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Your Trusted Sourcing Partner In China

ESG Factory Audit Checklist

A printable field pack for auditing a Chinese factory on environment, labour and governance: the seven on-site checks, the documents to demand, the record tests that expose edited files, and the blank logs to fill during the visit.

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DISCLAIMER

This checklist is a field tool drawn from LeelineGroup's factory audit files and live site visits. It is provided for informational purposes only and is not a substitute for licensed third-party certification, legal counsel or regulatory advice. ISO, Sedex, amfori and the other standards bodies named here do not endorse this document and receive no payment from LeelineGroup. Every finding, score and record you enter is your own; verify each permit, certificate and audit report against the issuing authority before you approve a supplier.

1. The Seven Checks at a Glance

Run the checks in order. Environmental records come first because a broken permit chain stops the audit; governance comes last because record integrity decides whether any earlier score can be trusted. Record the primary pillar (E, S or G) for each finding.

#	Check	Pillar	What a pass looks like
1	Environmental permits, wastewater and hazardous waste	E	Permit entity, site address, limits and expiry all match the site you are standing on, and waste manifests run without gaps.
2	Energy, water, VOC and Scope 3 reconciliation	E	Meter reads, utility bills and solvent purchases reconcile with production volume, including any night shift.
3	Wages, hours and social insurance	S	Timesheets, kWh curves, warehouse dispatch logs and insurance rosters tell the same story.
4	Dormitories, fire safety and emergency preparedness	S	Beds match the roster, exits are clear with production running, and drills were actually held.
5	Young workers, agency labour and uncoached interviews	S	Age proof matches hire dates, agency headcount matches badge scans, and answers hold away from supervisors.
6	Subcontracting, legal entity and Tier-2 mapping	G	The license, the site and the process-flow map agree, and every wet or plating stage is disclosed.
7	Record integrity, whistleblower access and CAP closure	G	Raw version histories are exportable, workers trust the reporting channel, and each CAP names an owner and a closure test.

A site can pass a social audit and still fail an ESG audit the same week: SMETA or BSCI covers labour and safety, not discharge permits, meter data or Tier-2 emissions.

2. Check 1 - Environmental Permits and Hazardous Waste

Request the pack before the flight and read the entity name and site address out loud at the gate. If the permit does not belong to the site you are standing on, stop the audit there.

Document to request	Why it matters	Red flag
Environmental impact approval file (EIA)	Confirms the site was assessed for the processes you are actually buying.	Approval covers a different product line, a different address or a superseded expansion.
Pollutant discharge permit	Names the legal entity, the site, the pollutant limits and the expiry date.	Missing, expired, or written for an entity that is not the contracting party.
Wastewater treatment records	Shows the treatment system ran on the days production ran.	Meter readings that never move, or logs filled in batches by one hand.
Hazardous-waste storage and transfer manifests	Proves regulated waste left the site through a licensed handler.	Gaps in manifest dates, a handler with no license, or waste stored past the allowed period.
Air-emission and VOC controls	Coating, printing and plating lines need permits and abatement equipment.	Machines running with extraction switched off during production.
Chemical inventory and SDS file	Cross-checks solvent purchases against stated emissions.	No SDS file, or an inventory that does not match what is stored.
Third-party testing or monitoring reports	Independent sampling is stronger than a self-declared log.	Reports that name another site, another year, or an unaccredited lab.
ISO 14001 certificate and scope statement	A useful management starting point, never proof of current discharge compliance.	Scope excludes the process you buy, or the certificate has expired.

An ISO 14001 certificate is a management claim, not evidence of current discharge compliance. Treat it as a starting point and test the permit and the meter behind it.

3. Check 2 - Energy, Water, VOC and Scope 3

A factory can show a carbon number. It rarely shows the meter reading behind it. Collect twelve months of primary activity data and reconcile it to the same output you are paying for.

Data stream	Where to get it	What it catches
Electricity	Monthly utility invoices plus workshop kWh meters	A second shift that never appears on attendance records.
Gas and steam	Boiler logs and fuel purchase invoices	Dyeing, drying or plating runs hidden inside a "flat" energy curve.
Water	Utility water bills and well or river abstraction records	Wet processing volumes that do not match the output claimed.
Solvent and VOC	Purchase invoices and abatement-equipment logs	A coating line reporting near-zero VOC while buying solvent.
Production volume	Line-level output, SKU mix and scrap rates	Intensity metrics that only look good because output grew.
Boundary and Scope 3	Written process-flow map and Tier-2 supplier list	High-emission anodising, dyeing or plating pushed outside the boundary.

Build the Scope 3 number in four steps

• Collect twelve months of electricity, gas, water and solvent data - not a summary sheet.

• Divide each energy stream by actual output for the same period, by SKU family or process step.

• Add scrap and rework rates, because rejected units carry the same energy burden.

• Write the boundary down: every process you buy, including Tier-2 plating, dyeing and finishing.

4. Activity-Data Log - Fill During Desk Review

Enter the twelve-month total and the output for the same period. A data set with no matching output is not evidence. Keep the raw invoice numbers so a re-audit can reproduce them.

Data set	12-month total	Output (units)	Unit / note
Electricity			
Gas and steam			
Water			
Solvent and VOC			
Production volume			
Boundary and Scope 3			

Boundary rule: list every process you buy, including Tier-2 plating, dyeing and finishing. If the anodising mill is outside the seller boundary, the carbon number is wrong even if the arithmetic is right.

5. Check 3 - Wages, Hours and Social Insurance

A payroll sheet can look clean while the floor tells another story. Run the four tests in order and log the gap between expected and observed records for each one.

Test	How to run it	Failure signal
1. Attendance vs energy	Compare timesheets and attendance logs with workshop electricity spikes and machine run patterns.	An eight-hour sheet sitting on top of a full second shift.
2. Labour hours vs material flow	Cross-check raw-material warehouse timestamps and dispatch records against claimed shift hours.	Loading at 22:40 while payroll says the shift ended at 18:00.
3. Headcount vs insurance	Reconcile HR rosters and payroll against social-insurance and tax filings, including the five insurances and housing fund (wuxian yijin).	A payroll of 214 against an insurance roster of 91.
4. Off-site interviews	Talk to workers away from supervisors and compare answers for consistency.	Identical scripted answers, or answers that change outside the gate.

Falsified wage and hour records are record-integrity failures, not paperwork errors. If the gap between payroll and insurance exceeds twenty percent, stop and escalate.

6. Labour Test Log - One Row Per Record Set

Sample across twelve months, not one clean month. Record the period you sampled so a re-audit tests the same window.

Test	Record sampled	Period	Expected	Observed	Gap
1. Attendance vs energy					
2. Labour hours vs material flow					
3. Headcount vs insurance					
4. Off-site interviews					

Evidence to keep: timesheets, kWh curves, warehouse dispatch records, HR rosters, payroll, insurance filings and interview notes. Names of interviewees stay confidential.

7. Check 4 - Dormitories, Fire Safety and Emergency

Walk dormitories, exits and training records as one system: where workers sleep, how they escape, and whether anyone taught them how. Tick each line only when you have seen the evidence yourself.

- ☐ 1. Bed count vs active roster
  Evidence: Count rooms and beds against the worker list. A shortfall means workers are housed off-site, outside the audit scope.
- ☐ 2. Escape routes with production running
  Evidence: Walk every exit during a shift. Cartons, locked gates and welded doors are critical findings.
- ☐ 3. Evacuation maps and alarm tests
  Evidence: A posted map pointing at a sealed door is worse than no map. Check alarm test records for real dates.
- ☐ 4. Extinguisher and equipment tags
  Evidence: Read the inspection tags. Expired tags across the site point to a paper-only safety system.
- ☐ 5. Drill logs and first-aid inventory
  Evidence: Look for dated drills with named participants, and a first-aid kit that matches the inventory.
- ☐ 6. Toilets, canteen and training records
  Evidence: Check stated welfare standards on the floor. Training signed in bulk on one day means nobody sat through it.

8. Check 5 - Young Workers, Agency Labour and Interviews

A clean ID file proves nothing if workers fear speaking. Verify age and labour sourcing with documents, then confirm both with interviews held away from supervisors.

- [ ] 1. ID match: face, birth date, hire date

  Evidence: Compare the ID photo, the recorded birth date and the hire date. A hire date before the minimum age is a stop.

- [ ] 2. Student-worker agreements and hour limits

  Evidence: Request the school agreement and verify the hours worked against the permitted limits.

- [ ] 3. Agency contracts and dispatch ratios

  Evidence: Compare agency headcount with peak output and Q4 badge scans. A 12% claim against 38% observed is undisclosed agency labour.

- [ ] 4. Payroll split between direct and agency labour

  Evidence: Agency workers paid through a third party are still your labour risk if the fees and hours are not verified.

- [ ] 5. Off-site interviews after shift

  Evidence: Meet workers outside the gate. Ask how they got the job, who holds their ID and what fees they paid.

- [ ] 6. Grievance log and reporting channel

  Evidence: A channel nobody uses is not a channel. Ask workers whether they would call it.

9. Check 6 - Subcontracting, Legal Entity and Tier-2

The company on your invoice might not make your goods. Map the real chain before you score anything, and treat a refusal to name Tier-2 sites as a finding.

- [ ] 1. Business license states manufacturing
  Evidence: Match the legal name and the registered address to the building in front of you, then check the GPS pin.
- [ ] 2. Process-flow map in writing
  Evidence: Request the map before the visit. It must show every stage, including plating, dyeing, finishing and moulding.
- [ ] 3. Subcontractor declarations
  Evidence: Ask for the list of sub-tier suppliers and the purchase orders that prove the work was placed there.
- [ ] 4. Tier-2 mill names and addresses
  Evidence: Refusal is a finding, not a negotiation. Undisclosed wet processing is the most common hidden risk.
- [ ] 5. Transaction or chain-of-custody certificates
  Evidence: Match certificate volumes to shipped volumes. A certificate for more material than was bought is a red flag.
- [ ] 6. Night-shift and after-dark production
  Evidence: Check gate logs and power draw after official hours. Work that moves after dark is work you have not audited.

10. Check 7 - Record Integrity and CAP Closure

The finding is not the risk. The unclosed CAP is. Test the records themselves, then require a corrective action plan that names an owner and a closure test.

- [ ] 1. Raw version history with metadata

  Evidence: Request exportable file metadata for payroll, attendance and complaint logs. Reject formatted PDFs.

- [ ] 2. Edits after the audit booking email

  Evidence: Compare file timestamps against the date you booked. Late edits are a governance failure hiding social risk.

- [ ] 3. Duplicate-ledger check

  Evidence: Two attendance files, two payroll books or two complaint logs mean one of them is for you.

- [ ] 4. Whistleblower channel tested with workers

  Evidence: Ask workers whether the hotline works and whether they would use it. Visibility without confidence is non-functional.

- [ ] 5. Finding classification

  Evidence: Separate critical, major and minor findings. Mixing them hides the risks that should stop an order.

- [ ] 6. Closed-loop CAP evidence

  Evidence: Every CAP needs a named owner, root cause, deadline, verification method, closure evidence and 30/60/90 re-audit triggers.

11. Corrective Action Plan - Blank Template

One CAP per finding. "Retrain staff" is not a root cause; a broken bracket, a missing permit or an edited ledger is. The closure evidence must be something a re-auditor can check.

CAP field	Entry
Finding	
Severity (Critical / Major / Minor)	
Root cause	
Named owner	
Deadline	
Verification method	
Closure evidence	
30 / 60 / 90 re-audit trigger	

12. Severity Model and the Decision

Classify every finding before you write the CAP. A locked fire door and a missing box label are not the same grade of risk, and mixing them hides both.

Grade	Examples	Response
Critical	Blocked fire exits, expired discharge permits, underage labour, edited records used to conceal a finding.	Stop. Escalate or exit the supplier. Do not start production.
Major	Missing hazardous-waste manifests, unverified agency labour, flat meter logs, unexplained Tier-2 work.	CAP required before production, with a re-audit date.
Minor	Missing labels, small training gaps, documentation formatting issues.	Document and close on a monitored timeline.

Then choose one of three actions

• Issue a CAP when the finding is major and the supplier can evidence a root cause.

• Re-audit when the CAP touches records, permits or worker interviews.

• Replace the supplier when critical findings repeat, records were edited, or Tier-2 disclosure is refused.

• A certificate buys a first meeting. It is not proof of the current site.

13. Red-Flag Screen - Pause the Audit

Any single flag below pauses the audit until it is resolved in writing. A surface-clean supplier with mismatched entities and production sites is the most common failure, not an obvious forgery.

- [ ] 1. Permit names a different legal entity
  Evidence: Stop the environmental section and match the entity before scoring anything else.
- [ ] 2. Meter readings that never move
  Evidence: Ask for the raw utility invoices and the production log for the same days.
- [ ] 3. Payroll and insurance rosters disagree
  Evidence: A gap above twenty percent means ghost rosters or under-reported contributions. Escalate.
- [ ] 4. Beds fewer than the worker roster
  Evidence: Workers are likely housed off-site. Ask where, then extend the audit scope.
- [ ] 5. Identical answers in worker interviews
  Evidence: Coached responses. Re-run interviews off-site, away from supervisors.
- [ ] 6. Agency headcount jumps at peak
  Evidence: Cross-check badge scans and gate logs against the agency contract.
- [ ] 7. Wet processing with no Tier-2 name
  Evidence: Refusal to name the mill is itself a finding. Document it before you continue.
- [ ] 8. Records edited after booking
  Evidence: Pull file metadata. If the supplier cannot export it, that is your first finding.

14. Sources and Official Verification Programs

Verify every permit, certificate and audit claim against the issuing body - never against a forwarded PDF or a cover page.

• Ministry of Ecology and Environment (MEE) - China

Issuing authority for pollutant discharge permits and the environmental impact approval file. Permit limits, expiry and the legal entity on the permit are the first things to match. (https://www.mee.gov.cn/)

• ISO 14001 - environmental management systems

A management-system certificate, not proof of current site compliance. Check scope, expiry and site address against the working factory. (https://www.iso.org/standard/60857.html)

• ISO 14067 - carbon footprint of products

Product carbon footprint principles and requirements. Use it to test boundary and allocation claims, not as a substitute for meter-level activity data. (https://www.iso.org/standard/71206.html)

• GHG Protocol - Corporate Standard

Boundary and Scope 1/2/3 accounting rules behind most supplier carbon reports. A narrow boundary is how Tier-2 emissions disappear from a tidy report. (https://ghgprotocol.org/corporate-standard)

• ILO C001 - Hours of Work (Industry) Convention, 1919

The eight-hour day and forty-eight-hour week benchmark used to test overtime records against observed shifts. (https://normlex.ilo.org/dyn/nrmlx_en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C001)

• ILO - forced labour indicators

Fee payment, ID retention and debt bondage indicators. Use them to structure off-site worker interviews. (https://www.ilo.org/topics-and-sectors/forced-labour-modern-slavery-and-trafficking-persons)

• SASB Standards (IFRS Foundation)

Industry-based sustainability disclosure standards. Useful for mapping a social finding to the governance language investors and boards use. (https://www.ifrs.org/issued-standards/sasb-standards/)

• Sedex - SMETA audit

The 4-Pillar social audit program many retailers accept. Verify the audit date, site scope and open corrective actions directly on Sedex. (https://www.sedex.com/solutions/smeta-audit/)

• amfori BSCI

A social-compliance audit program, not a full ESG audit. It does not verify discharge permits, meter data or Tier-2 mapping. (https://www.amfori.org/amfori-bsci/)

• Textile Exchange - Chain of Custody

The chain-of-custody model behind transaction certificates for recycled and preferred fibres. Match certificate volumes to shipped volumes. (https://textileexchange.org/chain-of-custody/)

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Want These ESG Checks Run On The Ground?

Run this checklist yourself, or have it run for you: permit and manifest verification, meter-to-output reconciliation, payroll and insurance triangulation, off-site worker interviews, Tier-2 mapping and a closed-loop CAP. We charge a transparent 3%-7% service fee and take no factory kickbacks. Free quote, no obligation.

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