

InTouch Audit Criteria for Social Compliance in China

Introduction

As businesses face mounting pressure from consumers to ensure they conduct themselves in ethical and socially-responsible ways, they are tasked with the challenge of ensuring these standards are met throughout their supply chains. The most effective tool for gauging compliance is to perform an in-depth audit of the factory's facilities and record keeping.

InTouch's audit criteria for social compliance are modeled after the SA8000 standard, which is in turn based on conventions of the International Labor Organization and United Nations. InTouch audits provide the guidance that corporations need to make informed decisions about engaging with current and prospective suppliers.

The document below demonstrates the scope and detail of an InTouch audit by breaking the audit down into 9 core areas of focus. At the end of the document is a table outlining the characteristics of "high," "intermediate," and "low" risk factories in China.

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Section 1: Child Labor

- 1.1 Does the factory have a copy of valid regulations and laws on young worker protection or understand the requirements?
- 1.2 Does the factory have effective procedures to verify the age of workers at the time of recruitment?
- 1.3 Does the factory keep adequate age documents of workers such as ID copies and personnel records?
- 1.4 Is there any evidence that child labor is employed at the factory?
- 1.5 Are children or young workers engaged in hazardous work?
- 1.6 Are children or young workers employed during night shifts?
- 1.7 Does the factory implement any work experience or apprenticeship program for school-age children?
- 1.8 Are above findings confirmed through worker interviews?

Section 2: Forced Labor

- 2.1 Does the factory have a copy of valid laws and regulations on forced labor or understand its requirements?
- 2.2 Are all workers present voluntarily at the factory?
- 2.3 Are workers free to leave after working hours? Is any restriction in place?
- 2.4 Are workers permitted time-off with a doctor's certificate when sick or for maternity?
- 2.5 Is any evidence of physical or verbal abuse identified?
- 2.6 Do all workers sign employment contracts with the factory? Are the contracts unfair or illegal?
- 2.7 Is there any evidence that security guards are used to coerce workers?
- 2.8 Are workers required to place deposits or keep original documents such as ID papers or training certificates at the factory in order to gain employment?
- 2.9 Is any physical method impeding the freedom of workers to move in and out of the workshop in place?
- 2.10 Is there any evidence of the use of forced or prison labor?

2.11 Do interviews with workers confirm the above findings?

Section 3: Health and Safety

- 3.1 Does the factory have a copy of valid laws and regulations on health and safety or understand the requirements?
- 3.2 Is there a written health and safety policy posted and signed by top management?
- 3.3 Is there a senior management representative for health & safety? If yes, please specify the title.
- 3.4 Does the factory arrange health and safety training for new workers?
- 3.5 Are training and awareness programs on health and safety arranged regularly for all workers?
- 3.6 Are accidents reported and recorded?
- 3.7 Does the factory keep injury and illness records such as daily injury and illness logs?
- 3.8 Does the factory have valid fire inspection certificates issued by local fire service authorities?
- 3.9 Does the factory have an adequate number of fire extinguishers on each factory floor?
- 3.10 Are all fire extinguishers inspected and tested regularly and ready to use at all times?
- 3.11 Are fire drills conducted regularly at least once a year? When and how?
- 3.12 Are fire exits and escape routes adequate on each factory floor?
- 3.13 Is any fire exit or escape route blocked or locked? Is any slide door used at the factory?
- 3.14 Are exits and fire exits identified with signs or indicator lamps?
- 3.15 Are adequate emergency lights installed on each factory floor?
- 3.16 Has any fire accident taken place in the past 12 months at the factory?
- 3.17 Does the factory have valid inspection certificates for boilers, elevators, pressure vessels, and other equipment according to local regulations?
- 3.18 Are the operators of above-mentioned equipment trained and qualified according to local regulations?
- 3.19 Is adequate guarding or protective equipment installed for moving/rotating parts of machines, pulleys, belts, or any other dangerous parts of machines?
- 3.20 Are all electricians, welding operators, and forklift drivers, trained and qualified according to local regulations?
- 3.21 Are all the electrical wires installed in acceptable condition and adequately secured?

- 3.22 Are all buildings maintained in good physical condition?
- 3.23 Are dangerous/hazardous substances used or stored at the factory?
- 3.24 Are these substances safely and securely stored using secondary containment vessels where necessary?
- 3.25 Are articles of personal protective equipment (PPE) such as goggles, gloves, and earplugs provided at the factory's expense and provided in acceptable condition?
- 3.26 Does the factory have a suitable working environment with respect to ventilation, temperature, lighting, and cleanliness?
- 3.27 Does the factory arrange regular health examinations for workers exposed to hazardous environments?
- 3.28 Does the factory have any occupational health inspection certificate issued by local government authorities?
- 3.29 Are adequate first aid kits located on each factory floor and marked with signs?
- 3.30 Are workers adequately trained in first aid? If so, how many?
- 3.31 Is an in-house clinic or first-aid station established at the factory?
- 3.32 Are bathroom facilities accessible, clean, and reasonable in number for the factory's size?
- 3.33 Toilets are private and segregated for men and women?
- 3.34 Is the factory kitchen and canteen clean, hygienic, and overall adequate?
- 3.35 Is the kitchen and canteen subject to local government licensing? If yes, does the factory have a permit or license?
- 3.36 What is the average dormitory space per worker? How many workers per room? Does it meet with local norms and standards?
- 3.37 Are dormitory bathrooms adequate?
- 3.38 Are the dormitories clean, safe, and adequately lit?
- 3.39 Are workers free to exit & enter dormitories as they please? Are any curfew hours in effect?
- 3.40 Are adequate security measures provided to protect workers inside the dormitory?
- 3.41 Do the dormitory buildings appear structurally sound and in acceptable repair?
- 3.42 Are dormitory exits unblocked and unlocked for emergency evacuation?
- 3.43 Are written dormitory rules posted? Are they reasonable?

- 3.44 Are fire emergency evacuation plans posted inside the dormitory and understood by all workers?
- 3.45 Is the dormitory located in the building of production or inside a warehouse?
- 3.46 Do interviews with workers confirm the above findings?

Section 4: Freedom of Association

- 4.1 Does the factory have a copy of valid laws and regulations on trade unions and freedom of association or understand the requirements?
- 4.2 Are workers able to form and join free trade unions and worker associations? Is this impeded by factory management in any way?
- 4.3 Are trade unions or worker associations formed at the factory?
- 4.4 Do workers elect their own representatives or spokesperson? If yes, please specify a title of such a worker.
- 4.5 Do worker representatives have access to members in the workplace?
- 4.6 Is there evidence of disparate treatment between union and non-union workers?
- 4.7 Does the factory allow workers to choose a representative from their own group to facilitate communication with senior manager?
- 4.8 Do interviews with workers & representatives confirm the above findings?

Section 5: Discrimination

- 5.1 Does the factory have a copy of valid laws and regulations about non-discrimination or understand the requirements?
- 5.2 Is there any evidence of discrimination in employment, promotion, compensation, welfare, dismissal, or retirement, etc.?
- 5.3 Do employment records show any evidence of discrimination patterns for dismissal?
- 5.4 Do workers have access to and familiarity with procedures for filing complaints about discrimination?
- 5.5 Is there an equal salary for equal work for male and female workers?
- 5.6 Is there any evidence of sexual harassment?

5.7 Do interviews with workers confirm the above findings?

Section 6: Disciplinary Practices

6.1 Does the factory have a copy of valid laws and regulations on disciplinary practices or understand the requirements?

6.2 Does the factory have documented disciplinary rules and communicate these to all workers?

6.3 Are the disciplinary rules fair, reasonable, and legal or validated by local government authorities?

6.4 Does any evidence exist indicating mental or physical coercion at the factory?

6.5 Is there any evidence of pay deductions for sickness or failure to meet production quotas?

6.6 Are the worker disciplinary actions recorded?

6.7 Can workers appeal disciplinary actions in any way?

6.8 Do interviews with workers confirm the above findings?

Section 7: Working Hours

7.1 Does the factory have a copy of valid laws and regulations on working hours or understand the requirements?

7.2 Does the factory have a written policy on working hours, rest, and vacations and communicate these to all workers?

7.3 Does the working-hours policy meet local laws and regulations?

7.4 Are the working hours of individual workers recorded by time card or attendance records?

7.5 What are the factory's regular working hours per week and per month? Does it meet local legal requirements?

7.6 What is the maximum number of working hours of individual workers per day/week/month? Are local legal requirements met?

7.7 What is the average number of working hours of individual workers per day/week/month? Are local legal requirements met?

7.8 What are the average overtime hours of individual workers per day/week/month? Are local legal requirements met?

7.9 Do workers have reasonable time for meal breaks and rest periods?

7.10 Does the factory have any valid written approval or permit for extra overtime hours from local labor authorities?

7.11 Do workers work overtime voluntarily? Do they have the right to refuse overtime?

7.12 Do interviews with workers confirm the above findings?

Section 8: Compensation

8.1 Does the factory have a copy of valid laws and regulations on compensation and benefits or understand the requirements?

8.2 Does the factory have a written policy for compensation and benefits and communicates this policy to all workers?

8.3 Does the compensation and benefits policy meet local laws and regulations on working hours?

8.4 What is the paid minimum wage at the factory? Do all workers' wages meet local minimum wages? This includes trainees, apprentices, and workers in probation period.

8.5 Is the compensation calculation method communicated to all workers and understood by them clearly?

8.6 Are fair and legal rates paid for overtime?

8.7 Is all compensation paid to workers delivered in cash, by bank transfer, or by any other similarly convenient method?

8.8 Do workers receive correctly calculated wages according to local legal requirements?

8.9 Are wage slips given to workers, and are they understood (rates, totals, deductions, benefits)?

8.10 Is there a sufficient system in place to let workers check and verify their wages?

8.11 Are workers' wages deducted for any reason other than taxes and social security?

8.12 Are these deductions fair, reasonable, and legal?

8.13 Is the payment frequency reasonable? Does the factory withhold workers' wages for any reason?

8.14 Is extra work to fulfill production targets demanded without payment?

8.15 Is there any evidence that payment is made in forms other than RMB (food or merchandise, for example)?

8.16 Are all workers provided social insurance according to local legal requirements?

8.17 Do interviews with workers confirm the above findings?

Section 9: Environmental Protection

- 9.1 Does the factory operate an Environmental Management System?
- 9.2 Does this include waste water treatment?
- 9.3 Does this include hazardous waste treatment?
- 9.4 Does this include air pollutant treatment?
- 9.5 Does the factory have the necessary certifications from the government?
- 9.6 Do interviews with workers confirm the above findings?

Appendix A: Risk Assessment

HIGH RISK	INTERMEDIATE RISK	LOW RISK
Minimum wage and overtime violations	Unintentional wage computation mistakes	No wage violations
Excessive or illegal wage deductions	Hiring deposits (where not regulated). Charge/deposit for tools, protective equipment, uniforms, etc.	All equipment provided free of charge
Mandated benefits not provided at all (social security, maternity leave, annual leave, etc.)	Some benefits not provided, in full or in part	All benefits provided
Non-payment of wages over one month	Late payment of wages	Wages paid on time
Missing payroll records	Legally required pay slips not issued	Records accurately kept
Manipulated payroll records	Unintentional calculation mistakes	Accurate payroll records
Missing employees on payroll	Conflicting employee testimony	All employees accounted for
Lack of 7 th day of rest on a regular basis	Occasional lack of 7 th day rest (1-2 times per month)	7 th day of rest guaranteed
Excessive hours (regular or overtime)	Average work hours exceed allowable via valid waiver	Regular and overtime hours within legal limits
Legal work-hours restrictions (children, women) exceeded	Insufficient break time provided	No illegal restrictions

Off-clock work	Unintentional missed punches	All hours in compliance with local law
Fraudulent time records	Altered time records	Accurate time records
Missing time records	Inaccurate time records	Accurate time records
None or missing employee age documents	N/A	Correct age documentation maintained for all employees
Insufficient documentation for apprentice programs	Expired documentation for apprentice programs	Proper and current documentation for apprentice programs
Child labor	Children present, but not working	No child labor or children present in the factory
Physical or verbal abuse	N/A	No evidence of abuse
Non-compliance with youth regulations (work hours, tasks)	N/A	Youths working in accordance with legal requirements
Falsified employee identification	Incomplete identification records for some employees	Correct identification on file for all employees
Harsh working conditions (extreme heat, dark, filthy)	Impaired or restricted access to dormitory	Acceptable working conditions
Original documents retained by facility without employee permission	Employer retention of docs with employee permission, but employees cannot access documents	Employees control their own documents or a representative has access without management interference
Confirmed mandatory overtime	Reported mandatory overtime	No mandatory overtime
Confirmed wage discrimination	Reported discrimination, but not confirmed	No evidence of discrimination
Unlawful disciplinary deductions	N/A	No disciplinary deductions
Denied/restricted freedom of association	Worker organizations discouraged or not recognized	Freedom of association allowed
Home workers without any records and no monitoring	Home workers with records and monitoring visits	Home worker network fully documented and monitored. All wages and benefits provided
Intentional nondisclosure of sub contractors and use of home workers	Disclosure of unapproved sub contractors producing goods for the client	No subcontractors used to fill orders
Missing legally required labor contracts	Failure to meet terms of labor contract	Complies with all local labor law regulations

Misclassification of employees, resulting in lack of overtime or other benefits	Breach of probation period limits or terms	All employees accounted for properly and employed in accordance with law
Any part of the inspection denied or refused	N/A	Full access given to facilities and records
Missing legally required licenses or permits	Legally required postings not posted	All permits and licenses are valid. Postings present as necessary
Complete lack of safety equipment or presence of serious safety hazard to facility	No training records maintained. Insufficient safety training	Employees and supervisors trained in first aid, evacuation drills, and use of fire equipment

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