatment occurred and the management was kind to all employees.

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

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

Facility has not formed labour relation committee

O: Attitude of managers:

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

The factory management was cooperative and demonstrated a willingness to improve all issues found during the audit.

Audit Results by Clause

0A: Universal Rights covering UNGP

[\(Click here to return to summary of findings\)](#)

0.A. Guidance for Observations

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

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

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

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

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

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

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

Current Systems and Evidence Examined

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

Current systems: Factory has established the policy and procedure for the Universal rights covering UNGP.

Evidence examined – To support system description (Documents examined & relevant comments. Include renewal/expiry date where appropriate): Policies, procedures and Interview with management & Worker

Details: Factory has derived the policy, endorsed at the highest level, covering human rights impacts and issues, and ensures it is communicated to all appropriate parties, including its own suppliers. Facility has appointed a designated person Mr. Raj Basnet - CEO is responsible for implementing standards concerning Human rights, identified their stakeholders and salient issues and measured their direct, indirect, and potential impacts on stakeholders (rights holders) human rights and procedure for the data privacy procedures for workers' information.

Any other comments: None

<p>A: Policy statement that expresses commitment to respect human rights?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No A1: Please give details: Facility policies and procedure expresses commitment to respect human rights</p>
<p>B: Does the business have a designated person responsible for implementing standards concerning Human Rights?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please give details: The designated person responsible for implementing standards concerning</p>

	Human rights. Name: Mr. Raj Basnet Job title: - CEO
C: Does the business have a transparent system in place for confidentially reporting, and dealing with human rights impacts without fear of reprisals towards the reporter?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No C1: Please give details: Facility has a transparent system for confidentially reporting.
D: Does the grievance mechanism meet UNGP expectations? (Legitimate, Accessible, Predictable, Equitable, Transparent, Rights-compatible, a source of continuous learning and based on stakeholder engagement)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No D1: If no, please give details n/a The Grievance Mechanism meets the UNGP requirements.
E: Does the business demonstrate effective data privacy procedures for workers' information, which is implemented?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No E1: Please give details: Procedure for the data privacy procedures for workers' information, which is implemented

Findings		
Finding: Observation <input type="checkbox"/> Company NC <input type="checkbox"/> Description of observation: None Observed Local law or ETI/Additional elements / customer specific requirement: Not applicable Comments: Not applicable		Objective evidence observed: Not applicable

Good examples observed:	
Description of Good Example (GE): None Observed	Objective Evidence Observed: Not applicable

Measuring Workplace Impact

Workplace Impact		
A: Annual worker turnover: Number of workers leaving in last 12 months as a % of average total number of workers on site over the year (annual worker turnover)	A1: Last year: 2020 __20__ %	A2: This year :2021 __10__ %
B: Current % quarterly (90 days) turnover: Number of workers leaving from the first day of the 90 days period through to the last day of the 90 day period / [(number of employees on the 1 st day of 90 day period + number of employees on the last day of the 90 day period) / 2]	10%	
C: Annual % absenteeism: Number of days lost through job absence in the year / [(number of employees on 1 st day of the year + number employees on the last day of the year) / 2] * number available workdays in the year	C1: Last year: 2020 __15__ %	C2: This year: 2021 __07__ %
D: Quarterly (90 days) % absenteeism: Number of days lost through job absence in the period / [(Number of employees on 1 st of the period + Number of employees on the last day of the period) / 2] * Number of available workdays in the month	05%	
E: Are accidents recorded?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: Facility maintains minor injury record.	
F: Annual Number of work related accidents and injuries per 100 workers: [(Number of work related accidents and injuries * 100) / Number of total workers]	F1: Last year:2020 Number: 0	F2: This year:2021 Number: 0
G: Quarterly (90 days) number of work related accidents and injuries per 100 workers: [(Number of work related accidents and injuries * 100) / Number of total workers]	0	
H: Lost day work cases per 100 workers: [(Number of lost days due to work accidents and work related injuries * 100) / Number of total workers]	H1: Last year: Nil	H1: Last year: Nil
I: % of workers that work on average more than 48 standard hours / week in the last 6 / 12 months:	I1: 6 months __0__% workers	I1: 6 months __0__% workers
J: % of workers that work on average more than 60 total hours / week in the last 6 / 12 months:	J1: 6 months __0__% workers	J1: 6 months __0__% workers

0B: Management system and Code Implementation

[\(Click here to return to summary of findings\)](#)

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

Current Systems and Evidence Examined

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

Current systems: Factory has established the policy and procedure and clearly defined roles and responsibilities. ETI code was displayed inside the facility. Factory has also established the policy on social standards.

- Based on the interaction with workers it was noted that 10 out of 10 selected samples were not aware about ETI Code.

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

Details: Factory has displayed the policies, procedures for the workers reference. Mr. Raj Basnet - CEO as management representative to implement and monitor the compliance requirements.

Any other comments: Nil

Management Systems:

<p>A: In the last 12 months, has the site been subject to any fines/prosecutions for non-compliance to any regulations?</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No A1: Please give details: No such fine imposed on the site till date.</p>
<p>B: Do policies and/or procedures exist that reduce the risk of forced labour, child labour, discrimination, harassment & abuse?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No B1: Please give details: Company has posted all Policy & procedure like Anti Force Labour Policy, No Child Labour Policy, Anti-Discrimination Policy, Anti-harassment & abuse Policy and meeting record of Works committee etc. on notice board.</p>
<p>C: If Yes, is there evidence (an indication) of effective implementation? Please give details.</p>	<p>Facility had effectively implemented the social compliance system and ensuring the same by conducting an audit in a periodic manner,</p>

<p>D: Have managers and workers received training in the standards for forced labour, child labour, discrimination, harassment & abuse?</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No D1: Please give details: Based on the interaction with workers it was noted that 10 out of 10 selected samples were not aware about ETI Code.</p>
<p>E: If Yes, is there evidence (an indication) that training has been effective e.g. training records etc.? Please give details</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No E1: Please give details: Based on the interaction with workers it was noted that 10 out of 10 selected samples were not aware about ETI Code.</p>
<p>F: Does the site have any internationally recognised system certifications e.g. ISO 9000, 14000, OHSAS 18000, SA8000 (or other social audits). Please detail (Number and date).</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No F1: Please give details: N/A</p>
<p>G: Is there a Human Resources manager/department? If Yes, please detail.</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No G1: Please give details: This facility is looked by Mr. Raj Basnet - CEO</p>
<p>H: Is there a senior person / manager responsible for implementation of the code</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No H1: Please give details: Mr. Raj Basnet - CEO is responsible for implementing code of conduct.</p>
<p>I: Is there a policy to ensure all worker information is confidential?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No I1: Please give details: Facility had "Data Privacy policy" to ensure all worker information is confidential.</p>
<p>J: Is there an effective procedure to ensure confidential information is kept confidential?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No J1: Please give details: Facility had a system to ensure the same whether the information was shared on a need to know basis only.</p>
<p>K: Are risk assessments conducted to evaluate policy and procedure effectiveness?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No K1: Please give details: Facility had a system of conducting internal audit to evaluate the effectiveness of policy and procedures and update the same if required.</p>
<p>L: Does the facility have a process to address issues found when conducting risk assessments, including implementation of controls to reduce identified risks?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No L1: Please give details: Based on the interaction with the management and review of record that effective action has been taken for the risk identified during internal audit.</p>
<p>M: Does the facility have a policy/code which require labour standards of its own suppliers?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>

	M1: Please give details: Facility has a policy which requires labour standards of its own suppliers.
Land rights	
N: Does the site have all required land rights licenses and permissions (see SMETA Measurement Criteria)?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No N1: Please give details: Facility had obtained legal permissions from the concerned authority.
O: Does the site have systems in place to conduct legal due diligence to recognize and apply national laws and practices relating to land title?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No O1: Please give details: Facility has policy and procedure in place to conduct legal due diligence.
P: Does the site have a written policy and procedures specific to land rights. If yes, does it include any due diligence the company will undertake to obtain free, prior and informed consent, (FPIC) even if national/local law does not require it	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No P1: If yes, how does the company obtain FPIC: Facility has lease agreement with the land lord.
Q: Is there evidence that facility / site compensated the owner/lessor for the land prior to the facility being built or expanded.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Q1: Please give details: Facility has lease agreement with the land lord.
R: Does the facility demonstrate that alternatives to a specific land acquisition were considered to avoid or minimize adverse impacts?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No R1: Please give details: Facility has lease agreement with the land lord.
S: Is There any evidence of illegal appropriation of land for facility building or expansion of footprint.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No S1: Please give details: Not applicable

Non-compliance:

1. Description of non-compliance:

- NC against ETI/Additional Elements NC against Local Law
 NC against customer code:

Based on the interaction with workers it was noted that 10 out of 10 selected samples were not aware about ETI Code.

ETI requirement: 0.B.5 Suppliers should communicate this code to their own suppliers and, where reasonably practicable, extend the principles of this Ethical Code through their supply chain.

Recommended corrective action:

It is recommended to the facility to conduct a Training on ETI Code for all

Objective evidence observed:

Based on the interaction

<p>workers.</p> <p>Responsible Person: Mr. Raj Basnet - CEO Time Frame: 60 days</p> <hr/> <p>2. Description of non-compliance: <input checked="" type="checkbox"/> NC against ETI/Additional Elements <input checked="" type="checkbox"/> NC against Local Law <input type="checkbox"/> NC against customer code:</p> <p>Based on the review of records and management interaction it was noted that facility has not conducted structure analysis in accordance with Nepal national building code NBC 105:2020</p> <p>Local law: In accordance with Nepal national building code NBC 105:2020 PART 2 STRUCTURAL ANALYSIS AND DESIGN 3 Scope of Analysis 3.1 STRUCTURAL ANALYSIS METHODS The structural analysis for design seismic actions shall be carried out using any one of the following methods:</p> <p>a) Equivalent Static Method b) Linear Dynamic Analysis Methods i. Modal Response Spectrum Method ii. Elastic Time History Analysis c) Non-linear Methods i. Non-linear Static Analysis ii. Non-linear Time History Analysis</p> <p>ETI requirement: 0.B.2 Suppliers are expected to be operating legally in premises with the correct business licenses and permissions and to have systems to ensure that all relevant land rights have been complied with</p> <p>Recommended corrective action: It is recommended to the facility to conduct structure analysis in accordance with Nepal national building code NBC 105:2020</p> <p>Responsible Person: Mr. Raj Basnet - CEO Time Frame: 90 days</p>	<p>Based on the review of records</p>
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Observation:	
<p>Description of observation: Based on the management interaction it was noted that facility has not completed the SAQ not the Sedex website.</p> <p>ETI requirement: 0.B.1 Suppliers are expected to implement and maintain systems for delivering compliance to this Code.</p> <p>Comments: It is recommended to the facility to complete the SAQ.</p>	<p>Objective evidence observed: Document Review</p>

Good Examples observed:	
<p>Description of Good Example (GE): None observed</p>	<p>Objective evidence observed: Not applicable</p>

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1: Freely Chosen Employment
[\(Click here to return to summary of findings\)](#)

ETI

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

Current Systems and Evidence Examined

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

Current systems: During the audit no complaint or violations were raised by workers against this clause. The factory will not hold any identification papers. Workers are free to join or leave the company. The factory does not limit the workers' freedom. Workers are free to leave the work place and manage their own time while not on duty. No Prisoner workers are working.

Evidence examined – to support system description (Documents examined & relevant comments. Include renewal/expiry date where appropriate): On site tour/ verification/ Worker interview / Personal Files / Appointment letter

Details: Nothing identified during audit. Factory does not keep any original documents from the workers. Workers are free to leave their employer at any time giving required notices and no restriction for movement within the facility. It has been verified during workers interview. Factory has issued appointment letter to all employees and maintained the details in personal files for all their employees with other relevant documents

Any other comments: Nil

A: Is there any evidence of retention of original documents, e.g. passports/ID's	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No A1: If yes, please give details and category of workers affected:
B: Is there any evidence of a loan scheme in operation	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No B1: If yes, please give details and category of worker affected:
C: Is there any evidence of retention of wages /deposits	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No C1: If yes, please give details and category of worker affected:
D: Are there any restrictions on workers' freedom to terminate employment?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No D1: Please describe finding:

E: If any part of the business is UK based or registered there & has a turnover over £36m, is there a published a 'modern day slavery statement'?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not applicable E1: Please describe finding: NA
F: Is there evidence of any restrictions on workers' freedoms to leave the site at the end of the work day?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No F1: Please describe finding:
G: Does the site understand the risks of forced / trafficked / bonded labour in its supply chain	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not applicable G1: If yes, please give details and category of workers affected: NA
H: Is the site taking any steps taking to reduce the risk of forced / trafficked labour?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No H1: Please describe finding: Policy and procedure derived and implemented against the same.

Non-compliance:

<p>1. Description of non-compliance: <input type="checkbox"/> NC against ETI <input type="checkbox"/> NC against Local Law: <input type="checkbox"/> NC against customer code: None Observed Local law and/or ETI requirement Not applicable Recommended corrective action: Not applicable</p>	<p>Objective evidence observed: Not applicable</p>
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Observation:

<p>Description of observation: None Observed Local law or ETI requirement: Not applicable Comments: Not applicable</p>	<p>Objective evidence observed: Not applicable</p>
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Good Examples observed:

<p>Description of Good Example (GE): None Observed</p>	<p>Objective Evidence Observed: Not applicable</p>
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2: Freedom of Association and Right to Collective Bargaining are Respected

[\(Click here to return to summary of findings\)](#)

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

ETI

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

Current Systems and Evidence Examined

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

Current systems: Factory has not formed labour relation committee.

01 Complaint/ suggestion box has been placed inside the factory to ventilate workers' grievances. The workers could complain to their supervisors directly, although the suggestion box was available in the factory for collecting workers' appeals.

Evidence examined – to support system description (Documents examined & relevant comments. Include renewal/expiry date where appropriate): Committee meeting minutes / Workers Interview / complaint Box register.

Details:

1. Factory has not formed labour relation committee.

Any other comments: Nil

A: What form of worker representation/union is there on site?	<input type="checkbox"/> Union (name) <input type="checkbox"/> Worker Committee <input checked="" type="checkbox"/> Other (Suggestion box) <input type="checkbox"/> None
B: Is it a legal requirement to have a union?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
C: Is it a legal requirement to have a worker's committee?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
D: Is there any other form of effective worker/management communication channel? (Other than union/worker committee e.g. H&S, sexual harassment)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No D1: Please give details: Factory has not formed labour relation committee. D2: Is there evidence of free elections? <input type="checkbox"/> Yes

	<input type="checkbox"/> No	
E: Does the supplier provide adequate facilities to allow the Union or committee to conduct related business?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No E1: Please give details: Factory has not formed labour relation committee.	
F: Name of union and union representative, if applicable:	Not applicable	F1: Is there evidence of free elections? <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A
G: If there is no union, is there a parallel means of consultation with workers e.g. worker committees?	Factory has not formed labour relation committee.	G1: Is there evidence of free elections? <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A
H: Are all workers aware of who their representatives are?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
I: Were worker representatives freely elected?	<input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> No	I1: Date of last election: None
J: Do workers know what topics can be raised with their representatives?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
K: Were worker representatives/union representatives interviewed?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes , please state how many: Factory has not formed labour relation committee.	
L: Please describe any evidence that union/worker's committee is effective? <i>Specify date of last meeting; topics covered; how minutes were communicated etc.</i>	Factory has not formed labour relation committee.	
M: Are any workers covered by Collective Bargaining Agreement (CBA)?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
If Yes , what percentage by trade Union/worker representation	M1: <u> 0 </u> % workers covered by Union CBA	M2: <u> 0 </u> % workers covered by worker rep CBA
M3: If Yes , does the Collective Bargaining Agreement (CBA) include rates of pay?	<input type="checkbox"/> Yes <input type="checkbox"/> No	

Non-compliance:

1. Description of non-compliance:

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

Based on the review of records, management interaction it was noted that facility not formed labour relation committee

Local law: In accordance with The Labour Act, 2017 (2074) Date of Authentication: 4 September 2017 (19 Bhadra 2074)

Formation of labour relation committee: (1) The employer of an enterprise where ten or more than ten labours work shall form a labour relation committee as prescribed.

ETI requirement: 2.1 Workers, without distinction, have the right to join or form trade unions of their own choosing and to bargain collectively.

Recommended corrective action: It is recommended to the facility to form a labour relation committee in accordance with local law guidelines.

Responsible Person: Mr. Raj Basnet - CEO

Time Frame: 60 days

Objective evidence observed:

Based on the review of records

Observation:

Description of observation:

None Observed

Local law or ETI requirement:

Not applicable

Comments:

Not applicable

Objective evidence observed:

Not applicable

Good Examples observed:

Description of Good Example (GE):

None observed

Objective evidence observed:

Not applicable

3: Working Conditions are Safe and Hygienic

[\(Click here to return to summary of findings\)](#)

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

ETI

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

Current Systems and Evidence Examined

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

Current systems:

Factory has developed the policy and procedure for the H&S. However not fully implemented.

Factory has not formed the health and safety committee

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

Factory walk through / safety committee meeting minutes / minor injury records / accident records / PPE issue records / safety training records / first aid training certificates, fire safety training records.

Details:

- Health and Safety Policy
- Health and safety manual
- Mock drill : Not conducted
- Risk assessment : Not conducted
- Fire fighting training record: Not Documented.
- First Aid training : Not conducted
- Fire Fighting equipment : Fire extinguisher : 15, Fire alarm panel : 01 , Emergency light : 10 Led Lights, Fire alarm call point : 03
- Any other comments: None

A: Does the facility have general and occupational Health & Safety policies and procedures that are fit for purpose and are these communicated to workers?

Yes

No

A1: Please give details: Facilities has draft health and safety policy.

<p>B: Are the policies included in workers' manuals?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No B1: Please give details: Policies contain the worker manual.</p>
<p>C: Are there any structural additions without required permits/inspections (e.g. floors added)?</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No C1: Please give details: N/A</p>
<p>D: Are visitors to the site informed on H&S and provided with personal protective equipment</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No D1: Please give details: Visitors are informed about H&S at the entrance by the security guard on duty.</p>
<p>E: Is a medical room or medical facility provided for workers? If yes, do the room(s) meet legal requirements and is the size/number of rooms suitable for the number of workers.</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No E1: Please give details: Facility has not provided first aid training to it workers.</p>
<p>F: Is there a doctor or nurse on site or there is easy access to first aider/ trained medical aid?</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No F1: Please give details: Facility has not provided first aid training to it workers.</p>
<p>G: Where the facility provides worker transport - is it fit for purpose, safe, maintained and operated by competent persons e.g. buses and other vehicles?</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No G1: Please give details: Facilities does not provide transport facilities as legally not required.</p>
<p>H: Is secure personal storage space provided for workers in their living space and is fit for purpose?</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No H1: Please give details: NA</p>
<p>I: Are H&S Risk assessments are conducted (including evaluating the arrangements for workers doing overtime e.g. driving after a long shift) and are there controls to reduce identified risk?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No I1: Please give details: Facility has not conducted risk assessment of its process.</p>
<p>J: Is the site meeting its legal obligations on environmental requirements including required permits for use and disposal of natural resources?</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No J1: Please give details: Not applicable in accordance with The Environment Protection Act, 2019 (2076) Date of Authentication 2076.06.24 (11th October, 2019)</p>
<p>K: Is the site meeting its customer requirements on environmental standards, including the use of banned chemicals?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No K1: Please give details: No banned chemical used.</p>

Non-compliance:

1. Description of non-compliance:

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

Based on the tour of the facility it was noted that secondary stair case to be used in case of emergency not provided to First Floor (Shed -2) hand stitching section have 15 workers.

Local law: In accordance with The Labour Act, 2017 (2074)

Chapter-12 Provisions Relating to Occupation Safety and Health

69. Duties of employer towards labour: (1) The duties of the employer towards the labour in respect of occupational safety and health shall be as follows: (a) To make safe environment for work by making appropriate safety and health arrangements at the workplace,(e) To make proper arrangement for the safe entry and exit from the workplace

ETI requirement: 3.1 A safe and hygienic working environment shall be provided, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Adequate steps shall be taken to prevent accidents and injury to health arising out of, associated with, or occurring in the course of work, by minimising, so far as is reasonably practicable, the causes of hazards inherent in the working environment.

Recommended corrective action:

It is recommended to the facility to provide secondary staircase to the first floor at the earliest.

Responsible Person: Mr. Raj Basnet - CEO

Time Frame: 30 days

Objective evidence observed:

Based on the tour of the facility

2. Description of non-compliance:

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

Based on the tour of the facility it was noted that aisle marking was not provided anywhere inside the production area.

Local law: In accordance with The Labour Act, 2017 (2074)

Chapter-12 Provisions Relating to Occupation Safety and Health

69. Duties of employer towards labour: (1) The duties of the employer towards the labour in respect of occupational safety and health shall be as follows: (a) To make safe environment for work by making appropriate safety and health arrangements at the workplace, (e) To make proper arrangement for the safe entry and exit from the workplace

ETI requirement: 3.1 A safe and hygienic working environment shall be provided, bearing in mind the prevailing knowledge of the industry and of any specific

Based on the tour of the facility

hazards. Adequate steps shall be taken to prevent accidents and injury to health arising out of, associated with, or occurring in the course of work, by minimising, so far as is reasonably practicable, the causes of hazards inherent in the working environment.

Recommended corrective action:

It is recommended to the facility to mark aisle/ escape passage.

Responsible Person: Mr. Raj Basnet - CEO

Time Frame: 30 days

3. Description of non-compliance:

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

Based on the tour of the facility it was noted that evacuation plan were not posted inside the facility.

Local law: In accordance with The Labour Act, 2017 (2074)

Chapter-12 Provisions Relating to Occupation Safety and Health

69. Duties of employer towards labour: (1) The duties of the employer towards the labour in respect of occupational safety and health shall be as follows: (a) To make safe environment for work by making appropriate safety and health arrangements at the workplace(e) To make proper arrangement for the safe entry and exit from the workplace

ETI requirement: 3.1 A safe and hygienic working environment shall be provided, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Adequate steps shall be taken to prevent accidents and injury to health arising out of, associated with, or occurring in the course of work, by minimising, so far as is reasonably practicable, the causes of hazards inherent in the working environment.

Recommended corrective action:

It is recommended to the facility to post evacuation plan.

Responsible Person: Mr. Raj Basnet - CEO

Time Frame: 30 days

4. Description of non-compliance:

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

Based on the tour of the facility it was noted that hand railing was not provided to the 01 staircase leading from first floor towards ground floor (shed 2)

Local law: In accordance with The Labour Act, 2017 (2074)

Chapter-12 Provisions Relating to Occupation Safety and Health

69. Duties of employer towards labour: (1) The duties of the employer towards the labour in respect of occupational safety and health shall be as follows: (a) To make safe environment for work by making appropriate safety and health

Based on the tour of the facility

Based on the tour of the facility

arrangements at the workplace(e) To make proper arrangement for the safe entry and exit from the workplace

ETI requirement: 3.1 A safe and hygienic working environment shall be provided, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Adequate steps shall be taken to prevent accidents and injury to health arising out of, associated with, or occurring in the course of work, by minimising, so far as is reasonably practicable, the causes of hazards inherent in the working environment.

Recommended corrective action:

It is recommended to the facility to install hand railing to the staircase.

Responsible Person: Mr. Raj Basnet - CEO

Time Frame: 30 days

5. Description of non-compliance:

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

Based on the tour of the facility it was noted that industrial grade high beam yellow emergency lights were not provided.

Instead facility has provided LED Light with inverter support.

Local law: In accordance with The Labour Act, 2017 (2074)

Chapter-12 Provisions Relating to Occupation Safety and Health

69. Duties of employer towards labour: (1) The duties of the employer towards the labour in respect of occupational safety and health shall be as follows: (a) To make safe environment for work by making appropriate safety and health arrangements at the workplace(e) To make proper arrangement for the safe entry and exit from the workplace

ETI requirement: 3.1 A safe and hygienic working environment shall be provided, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Adequate steps shall be taken to prevent accidents and injury to health arising out of, associated with, or occurring in the course of work, by minimising, so far as is reasonably practicable, the causes of hazards inherent in the working environment.

Recommended corrective action:

It is recommended to the facility to provide high beam industrial grade – yellow emergency light.

Responsible Person: Mr. Raj Basnet - CEO

Time Frame: 30 days

Based on the tour of the facility

6. Description of non-compliance:

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

Based on the review of records it was noted that facility has not established a health and safety committee.

Local law: In accordance with The Labour Act, 2017 (2074) Chapter-12 Provisions Relating to Occupation Safety and Health 74. To form safety and health committee: (1) The employer shall form such a safety and health committee with representation of the labours also as prescribed in an enterprise where twenty or more labours are employed. (2) For the purpose of sub-section (1), the labours employed through a labour supplier shall also be counted.

ETI requirement: 3.2 Workers shall receive regular and recorded Health & Safety training, and such training shall be repeated for new or reassigned workers.

Recommended corrective action:

It is recommended to the facility to establish a health and safety committee.

Responsible Person: Mr. Raj Basnet - CEO

Time Frame: 90 days

Based on the review of records

7. Description of non-compliance:

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

Based on the review of records it was noted that facility has not provided first aid training to it workers.

Local law: In accordance with The Labour Act, 2017 (2074) Chapter-12 Provisions Relating to Occupation Safety and Health 69. Duties of employer towards labour: (1) The duties of the employer towards the labour in respect of occupational safety and health shall be as follows: (a) To make safe environment for work by making appropriate safety and health arrangements at the workplace(e) To make proper arrangement for the safe entry and exit from the workplace

ETI requirement: 3.2 Workers shall receive regular and recorded Health & Safety training, and such training shall be repeated for new or reassigned workers.

Recommended corrective action:

It is recommended to the facility to provide first aid training to its workers

Responsible Person: Mr. Raj Basnet - CEO

Time Frame: 60 days

Based on the review of records

8. Description of non-compliance:

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

Based on the tour of the facility it was noted that-

1. Material (wool felt balls.) was kept underneath the staircase.

Based on the tour of the facility

2. Material was stored up to the ceiling height located on ground floor

Local law: In accordance with The Labour Act, 2017 (2074)

Chapter-12 Provisions Relating to Occupation Safety and Health

69. Duties of employer towards labour: (1) The duties of the employer towards the labour in respect of occupational safety and health shall be as follows: (a) To make safe environment for work by making appropriate safety and health arrangements at the workplace(e) To make proper arrangement for the safe entry and exit from the workplace

ETI requirement: 3.1 A safe and hygienic working environment shall be provided, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Adequate steps shall be taken to prevent accidents and injury to health arising out of, associated with, or occurring in the course of work, by minimising, so far as is reasonably practicable, the causes of hazards inherent in the working environment.

Recommended corrective action:

It is recommended to the facility to ensure 1. Staircase is kept from all material. 2. Material is kept away from ceiling height.

Responsible Person: Mr. Raj Basnet - CEO

Time Frame: 30 days

9. Description of non-compliance:

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

Based on the tour of the facility it was noted that loose electrical wiring was observed in shed 1 and shed 2.

Local law: In accordance with The Labour Act, 2017 (2074)

Chapter-12 Provisions Relating to Occupation Safety and Health

69. Duties of employer towards labour: (1) The duties of the employer towards the labour in respect of occupational safety and health shall be as follows: (a) To make safe environment for work by making appropriate safety and health arrangements at the workplace(e) To make proper arrangement for the safe entry and exit from the workplace

ETI requirement: 3.1 A safe and hygienic working environment shall be provided, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Adequate steps shall be taken to prevent accidents and injury to health arising out of, associated with, or occurring in the course of work, by minimising, so far as is reasonably practicable, the causes of hazards inherent in the working environment.

Recommended corrective action:

It is recommended to the facility to ensure all electrical safety measures are taken at all times.

Responsible Person: Mr. Raj Basnet - CEO

Time Frame: 30 days

Based on the tour of the facility

10. Description of non-compliance:

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

Based on the review of records and management interaction it was noted that facility has not conducted emergency mock drill.

ETI requirement: 3.1 A safe and hygienic working environment shall be provided, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Adequate steps shall be taken to prevent accidents and injury to health arising out of, associated with, or occurring in the course of work, by minimising, so far as is reasonably practicable, the causes of hazards inherent in the working environment.

Recommended corrective action:

It is recommended to the facility to conduct mock drill regularly.

Responsible Person: Mr. Raj Basnet - CEO

Time Frame: 30 days

Based on the review of records

11. Description of non-compliance:

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

Based on the review of records and management interaction it was noted that facility has not conducted health and safety risk assessment of its processes.

ETI requirement: 3.1 A safe and hygienic working environment shall be provided, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Adequate steps shall be taken to prevent accidents and injury to health arising out of, associated with, or occurring in the course of work, by minimising, so far as is reasonably practicable, the causes of hazards inherent in the working environment.

Recommended corrective action:

It is recommended to the facility to conduct health and safety risk assessment of its processes annually.

Responsible Person: Mr. Raj Basnet - CEO

Time Frame: 30 days

Based on the review of records

12. Description of non-compliance:

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

Based on the review of records and management interaction it was noted facility does not have a documented fire fighting training record.

Local law: In accordance with The Labour Act, 2017 (2074)

Chapter-12 Provisions Relating to Occupation Safety and Health

69. Duties of employer towards labour: (1) The duties of the employer towards the labour in respect of occupational safety and health shall be as follows: (a) To make safe environment for work by making appropriate safety and health arrangements at the workplace(e) To make proper arrangement for the safe

Based on the review of records

entry and exit from the workplace

ETI requirement: 3.1 A safe and hygienic working environment shall be provided, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Adequate steps shall be taken to prevent accidents and injury to health arising out of, associated with, or occurring in the course of work, by minimising, so far as is reasonably practicable, the causes of hazards inherent in the working environment.

Recommended corrective action:

It is recommended to the facility to conduct fire fighting training to its workers.

Responsible Person: Mr. Raj Basnet - CEO

Time Frame: 30 days

13. Description of non-compliance:

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

Based on the tour of the facility it was noted that proper labelling, secondary containment and eye wash station was not provided to chemical drums

Based on the tour of the facility

Local law: In accordance with The Labour Act, 2017 (2074)

Chapter-12 Provisions Relating to Occupation Safety and Health

69. Duties of employer towards labour: (1) The duties of the employer towards the labour in respect of occupational safety and health shall be as follows: (a) To make safe environment for work by making appropriate safety and health arrangements at the workplace b) To make provision for the use, operation, storing and transportation of chemical, physical or biological materials or equipment so that it would not adversely affect the safety and health,

ETI requirement: 3.1 A safe and hygienic working environment shall be provided, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Adequate steps shall be taken to prevent accidents and injury to health arising out of, associated with, or occurring in the course of work, by minimising, so far as is reasonably practicable, the causes of hazards inherent in the working environment.

Recommended corrective action:

It is recommended to the facility to provide labelling, secondary containment and eye wash station near chemical storage and usage area.

Responsible Person: Mr. Raj Basnet - CEO

Time Frame: 30 days

Observation:

Description of observation:

None Observed

Local law or ETI requirement:

Not applicable

Comments:

Not applicable

Objective evidence

observed: Not applicable

Good Examples observed:

Description of Good Example (GE):

None observed

Objective evidence

observed: Not applicable

4: Child Labour Shall Not Be Used

[\(Click here to return to summary of findings\)](#)

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

ETI

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

Current Systems and Evidence Examined

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

Current systems: Factory has a prohibition of child labour policy. Workers were aware that children would not be allowed to work in the facility. All regular workers files contained copies of age proof documents. Factory does not engage workers below 18 years and no child or young worker has been identified during audit. Factory checks the age before recruitment by the doctor and maintains age related documents in the workers' personnel files. It was observed that all these workers were above 20 years of age.

Evidence examined – to support system description (Documents examined & relevant comments. Include renewal/expiry date where appropriate): Walk through of the factory / Review of personnel files.

Details: Auditor randomly selected 10 employees, Checked their files for the age proof and the issuance of appointment letter

Any other comments: Nil

A: Legal age of employment:	15 years
B: Age of youngest worker found:	20 Years
C: Are there children present on the work floor but not working at the time of audit?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
D: % of under 18's at this site (of total workers)	Nil %
E: Are workers under 18 subject to hazardous work assignments? (Go to clause 3 – Health and Safety)	<input type="checkbox"/> Yes <input type="checkbox"/> No E1: If yes, give details Not Applicable

Non-compliance:

1. Description of non-compliance:

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

None Observed

Local law and/or ETI requirement

Not applicable

Recommended corrective action:

Not applicable

Objective evidence observed:

Not applicable

Observation:

Description of observation:

None Observed

Local law or ETI requirement:

Not applicable

Comments:

Not applicable

Objective evidence observed:

Not applicable

Good Examples observed:

Description of Good Example (GE):

None observed

Objective evidence observed:

Not applicable

5: Living Wages are Paid

[\(Click here to return to summary of findings\)](#)

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

ETI

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

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

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

Current Systems and Evidence Examined

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

Current systems: Factory is paying the legal minimum wage as per the Minimum wage declared by government for the industry and the same applied to all workers.

Evidence examined – to support system description (Documents examined & relevant comments. Include renewal/expiry date where appropriate): Minimum wages Notification, Wage records, Provident Fund,

Details: Company has provided Time and wages record for 03 selected months – Jan-Feb 2022 (Current Month), Nov-Dec 2021 (Random Month) and June-July 2021 (Random Month) - In accordance with Hindu calendar. We verified the Time and wage record for 10 workers and the details found meeting the legal requirements.

- notification – Nepal – 2078/2021 3 MAY 2021 – GAZAETTE – NR – 15000 (Basic NR 9385 + Dearness Allowance NR 5,615)

Any other comments: None

Non-compliance:

1. Description of non-compliance:

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

Based on the review of records and management interaction it was noted that provident fund contribution (Mandatory deduction of money from salary) was not provided to 70 workers.

Local law: in accordance with Employee Provident Fund Act, 2019 (1962) Chapter-3 Acts and Activities 12.44 Mandatory deduction of money from salary of employees and payment thereof to the Fund: (1)45Every office shall deduct the fund amount at the rate as prescribed but not less than Ten percent from the

Objective evidence observed:

Based on the review of records

annual salary of its employees, add such amount to be set by such percentage of that amount as prescribed and pay the same to the Fund.

(2) The amount of Fund deduction shall be deducted compulsorily. The consent of the concerned employee shall not be required for such deduction.

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

Recommended corrective action:

It is recommended to the facility to add all employees to the provident fund contributions.

Responsible Person: Mr. Raj Basnet - CEO

Time Frame: 60 days

2. Description of non-compliance:

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

Based on the review of records and management interaction it was noted that payslip is not provided to any employees

Local law: In accordance with The Labour Act, 2017 (2074) 106. Fixation of minimum remuneration: (1) The Ministry shall, on recommendation of the Minimum Remuneration Fixation Committee referred to in Section 107, fix the minimum remuneration of labours in every two years. (2) Notwithstanding anything contained in sub-section (1), the Ministry may fix the minimum remuneration in the event of failure of the Minimum Wage Fixation Committee referred to in Section 107 to recommend the minimum remuneration due to absence of consensus.

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

Recommended corrective action:

It is recommended to the facility to provide payslip to all employees.

Responsible Person: Mr. Raj Basnet - CEO

Time Frame: 30 days

Based on the review of records

Observation:

Description of observation:

None Observed

Local law or ETI requirement:

Not applicable

Objective evidence

observed: Not applicable

Comments: Not applicable	
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Good Examples observed:	
Description of Good Example (GE): None Observed	Objective Evidence Observed: Not applicable

Summary Information

Criteria	Local Law <i>(Please state legal requirement)</i>	Actual at the Site <i>(Record site results against the law)</i>	Is this part of a Collective Bargaining Agreement?
A: Standard/Contracted work hours: <i>(Maximum legal and actual required working hours excluding overtime, please state if possible per day, week, and month)</i>	Legal maximum: 8 hours per day, 48 hours per week	A1: 8 hours per day, 48 hours per week	A2: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
B: Overtime hours: <i>(Maximum legal and actual overtime hours, please state if possible per day, week, and month)</i>	Legal maximum: 04hour per day / 24 hours per week	B1: 01-02 Hours /Day	B2: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
C: Wage for standard/contracted hours: <i>(Minimum legal and actual minimum wage at site, please state if possible per hr, day, week, and month)</i>	Legal minimum: Minimum wages notification – Nepal – 2078/2021 3 MAY 2021 – GAZAETTE – NR – 15000 (Basic NR 9385 + Dearness Allowance NR 5,615)	C1: NR 15000	C2: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
D: Overtime wage: <i>(Minimum legal and actual minimum overtime wage at site, please state if possible per hr, day, week, and month)</i>	Legal minimum: 150% of ordinary rate of wages	D1: 150% of ordinary rate of wages.	D2: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

Wages analysis: (Click here to return to Key Information)	
A: Were accurate records shown at the first request?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
A1: If No , why not?	Not applicable

<p>B: Sample Size Checked <i>(State number of worker records checked and from which weeks/months – should be current, peak, and random/low. Please see SMETA Best Practice Guidance and Measurement Criteria)</i></p>	<p>Company has provided Time and wages record for 03 selected months – Jan-Feb 2022 (Current Month), Nov-Dec 2021 (Random Month) and June-July 2021 (Random Month) - In accordance with Hindu calendar. We verified the Time and wage record for 10 workers and the details found meeting the legal requirements.</p>		
<p>C: Are there different legal minimum wage grades? If Yes, please specify all.</p>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<p>C1: If Yes, please give details: N/A</p>	
<p>D: If there are different legal minimum grades, are all workers graded and paid correctly?</p>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A	<p>D1: If No, please give details: Minimum wages notification – Nepal – 2078/2021 3 MAY 2021 – GAZAETTE – NR – 15000 (Basic NR 9385 + Dearness Allowance NR 5,615)</p>	
<p>E: For the lowest paid production workers, are wages paid for standard/contracted hours (excluding overtime) below or above the legal minimum?</p>	<input type="checkbox"/> Below legal min <input checked="" type="checkbox"/> Meet <input type="checkbox"/> Above	<p>E1: Lowest actual wages found: <i>Note: full time employees and please state hour / week / month etc.</i> Helper – NR 15,000/- per month</p>	
<p>F: Please indicate the breakdown of workforce per earnings:</p>	<p>F1: ____% of workforce earning under minimum wage F2: 100 % of workforce earning minimum wage F3: ____% of workforce earning above minimum wage</p>		
<p>G: Bonus Scheme found: Please specify details:</p>	<p>Bonus Scheme found: <i>Note: type of employee (e.g. full time, temp, etc.) and please state which units e.g. /hour /week /month etc.</i> N/A</p>		
<p>H: What deductions are required by law e.g. social insurance? Please state all types:</p>	<p>As per Employee Provident Fund Act, 2019 (1962) – Provident Fund deduction at the rate of 10 %</p>		
<p>I: Have these deductions been made?</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<p>I1: Please list all deductions that have been made.</p>	<p>1. PF Please describe: Provident fund</p>
		<p>I2: Please list all deductions that have not been made.</p>	<p>1. Please describe: N/A</p>
<p>J: Were appropriate records available to verify hours of work and wages?</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
<p>K: Were any inconsistencies found? (if yes describe nature)</p>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<p>K1: Type <input type="checkbox"/> Poor record keeping <input type="checkbox"/> Isolated incident</p>	

		<input type="checkbox"/> Repeated occurrence:
L: Do records reflect all time worked? (For instance, are workers asked to attend meetings before or after work but not paid for their time)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	L1: Please give details: Record does reflect all time worked including meetings which are only conducted within the working hours.
M: Is there a defined living wage: <i>This is <u>not normally</u> minimum legal wage. If answered yes, please state amount and source of info: Please see SMETA Best Practice Guidance and Measurement Criteria.</i>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	M1: Please specify amount/time: N/A
M2: If yes, what was the calculation method used.	<input type="checkbox"/> ISEAL/Anker Benchmarks <input type="checkbox"/> Asia Floor Wage <input type="checkbox"/> Figures provided by Unions <input type="checkbox"/> Living Wage Foundation UK <input type="checkbox"/> Fair Wear Wage Ladder <input type="checkbox"/> Fairtrade Foundation	Other – please give details: Not applicable
N: Are there periodic reviews of wages? If Yes give details (include whether there is consideration to basic needs of workers plus discretionary income).	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	N1: Please give details: Nepal Govt. will revise the minimum wages once every -02 years.
O: Are workers paid in a timely manner in line with local law?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
P: Is there evidence that equal rates are being paid for equal work:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	P1: Please give details: Based on wage records review, the facility provides the same pay for same work of similar nature.
Q: How are workers paid:	<input type="checkbox"/> Cash <input type="checkbox"/> Cheque <input checked="" type="checkbox"/> Bank Transfer <input type="checkbox"/> Other	Q1: If other, please explain:

6: Working Hours are not Excessive

[\(Click here to return to summary of findings\)](#)

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

ETI

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

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

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

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

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

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

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

Current Systems and Evidence Examined

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

Current systems: Facility has 06 days a week working in one shift – (Sunday - Friday) Saturday off. Details are given below:

General shift: 10:00 am – 6:00 pm; Lunch break: 2:00 --2:30 pm.

Evidence examined – to support system description (Documents examined & relevant comments. Include renewal/expiry date where appropriate): In / Out time records, Muster roll, Over time record

Details Company has provided Time and wages record for 06 selected months – Jan-Feb 2022 (Current Month), Nov-Dec 2021 (Random Month) and June-July 2021 (Random Month) - In accordance with Hindu calendar We verified the Time and wage record for 10 workers and the details found meeting the legal requirements. Employee's interview, the facility has trained all the employees during their induction training on Recording IN/OUT time in Biometric attendance system is available for sample months, The time records were appropriate and meeting legal requirement.

Any other comments: None

Non-compliance:

<p>1. Description of non-compliance: <input checked="" type="checkbox"/> NC against ETI <input checked="" type="checkbox"/> NC against Local Law <input type="checkbox"/> NC against customer code:</p> <p>Based on the review of records and management interaction, worker interaction it was noted that weekly off (Saturday working was observed – 5 March, 12 March) was not provided to 10 employees.</p> <p>Local law: In accordance with In accordance with The Labour Act, 2017 (2074) Chapter- 9 Provisions Relating to Leave 40. Weekly leave: A labour shall get the weekly leave of one day in each month. 42. Substitute leave: (1) A labour who is involved in a work that must not be stopped or must be done continuously shall get the substitute leave in consideration for having worked on any day of weekly or public leave. (2) Any labour who has been engaged in work on a day of weekly or public leave shall be provided with the substitute leave within twenty-one days of the date of engagement in work.</p> <p>ETI requirement: 6.6 Workers shall be provided with at least one day off in every 7-day period or, where allowed by national law, 2 days off in every 14-day period.</p> <p>Recommended corrective action: It is recommended to the facility to provide weekly off to all workers.</p> <p>Responsible Person: Mr. Raj Basnet - CEO Time Frame: 60 days</p>	<p>Objective evidence observed:</p> <p>Based on the review of records</p>
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Observation:

<p>Description of observation: None Observed</p> <p>Local law or ETI requirement: Not applicable</p> <p>Comments: Not applicable</p>	<p>Objective evidence observed:</p> <p>Not applicable</p>
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Good Examples observed:

<p>Description of Good Example (GE): None Observed</p>	<p>Objective Evidence Observed: Not applicable</p>
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Working hours' analysis Please include time e.g. hour/week/month (Go back to Key information)		
Systems & Processes		
A. What timekeeping systems are used: time card etc.	Describe: The facility has implemented Biometric attendance to record IN/OUT time recording for all the employees.	
B: Is sample size same as in wages section?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No B1: If no, please give details	
C: Are standard/contracted working hours defined in all contracts/employment agreements?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	C1: If NO, please give details including % and which type of workers do NOT have standard hours defined in contracts/employment agreements. Please give details:
D: Are there any other types of contracts/employment agreements used?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	D1: If YES, please complete as appropriate:
		<input type="checkbox"/> 0 hrs <input type="checkbox"/> 0 hrs
		If "Other", Please define:
		N/A
E. Do any standard/contracted working hours defined in contracts/employment agreements exceed 48 hours per week?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	E1: If yes , please detail hours, %, types of workers affected and frequency Please give details:
F: Are workers provided with at least 1 day off in every 7-day-period, or 2 in 14-day-period?	F2: Please select all applicable: <input checked="" type="checkbox"/> 1 in 7 days <input type="checkbox"/> 2 in 14 days <input type="checkbox"/> No If 'No', please explain:	F3: Is this allowed by local law? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No In accordance with The Labour Act, 2017 (2074) Chapter- 9 Provisions Relating to Leave 40. Weekly leave: A labour shall get the weekly leave of one day in each month. 42. Substitute leave: (1) A labour who is involved in a work that must not be stopped or must be done continuously shall get the substitute leave in consideration for having worked on any day of weekly or public leave. (2) Any labour who has been engaged in work on a day of weekly or public leave shall be provided with the substitute leave within twenty-one days of the date of engagement in work.

	Maximum number of days worked without a day off (in sample):	
	06 Days	
Standard/Contracted Hours worked		
G: Were standard working hours over 48 hours per week found?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	G1: If yes, % of workers & frequency: Not Applicable
H: Any local waivers/local law or permissions which allow averaging/annualised hours for this site?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	H1: If yes, please give details: Not Applicable
Overtime Hours worked		
I: Actual overtime hours worked in sample (State per day/week/month)	Highest OT hours: 01-02 /Day	
J: Combined hours (standard or contracted + overtime hours = total) over 60 found? Please give details:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
K: Approximate percentage of total workers on highest overtime hours:	___5___%	
L: Is overtime voluntary?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Conflicting Information	L1: Please detail evidence e.g. Wording of contract / employment agreement / handbook / worker interviews / refusal arrangements: Overtime is voluntary
Overtime Premiums		
M: Are the correct legal overtime premiums paid?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A – there is no legal requirement to OT premium	M1: Please give details of normal day overtime premium as a % of standard wages: 150% of basic rate of pay.

<p>N: Is overtime paid at a premium?</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A – there is no legal requirement to OT premium	<p>N1: If yes, please describe % of workers & frequency: 150% of basic rate of pay.</p>
<p>O: If the site pays less than 125% OT premium and this is allowed under local law, are there other considerations? Please complete the boxes where relevant.</p>	<input type="checkbox"/> No <input type="checkbox"/> Consolidated pay (May be standard wages above minimum legal wage, with no/low overtime premium) <input type="checkbox"/> Collective Bargaining agreements <input type="checkbox"/> Other	
	<p>O1: Please explain any checked boxes above e.g. detail of consolidated pay / CBA or Other</p>	
	<p>N/A</p>	
<p>P: If more than 60 total hours per week and this is legally allowed, are there other considerations? Please complete the boxes where relevant.</p>	<input type="checkbox"/> Overtime is voluntary <input type="checkbox"/> Onsite Collective bargaining allows 60+ hours/week <input type="checkbox"/> Safeguards are in place to protect worker's health and safety <input type="checkbox"/> Site can demonstrate exceptional circumstances <input type="checkbox"/> Other reasons (please specify)	
	<p>P1: Please explain any checked boxes above e.g. detail of consolidated pay / CBA or other:</p>	
	<p>N/A</p>	
<p>Q: Is there evidence that overtime hours are being used for extended periods to make up for labour shortages or increased order volumes?</p>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <p>Q1: If yes, please give details: Not applicable</p>	
<p>R: If sufficient workers cannot be hired, are new working time arrangements explored to ensure that overtime is the exception rather than the rule.</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	

7: No Discrimination is Practiced

[\(Click here to return to summary of findings\)](#)

ETI

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

Current Systems and Evidence Examined

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

Current systems:

- Based from review of wage records and employees interview, no discrimination was noted in hiring, compensation, access to training, promotion, termination or retirement.
- Mr. Raj Basnet - CEO is responsible for the investigation and disposal of discrimination case.
- Based from wage records review, the facility provides the same pay for employees for same work of similar nature.
- No employee was required to do the examination of the hepatitis B virus and HIV.
- Anti-discrimination procedure on hiring, compensation, promotion and access to training is available during the audit.
- There was an internal grievance process, all sampled employees were aware of the grievance channels in case they encountered any discrimination cases.

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

Details:

- Facility Policy.
- The hiring and termination procedure, leave application records and employee handbook.
- Time in and out records, full and final settlement records and training records.
- Appointment letter with terms and conditions for 10 out of 10 selected samples.
- Salary and other benefit records.
- Interaction with management and Employees

Any other comments: None

A: Gender breakdown of Management + Supervisors (Include as one combined group)	A1: Male: 10% A2: Female: 90%
B: Number of women who are in skilled or technical roles e.g. where specific qualifications are needed i.e. machine engineer / laboratory analyst:	Nil
C: Is there any evidence of discrimination based on race, caste, national origin, religion, age, disability,	<input type="checkbox"/> Hiring <input type="checkbox"/> Compensation <input type="checkbox"/> Access to training

gender, marital status, sexual orientation, union membership or political affiliation?:	<input type="checkbox"/> Promotion <input type="checkbox"/> Termination or retirement <input checked="" type="checkbox"/> No evidence of discrimination found C1: Please give details: N/A
---	---

Professional Development

A: What type of training and development are available for workers?	Facility had a system of professional development of their employees & staff based on character, attendance, any disciplinary action, involvement in training program etc.
---	--

B: Are HR decisions e.g. promotion, training, compensation based on objective, transparent criteria?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If no, please give details: Not applicable
--	--

Non-compliance:	
1. Description of non-compliance: <input type="checkbox"/> NC against ETI <input type="checkbox"/> NC against Local Law <input type="checkbox"/> NC against customer code: None Observed Local law and/or ETI requirement: Not applicable Recommended corrective action: Not applicable	Objective evidence observed: Not applicable

Observation:	
Description of observation: None Observed Local law or ETI requirement: Not applicable Comments: Not applicable	Objective evidence observed: Not applicable

Good Examples observed:	
Description of Good Example (GE): None Observed	Objective Evidence Observed: Not applicable

8: Regular Employment Is Provided

[\(Click here to return to summary of findings\)](#)

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

ETI

8.1 To every extent possible work performed must be on the basis of recognised employment relationship established through national law and practice.
 8.2 Obligations to employees under labour or social security laws and regulations arising from the regular employment relationship shall not be avoided through the use of labour-only contracting, sub-contracting, or home-working arrangements, or through apprenticeship schemes where there is no real intent to impart skills or provide regular employment, nor shall any such obligations be avoided through the excessive use of fixed-term contracts of employment.

Additional Elements: Responsible Recruitment

8.3 Suppliers have full understanding of the entire recruitment process and assess all labour recruiters and intermediaries against legal and/or ethical requirements.
 8.4 There are effective management systems in place to identify and monitor the hiring and management of all migrant workers, contract workers, agency workers, temporary or casual labour. The supplier shall implement processes to enable adequate control over agencies with regards the above points and related legislation.
 8.5 Employment agencies must only supply workers registered with them.
 8.6 Workers pay no recruitment fee at any stage of the recruitment process.
 8.7 Worker contracts accurately reflect the agreed payment and terms in the recruitment process and are understood and signed by workers.

Current Systems and Evidence Examined

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

Current systems:

- Employment letter were not provided to 70 piece rate workers
- Based from interaction with the facility management, it was noted that all employees are employed on regular basis; and no casual and apprentice employees were engaged.
- Facility does not employ any migrant workers.
- Based on interaction with employees, no recruitment fees is required at any stage of the recruitment process.

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

Details:

- Facility Policy.
- Salary and other benefit records.
- Interaction with management and Employees.

Any other comments: None

Non-compliance:

1. Description of non-compliance:

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

Based on the review of records and worker interaction it was noted that appointment / employment letter were not provided to 70 piece rate workers.

Local law: In accordance with The Labour Act, 2017 (2074) Chapter 1 (n) "Employment contract" means an agreement entered into between an employer and a labour in relation to the service, conditions and www.lawcommission.gov.np 3 benefits of employment, and this term also includes the letter of appointment given by the employer to the labour.

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

Recommended corrective action:

It is recommended to the facility to provide appointment / employment letter to all piece rate workers.

Responsible Person: Mr. Raj Basnet - CEO

Time Frame: 60 days

Objective evidence observed:

Based on the review of records

Observation:

Description of observation:

None Observed

Local law or ETI requirement:

Not applicable

Comments: Not applicable

Objective evidence observed:

Not applicable

Good Examples observed:

Description of Good Example (GE):

None Observed

Objective Evidence Observed:

Not applicable

Responsible Recruitment

All Workers	
A: Were all workers presented with terms of employment at the time of recruitment, did they understand them and are they same as current conditions?	<input type="checkbox"/> Terms & Conditions presented <input type="checkbox"/> Understood by workers <input type="checkbox"/> Same as actual conditions A1: If any are unchecked, please describe finding and specific category(ies) of workers affected: Based on the review of records and worker interaction it was noted that appointment / employment letter were not provided to 70 piece rate workers.
B: Did workers' pay any fees, taxes, deposits or bonds for the purpose of recruitment/placement?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No B1: If yes, please describe details and specific category(ies) of workers affected:
C: If yes, check all that apply:	<input type="checkbox"/> Recruitment / hiring fees <input type="checkbox"/> Service fees <input type="checkbox"/> Application costs <input type="checkbox"/> Recommendation fees <input type="checkbox"/> Placement fees <input type="checkbox"/> Administrative, overhead or processing fees <input type="checkbox"/> Skills tests <input type="checkbox"/> Certifications <input type="checkbox"/> Medical screenings <input type="checkbox"/> Passports/ID's <input type="checkbox"/> Work / resident permits <input type="checkbox"/> Birth certificates <input type="checkbox"/> Police clearance fees <input type="checkbox"/> Any transportation and lodging costs after employment offer <input type="checkbox"/> Any transport costs between work place and home <input type="checkbox"/> Any relocation costs after commencement of employment <input type="checkbox"/> New hire training / orientation fees <input type="checkbox"/> Medical exam fees <input type="checkbox"/> Deposit bonds or other deposits <input type="checkbox"/> Any other non-monetary assets <input type="checkbox"/> Other – C1: If other, please give details: Not applicable
D: If any checked, give details:	Not applicable

Migrant Workers:

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

A: Type of work undertaken by migrant workers:	No Migrant workers working in the facility
B: Please give details about recruitment agencies for migrant workers:	B1: Total number of (in country recruitment agencies) used: No Migrant workers working in the facility B2: Total number of (outside of local country) recruitment

	agencies used: No Migrant workers working in the facility	
C: Are migrant workers' voluntary deductions (such as for remittances) confirmed in writing by the worker and is evidence of the transaction supplied by the facility to the worker?	<input type="checkbox"/> Yes <input type="checkbox"/> No C1: Please describe finding:	C2: Observations: No Migrant workers working in the facility
D: Are Any migrant workers in skilled, technical, or management roles <i>Migrant Workers (this should include all migrant workers including permanent workers, temporary and/or seasonal workers)</i>	<input type="checkbox"/> Yes <input type="checkbox"/> No D1: If yes, number and example of roles: No Migrant workers working in the facility	

NON-EMPLOYEE WORKERS

Recruitment Fees:	
A: Are there any fees?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
B: If yes, check all that apply:	<input type="checkbox"/> Recruitment / hiring fees <input type="checkbox"/> Service fees <input type="checkbox"/> Application costs <input type="checkbox"/> Recommendation fees <input type="checkbox"/> Placement fees <input type="checkbox"/> Administrative, overhead or processing fees <input type="checkbox"/> Skills tests <input type="checkbox"/> Certifications <input type="checkbox"/> Medical screenings <input type="checkbox"/> Passports/ID's <input type="checkbox"/> Work / resident permits <input type="checkbox"/> Birth certificates <input type="checkbox"/> Police clearance fees <input type="checkbox"/> Any transportation and lodging costs after employment offer <input type="checkbox"/> Any transport costs between work place and home <input type="checkbox"/> Any relocation costs after commencement of employment <input type="checkbox"/> New hire training / orientation fees <input type="checkbox"/> Medical exam fees <input type="checkbox"/> Deposit bonds or other deposits <input type="checkbox"/> Any other non-monetary assets <input type="checkbox"/> Other B1 – If other, please give details: Not applicable
C: If any checked, give details:	Not applicable

Agency Workers (if applicable)	
<i>(workers sourced from a local agent who are not directly paid by the site, but paid by the agency, Usually the agencies are paid by the site and the wages of the individual workers are paid by the agency.)</i>	
A: Number of agencies used	A1: Names if available: Not applicable

(average):	
B: Were agency workers' age / pay / hours included within the scope of this audit?	<input type="checkbox"/> Yes <input type="checkbox"/> No Not applicable
C: Were sufficient documents for agency workers available for review?	<input type="checkbox"/> Yes <input type="checkbox"/> No Not applicable
D: Is there a legal contract / agreement with all agencies?	<input type="checkbox"/> Yes <input type="checkbox"/> No D1: Please give details: Not applicable
E: Does the site have a system for checking labour standards of agencies? If yes, please give details.	<input type="checkbox"/> Yes <input type="checkbox"/> No E1: Please give details: Not applicable

Contractors:

Note: contractors in this context are generally individuals who supply several workers to a site. Usually the contractors are paid by the site and the wages of the workers are paid by the contractor. Common terms include, gang bosses, labor provider,

A: Any contractors on site?	<input type="checkbox"/> Yes <input type="checkbox"/> No A1: If yes, how many contractors are present, please give details: N/A
B: If Yes , how many workers supplied by contractors?	N/A
C: Do all contractor workers understand their terms of employment?	<input type="checkbox"/> Yes <input type="checkbox"/> No C1: Please describe finding: N/A
D: If Yes , please give evidence for contractor workers being paid per law:	N/A

8A: Sub-Contracting and Homeworking

[\(Click here to return to summary of findings\)](#)

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

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

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

Note to auditor on homeworking:

Report on whether it is direct or via agents. How many workers, relationship with site and what control systems are in place.

Note to auditor on subcontracting: auditor should use this section for subcontractors of part made or wholly made finished goods, this section should not be used for raw material manufacturers unless instructed otherwise by customers

Current Systems and Evidence Examined

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

Current systems:

Currently factory has been not using any sub-contractors. Factory not uses any home working.

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

It was noted from interaction with management that factory has been not using any sub-contractors for getting their process.

Details: None

Non-compliance:

1. Description of non-compliance: NC against ETI/Additional Elements

NC against Local Law

NC against customer code:

None Observed

Local law and/or ETI /Additional Elements requirement:

Not applicable

Recommended corrective action:

Not applicable

Objective evidence

observed:

Not applicable

Observation:

Description of observation:

None Observed

Local law or ETI/Additional elements requirement:

Not applicable

Objective evidence

observed:

Not applicable

Comments: Not applicable	
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Good Examples observed:	
Description of Good Example (GE): None Observed	Objective Evidence Observed: Not applicable

Summary of sub-contracting – if applicable	
<input checked="" type="checkbox"/> Not Applicable please x	
A: Has the auditor made a simple calculation to compare capacity with workers' work load in order to identify possible unrecorded work or undeclared sub-contracting	<input type="checkbox"/> Yes <input type="checkbox"/> No A1: Please describe:
B: If sub-contractors are used, is there evidence this has been agreed with the main client?	<input type="checkbox"/> Yes <input type="checkbox"/> No B1: If Yes , summarise details:
C: Number of sub-contractors/agents used:	
D: Is there a site policy on sub-contracting?	<input type="checkbox"/> Yes <input type="checkbox"/> No D1: If Yes , summarise details:
E: What checks are in place to ensure no child labour is being used and work is safe?	

Summary of homeworking – if applicable			
<input checked="" type="checkbox"/> Not Applicable please x			
A: If homeworking is being used, is there evidence this has been agreed with the main client?	<input type="checkbox"/> Yes <input type="checkbox"/> No A1: If Yes , summarise details:		
B: Number of homeworkers	B1: Male:	B2: Female:	Total:
C: Are homeworkers employed direct or through agents?	<input type="checkbox"/> Directly <input type="checkbox"/> Through Agents		C1: If through agents, number of agents:
D: Is there a site policy on homeworking?	<input type="checkbox"/> Yes <input type="checkbox"/> No		

E: How does the site ensure worker hours and pay meet local laws for homeworkers?	
F: What processes are carried out by homeworkers?	
G: Do any contracts exist for homeworkers?	<input type="checkbox"/> Yes <input type="checkbox"/> No G1: Please give details:
H: Are full records of homeworkers available at the site?	<input type="checkbox"/> Yes <input type="checkbox"/> No

9: No Harsh or Inhumane Treatment is Allowed
[\(Click here to return to summary of findings\)](#)

ETI

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

Additional elements:

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

<p>A: Are there published, anonymous and/or open channels available for reporting any violations of Labour standards and H&S or any other grievances to a 3rd party?</p>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <p>A1: Please give details: Facility has not formed labour relation committee and Health and safety committee.</p>
<p>B: If Yes, are workers aware of these channels and have access? Please give details.</p>	<p>Not Applicable</p>
<p>C: If yes, what type of mechanism is used e.g. hotline, whistle blowing mechanism, comment box etc. Please give details.</p>	<p>Suggestion/compliant box.</p>
<p>D: Which of the following groups is there a grievance mechanism in place for?</p>	<input type="checkbox"/> Workers <input type="checkbox"/> Communities <input type="checkbox"/> Suppliers <input type="checkbox"/> Other <p>D1: Please give details: Facility has not formed labour relation committee and Health and safety committee.</p>
<p>E: Are there any open disputes?</p>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <p>E1: If yes, please give details n/a</p>
<p>F: Does the site encourage its business partners (e.g. suppliers) to provide individuals and communities with access to effective grievance mechanisms (e.g. helplines or whistle blowing mechanism)</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <p>F1: If no, please give details</p>
<p>G: Is there a published and transparent disciplinary procedure?</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <p>G1: If no, please explain</p>
<p>H: If yes, are workers aware of these the disciplinary procedure?</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <p>H1: If no, please give details</p>

<p>I: Does the disciplinary procedure allow for deductions from wages (fines) for disciplinary purposes (see wages section)?</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>II: If yes, please give details</p>
--	--

Current Systems and Evidence Examined

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

Current systems:

- Based from the interaction with the facility management and employee's interview, it is noted that no case of abuse or discipline has happened in the facility and the facility has a written disciplinary procedure that is displayed in the notice board of the facility.
- According to the documentation, the facility management had established a disciplinary procedure for employees' misbehaviour, which included oral warning, written warning and finally termination and the site, had developed a training program for all employees on the procedure. Employee interview confirmed that employees were aware of the disciplinary procedure
- As per management interview, document review and employees' interview, there was a policy on Harsh Treatment.
- There is an internal process for grievance and suggestion box has been provided, where employees can report a grievance (harassment, bullying, discrimination etc.) Any received complaint will be handled by management, without any reprisal for the employee in question. All sampled employees were aware this system.

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

Details:

- Facility Policy
- The relevant policy on prevention of harassment and abuse
- Internal grievance procedure documentation.
- Training records
- Interaction with management and Employees

Any other comments: None

Non-compliance:

1. Description of non-compliance:

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

None Observed

Local law and/or ETI requirement:

Not applicable

Recommended corrective action:

Not applicable

Objective evidence observed:

Not applicable

Observation:

<p>Description of observation: None Observed</p> <p>Local law or ETI requirement: Not applicable</p> <p>Comments: Not applicable</p>	<p>Objective evidence observed:</p> <p>Not applicable</p>
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Good Examples observed:

<p>Description of Good Example (GE): None Observed</p>	<p>Objective Evidence Observed:</p> <p>Not applicable</p>
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10. Other Issue areas: 10A: Entitlement to Work and Immigration

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

Additional Elements

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

Current Systems and Evidence Examined

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

Current systems: All workers in the facility are Indians with a right to work anywhere in the country. Generally, the factory ensures that employees meet the legal age limit through physical verification (weight, height, appearance). Otherwise, verification is done through Doctors & age proof verification.

Evidence examined – to support system description (Documents examined & relevant comments. Include renewal/expiry date where appropriate): Factory walk through and personnel files review

Details: No foreigner working in the facility.

Any other comments: None

Non-compliance:

1. Description of non-compliance:

NC against ETI/Additional Elements NC against Local Law

NC against customer code:

None Observed

Local law and/or ETI /Additional Elements requirement:

Not applicable

Recommended corrective action:

Not applicable

Objective evidence observed:

Not applicable

Observation:

Description of observation:

None Observed

Local law or ETI/Additional Elements requirement:

Not applicable

Comments:

Not applicable

Objective evidence observed:

Not applicable

Good examples observed:

Description of Good Example (GE):
None Observed

Objective Evidence Observed:
Not applicable

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

[\(Click here to return to summary of findings\)](#)

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

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

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

Current Systems and Evidence Examined

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

Current systems:

- 1) Mr. Raj Basnet - CEO is responsible for all environmental issues.
- 2) The facility has established and maintained environmental policy.
- 3) Based on management interaction, facility and their suppliers are aware the environmental requirements.

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

Details:

- Internal Environmental Policy.
- Interaction with management and Employees.

Any other comments: Nil

Non-compliance:

1. Description of non-compliance:

- NC against ETI/Additional Elements NC against Local Law
 NC against customer code:

Based on the tour of the facility it was noted that Effluent treatment plant was not provided However, facility has wet process (felting using soap, softener, acetic acid). The waste water is being release in the govt. sewage

ETI/Additional Elements requirement: 10B2.1 Suppliers must comply with the requirements of local and international laws and regulations including having necessary permits.

Recommended corrective action:

It is recommended to the facility to provide effluent treatment plant.

Responsible Person: Mr. Raj Basnet - CEO

Time Frame: 90 days

Objective evidence observed:

Based on the tour of the facility

<p>2. Description of non-compliance: <input checked="" type="checkbox"/> NC against ETI/Additional Elements <input checked="" type="checkbox"/> NC against Local Law <input type="checkbox"/> NC against customer code: Based on the review of records it was noted that work zone air and ambient air testing was not conducted.</p> <p>Local law: In accordance with The Environment Protection Act, 2019 (2076) (b) "Emission" means emission of greenhouse gas or any other gas, smoke or dust on the environment from any certain area in a certain period.</p> <p>ETI/Additional Elements requirement: 10B2.1 Suppliers must comply with the requirements of local and international laws and regulations including having necessary permits.</p> <p>Recommended corrective action: It is recommended to the facility to conducted work zone air and ambient are testing.</p> <p>Responsible Person: Mr. Raj Basnet - CEO Time Frame: 60 days</p>	<p>Based on review of records</p>
---	-----------------------------------

Observation:	
<p>Description of observation: None observed Local law or ETI requirement: Not applicable Comments: Not applicable</p>	<p>Objective evidence observed: Not applicable</p>

Good examples observed:	
<p>Description of Good Example (GE): None Observed</p>	<p>Objective Evidence Observed: Not applicable</p>

Other findings

Other Findings Outside the Scope of the Code
Nil













Community Benefits <i>(Please list below any specific community benefits that the site management stated that they were involved in, for example, HIV programme, education, sports facilities)</i>
Nil

Appendix 1

Comparison between ETI code and Customer's Supplier's Code. Any areas where a site complies with the Customer's Supplier Code, but not with the ETI code are discussed at the audit close out meeting and recorded on the CAPR. Note to supplier "for this customer it may not be necessary to complete corrective actions where NC's DO NOT meet the ETI code, but DO meet your customer's code. If the audit is shared with other customers who work to the ETI code or an equivalent international standard, corrective actions will be necessary."

Not Applicable please x

Photo Form

		
<p>1. Name of the facility</p>	<p>2. Outside view of the facility</p>	<p>3. Suggestion box</p>
		
<p>4. Fire extinguisher</p>	<p>5. Attendance machine and fire alarm call point</p>	<p>6. Notice board</p>
		
<p>7. Drinking water point</p>	<p>8. Drying machine</p>	<p>9. Exit signage</p>
		
<p>10. ETI Code displayed</p>	<p>11. No child labour board</p>	<p>12. Felting process</p>

<p>13. Hydro machine</p>	<p>14. Instructions displayed</p>	<p>15. Production area.</p>
<p>16. Wash room</p>	<p>17. Storage area</p>	<p>18. Hand sewing</p>
<p>19. First aid box</p>	<p>20. Packing section</p>	<p>21. Centralized fire alarm warning system</p>

Non Conformity Photo

 <p>28-Mar-2022</p>	 <p>28-Mar-2022</p>	 <p>28-Mar-2022</p>
<p>1. Hand railing was not provided to the 01 staircase leading from first floor towards ground floor (shed 2)</p>	<p>2. Material (wool felt balls.) was kept underneath the staircase.</p>	<p>3. Loose electrical wiring was observed</p>
 <p>28-Mar-2022</p>	 <p>28-Mar-2022</p>	
<p>4. Proper labelling, secondary containment and eye wash station was not provided to chemical drums</p>	<p>5. Aisle marking was not provided anywhere inside the production area</p>	



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

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

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

[Click here for Buyer \(A\) & Buyer/Supplier \(A/B\) members:](#)

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

[Click here for Supplier \(B\) members:](#)

http://www.surveymonkey.com/s.aspx?sm=d3vYsCe48fre69DRgIY_2brg_3d_3d

[Click here for Auditors:](#)

<https://www.surveymonkey.co.uk/r/BRTVCKP>