

SMETA Corrective Action Plan Report (CAPR)

Guide to Completing a SMETA CAPR

Version 5.0 Dec 2014, 2/4 Pillar Audit; replaces version 4.0 May 2012

Supplier name:	XXXX Toy manufacturing Co. Ltd	
Site country:	China	
Site name:	China Toy and Associated Products Co. Ltd.	
Parent Company name (of the site):	XXXX Toy manufacturing Co. Ltd	
SMETA Audit Type:	<input type="checkbox"/> 2-Pillar	<input checked="" type="checkbox"/> 4-Pillar
Date of Audit	1 December 2014 (According to new ETI working hours clause)	

Audit Content:

- (1) A SMETA audit was conducted which included some or all of Labour Standards, Health and Safety, Environment and Business ethics. The SMETA Best Practice Guidance Version 5 December 2015 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:
Please check appropriate SMETA Audit Type in the above box:
- 2-Pillar SMETA Audit
- ETI Base Code
 - SMETA Additions
 - Management systems and code implementation,
 - Entitlement to Work and Immigration,
 - Sub-Contracting and Home working
- 4-Pillar SMETA Audit
- 2-Pillar requirements plus
 - Additional Pillar assessment of Environment
 - Additional Pillar assessment of Business Ethics
- The new ETI Working Hours Clause
- Now integrated into this latest SMETA version.



This is a fictitious report designed to show a good reporting standard. It is partly based on information from the Sedex platform and partly based on the SMETA Best Practice Guidance and Measurement Criteria. It uses as an example fictitious information relating to China. The annotations may need adjustment for other countries or to reflect other findings. To ensure guidance is given in all fields, there might be discrepancies between information given in different parts of the report.

Commented [Sedex1]: If the Parent Company Name of the site has a different name from either the site or the supplier please state the name here.

If the site is already registered on Sedex, it is very important that these names match to assist uploading.

If the site is planning to register on Sedex, they should make sure they use the same name as they will register with.


For reporting and tracking reasons it is important for the company name on the audit report to match with the company name as registered on Sedex.

Commented [Sedex2]: Please select whether a 2-pillar or 4-pillar audit was conducted.

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	3 Squares Audit Company Ltd.
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Audit Company Name:	Report Owner (payee): <small>(If paid for by the customer of the site, please remove for Sedex upload)</small>
Sedex Company Reference: <small>(only available on Sedex System)</small>	S: S925314846xxx
Sedex Site Reference: <small>(only available on Sedex System)</small>	P: P000000131xxx

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

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Auditor Reference Number: <small>(If applicable)</small>	
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Audit Details

Audit Details			
A: Report #:	XXXXXX		
B: Time in and time out (SMETA BPG recommends 9.00-17.00 hrs. if any different please state why in the SMETA declaration)	Day 1 Time in: 09:00 Day 1 Time out: 17:00	Day 2 Time in: Day 2 Time out:	Day 3 Time in: Day 3 Time out:
C: Number of Auditor Days Used: (number of auditor x number of days)	3 (3 auditors in one day)		
D: 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 - Define		
E: Was the audit announced?	<input type="checkbox"/> Announced <input checked="" type="checkbox"/> Semi – announced: Window detail: 3 weeks <input type="checkbox"/> Unannounced		
F: Was the Sedex SAQ available for review?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
If No, why not? (Examples would be, site has not completed SAQ, site has not been asked to complete the SAQ.)	The factory had only just started the SAQ and so did not make it available to the auditors.		
G: 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		
H: Auditor name(s) and role(s):	Mr AAA (lead auditor), Mr BBB (team auditor), Miss CCC (interviewer and team auditor).		
I: Report written by:	Mr AAA		
J: Report reviewed by:	Ms DDD		
K: Report issue date:	8 th December 2014		
L: Supplier name:	China Toy products Co. Ltd.		
M: Site name:	China Toy and Associated Products Co. Ltd.		
N: Site country:	China		
O: Site contact and job title:	Mr EEE, Factory Manager		
P: Site address: (Please include full address)	No 1 Road 2. China Industry Zone		

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Commented [Sedex13]: Definition of audit types is available in the Best Practice Guidance.

Commented [Sedex14]: Make sure you know who this audit is for. For some brands/retailers there may be requirements for announced/semi-announced/un-announced audits.

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Commented [Sedex17]: Please include job title. For some members this must be a recognised auditor.

Commented [Sedex18]: Reviewer must be well trained on SMETA. Please see 'SMETA Guide to Social Systems Auditor Competencies'.

Commented [Sedex19]: Please ensure 5 working days, or less if a specific client states less.

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Site phone:	(86) 1234567			
Site fax:	(86) 891011			
Site e-mail:	TovandassociatedproductsLtd@456.com			
Q: Applicable business and other legally required licence numbers: for example, business licence no, and liability insurance	Business License number 12345. Valid from 1 st January 1995 to 1 st January 2015 The site had applied for a new business licence, which was under processing.			
R: Products/Activities at site, for example, garment manufacture, electricals, toys, grower	Plastic toys and soft toys			
S: Audit results reviewed with site management?	Yes			
T: Who signed and agreed CAPR (<i>Name and job title</i>)	Mr EEE - Factory Manager			
U: Did the person who signed the CAPR have authority to implement changes?	Yes			
V: Present at closing meeting (Please state name and position, including any workers/union reps/worker reps):	Mr EEE – Factory Manager Mr FFF – HR Manager Mr GGG – H&S Manager Mr HHH – Quality Manager Mr AAA (lead auditor), Mr BBB (team auditor), Miss CCC (interviewer and team auditor).			
W: What form of worker representation / union is there on site?	<input type="checkbox"/> Union (name) <input checked="" type="checkbox"/> Worker Committee <input type="checkbox"/> Other (specify) <input type="checkbox"/> None			
X: Are any workers covered by Collective Bargaining Agreement (CBA)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
Y: Previous audit date:	N/A			
Z: Previous audit type:		SMETA 2-pillar	SMETA 4-pillar	Other
	Full Initial	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Periodic	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Full Follow-Up Audit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Partial Follow-Up	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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	Partial Other*	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	*If other, please define:			



Guidance:

The Corrective Action Plan Report summarises the site audit findings and a corrective, and preventative action plan that both the auditor and the site manager believe is reasonable to ensure conformity with the ETI Base Code, Local Laws and additional audited requirements. After the initial audit, the form is used to re-record actions taken and to categorise the status of the non-compliances.

N.B. observations and good practice examples should be pointed out at the closing meeting as well as discussing non-compliances and corrective actions.

To ensure that good practice examples are highlighted to the supplier and to give a more 'balanced' audit a section to record these has been provided on the CAPR document (see following pages) which will remain with the supplier. They will be further confirmed on receipt of the audit report.

Root cause (see column 4)

Note: it is not mandatory to complete this column at this time.

Root cause refers to the specific procedure or lack of procedure which caused the issue to arise. Before a corrective action can sustainably rectify the situation it is important to find out the real cause of the non-compliance and whether a system change is necessary to ensure the issue will not arise again in the future.

See SMETA BPG Chapter 7 'Audit Execution' for more explanation of "root cause".

Next Steps:

1. The site shall request, via Sedex, that the audit body upload the audit report, non-compliances, observations and good examples. If you have not already received instructions on how to do this then please visit the web site www.sedexglobal.com.
2. Sites shall action its non-compliances and document its progress via Sedex.
3. Once the site has effectively progressed through its actions then it shall request via Sedex that the audit body verify its actions. Please visit www.sedexglobal.com web site for information on how to do this.
4. The audit body shall verify corrective actions taken by the site by either a "Desk-Top" review process via Sedex or by Follow-up Audit (see point 5).
5. Some non-compliances that cannot be closed off by "Desk-Top" review may need to be closed off via a "1 Day Follow Up Audit" charged at normal fee rates. If this is the case then the site will be notified after its submission of documentary evidence relating to that non-compliance. Any follow-up audit must take place within twelve months of the initial audit and the information from the initial audit must be available for sign off of corrective action.
6. For changes to wages and hours to be correctly verified it will normally require a follow up site visit. Auditors will generally require to see a minimum of two months wages and hours' records, showing new rates in order to confirm changes (note some clients may ask for a longer period, if in doubt please check with the client).

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Corrective Action Plan

Corrective Action Plan – Non-Compliances									
Non-Compliance Number <i>The reference number of the non-compliance from the Audit Report, for example, Discrimination No.7</i>	New or Carried Over <i>Is this a new non-compliance identified at the follow-up or one carried over (C) that is still outstanding</i>	Details of Non-Compliance <i>Details of Non-Compliance</i>	Root cause <i>(completed by the site)</i>	Preventative and Corrective Actions <i>Details of actions to be taken to clear non-compliance, and the system change to prevent re-occurrence (agreed between site and auditor)</i>	Timescale <i>(Immediate, 30, 60, 90,180,365)</i>	Verification Method <i>Desktop / Follow-Up [D/F]</i>	Agreed by Management and Name of Responsible Person: <i>Note if management agree to the non-compliance, and document name of responsible person</i>	Verification Evidence and Comments <i>Details on corrective action evidence</i>	Status <i>Open/Closed or comment</i>
0.1	New	During worker interview 10 out of 42 workers interviewed were not aware of the ETI code and were not aware it was posted in the factory in local language.	Inadequate information systems, lack of training.	It is recommended that all workers are made aware of the content of the ETI code and that it is additionally displayed in the workers canteen, for increased visibility.	30	Desktop	HR Manager – Mr FFF		
0.2	New	It was noted that there were inconsistencies regarding working hours among the time records provided by factory management, production records collected from workshops and employees' representation. Thus, the status of minimum wage, overtime wage and working hours could not be fully verified in this audit.	Inaccuracies in recording systems, poor record keeping, inadequate internal checks	It is recommended that the management adopt practices and controls to ensure that accurate and complete records are provided to auditor so that the compliance status of wages and working hours can be verified.	60	Follow-Up	HR Manager – Mr. FFF		

- Commented [Sedex24]:** Please fill out all applicable fields
- Commented [Sedex27]:** Root Cause: This is an opportunity for the site to reflect on what the reason for the NC is, and what in their practices is the root cause of the NC.
- Commented [Sedex25]:** Non-Compliance numbers: Should be easy to understand, and easy to connect to corresponding NC in report
- Commented [Sedex26]:** Details of Non-Compliance: should be raised with the site as soon as they are found in order that the management can identify root causes.
- Commented [Sedex28]:** Please include name and position of responsible person

1.1	New	<p>In the sample review of 42 files one was found with an original ID card and a check was made on all other files (650). In full check 2 files were found to have an original ID, 3 were found with original birth certificate and 5 were found with original academic qualification - all others had copies. These workers had joined the factory in the last 6 months, and the management believe that the personnel office had overlooked giving the originals back to the workers.</p>	<p>Inadequate systems, poor internal checking of personal records</p>	<p>Management believe it was an isolated mistake by the personnel office and that the procedure for handing back ID cards after copying is written down and clear. This was confirmed by 30 recently joined workers all having copy ID's only in their files. Managers suggested that they implement a system for the HR manager checking the files of all new joiners at the end of each month to ensure that ID cards have been given back.</p>	30	Follow-up	HR Manager – Mr FFF		
1.2	New	<p>Based on documents review and interview with employees and management representative it was found workers were required to lodge "deposits" of RMB 100 separately for the PPE (all workers), workers in sewing and cutting additionally had to pay for scissors (approx. 115 workers). These deposits were not always returned to workers (from document review approx., 50% got their deposits back).</p>	<p>A system in place which does not meet the code. Work materials should not carry deposits. Possible lack of knowledge of the code.</p>	<p>It is recommended that the factory should stop such behaviour and ensure no more deposit happen.</p>	30 days	Follow-up	HR Manager – Mr FFF		

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2.1	New	The workers committee exists in theory but does not appear to function. It has met only once in the last 6 months and the number of workers has dropped from 10 to 6. The female members have left maybe for cultural reasons, which mean that the 60% of the workers at the site have no gender representation in the workers committee. Both workers and committee members were dissatisfied at the lack of action by management based on the issues they raised at the one meeting.	Lack of knowledge of local law and code requirements in the area of freedom of association.	The site agreed that worker/management committee meetings will now take place every 3 months and that female workers will be elected to the committee. If necessary women representatives will meet separately with a female manager. Management agreed to publish the meeting minutes by displaying them in the works canteen and to continue to publish the minutes of any further meetings.	30 days	Desktop	HR Manager – Mr FFF		
2.2	New	Although the site had a policy of the rights of workers to join a trade union of their choice approximately 50% of workers (recent joiners) were not aware of this policy.	Inadequate training and information given to workers on Freedom of Association.	The site agreed to inform all workers of their right to join a trade union and to include it as part of induction training.	60 days	Follow-up	HR Manager – Mr FFF		
3.1	New	During the site visit it was noted that workers in the spray painting department (45) were not wearing rubber gloves, goggles and masks. Examination of the MSDS showed that these were solvent based paints and the recommended safety	Lack of awareness of health and Safety risks. No hazardous risk assessment carried out. Inadequate training on use of PPE.	The H&S manager, Mr FFF discussed with the factory manager that PPE must be obtained for all workers in spray painting and that he, (Mr. FFF) would ensure all workers were trained in their correct use. He believed that	30 days	Follow-up	H&S Manager – Mr GGG		

		precautions were to use them with the above protective equipment (PPE). Please also see clause 4 young workers.		training was available from the supplier of the paints and would organise him to visit to give a training session.					
3.2	New	It was noted that combustible materials (raw materials) were stored in 3 out of 3 stairwells on the 1st floor of the production building 2 (Raw material warehouse, Accessory material warehouse).	Lack of awareness of legal requirements on H&S. No H&S risk assessment in place.	It is necessary that the factory should remove all combustible material from the staircases to comply with the law and the ETI code. The H&S manager stated that there was a large unused space in the warehouse where the materials can be stored until needed for production. The factory manager agreed that these will be moved immediately.	Immediate	Follow-up	H&S Manager – Mr GGG		
4.1	New	During interview of a selection of young workers (16-18yrs) and on review of their files it was noted that young workers were not registered with the local labour bureau and did not have regular health checks.	Lack of awareness of legal requirements on young workers. Inadequate procedures. Inadequate internal management checks.	Recommended that the factory should register their young (juvenile) workers as well as ensure that the juvenile workers are registered and have a health check carried out. It was discussed that this needs to be part of their recruitment procedures as the law requires that any juvenile workers have a health check before starting work at the factory.	60 days	Follow-up	HR Manager – Mr FFF		

4.2	New	During the site visit it was noted that 5 young workers in the spray painting department (45) were not wearing rubber gloves, goggles and masks. Examination of the MSDS showed that these were solvent based paints and the recommended safety precautions were to use them with the above protective equipment (PPE). This area constitutes a hazardous condition as defined in the ETI code, where young people should not work.	Lack of awareness of legal requirements on H&S. No H&S risk assessment in place.	The Health and Safety Manager suggested that this worker is retrained so that they can work in a non-hazardous area, making sure that their wages and opportunities for productivity bonus remain the same.	30 Days	Follow-Up	Mr GGG – H&S manager		
5.1	New	Minimum wage , overtime wages and working hours could not be accurately verified for the following reasons: a. The broken needle records showed that some workers (4+3) were working in December 2013, on days when payroll records showed it was a rest day (see also hours section). b. Production & maintenance records in the moulding and painting workshop showed that workers in the moulding and painting workshop were working on days	The cause of inconsistencies was workers who wrote the dates on the production records by mistake. We will require all department heads to check the production records on a daily basis to ensure that all and attendance records are correctly completed, in order to avoid such inconsistencies in the future.	It is recommended that the factory keeps accurate and complete attendance records to ensure that wages and hours can be accurately verified	60 Days	Follow-Up	Factory Manager – Mr EEE		

		when the payroll records showed they were resting (see also hours section)							
5.2	New	<p>During document review of the payroll it was found that workers were not being paid correct overtime premiums for those workers earning more than the minimum wage</p> <p>E.g. the highest paid worker in the wages table is paid standard wages at 1500 per month (21.75 days and 8 hours per day), that is 8.62 currency units per hour.</p> <p>For 28 hours overtime hours per month the total wage should be: $8.62 \text{ (standard wage rate)} \times 28 \text{ (hrs.)} \times 1.5 \text{ (overtime rate)} = 362 \text{ [currency units]}$</p> <p>the actual wages paid were 265.4 i.e. overtime rates were calculated on the min wage and not normal standard wages.</p>	System in place which fails to meet the legal requirements of premium paid on standard wage. Lack of awareness of legal requirements and of code requirements.	The factory manager has agreed to a complete review of overtime payments and that all incorrect underpaid overtime will be rectified and paid within 30 days.	Wage adjustment – immediate Payment of owed wages – 60	Follow-Up	Factory Manager		
5.3	New	5 of the 42 workers sampled did not receive minimum legal wage for standard hours of 40 hours per week and 174 hours per month. Although each was paid an attendance bonus and production bonus the	Lack of knowledge of legal requirements for minimum wage.	Management agreed after checking the legal documentation that workers should be paid a minimum of RMB 6.32 per hour and that the 10% of the workforce who were below this would have their wages	Wage adjustment – immediate Payment of owed wages – 60 days	Follow-Up	Factory manager		

		<p>standard contracted hourly rate for these 5 workers was RMB 5.8 per hour instead of the legal requirement of RMB 6.32 per hour.</p> <p>Management confirmed that 10% of the workforce (65 workers) was contracted at 5.8 RMB per hour and these included cleaners (5% of workforce – 32 workers) and new production workers (5% of workforce – 33 workers). They also stated that new workers could earn production bonus and that both new workers and cleaners could earn attendance bonus.</p> <p>By discussion it was clear that these extra payments are not guaranteed, and that it is a legal requirement to guarantee a minimum legal wage of RMB 6.32 per hour to all workers as a minimum requirement bonuses etc. are then in addition.</p>		<p>adjusted for the next wages interval, to meet the minimum required legal rate.</p> <p>In addition the factory manager will require the wages office to calculate how much is owed to the 10% of individuals who have only been paid RMB 5.8 per hour since the increase in minimum legal wage rate to 6.32. Then wages office will then recommend how this should be paid back to the relevant workers.</p>					
6.1	New	<p>Minimum wage, overtime wage and working hours could not be accurately verified due to the following reasons:</p> <p>a). Through reviewing the Broken Needle / Needle</p>	<p>The cause of inconsistencies was workers wrote the dates on the production records by mistake. We will require all</p>	<p>It is recommended that the factory should ensure maintain and provide accurate and complete attendance records to ensure the minimum wage,</p>	60 Days	Follow-Up	Factory Manager		

		<p>Storage Records, it was noted that 4 workers worked on 7th December 2013, 4 workers worked on 8th December 2013 and 3 workers worked on 14th December 2013, but the attendance records provided by the factory indicated that those workers rested on the corresponding mentioned days.</p> <p>b). Through reviewing the Production Records of moulding and painting workshop , it was noted that there were production records on 15th November 2014, 16th November 2014 and 22th November 2014, but the attendance records provided by the factory indicated that all workers in moulding and painting workshop rested on the above mentioned days.</p>	<p>department heads to check the recording of the production records and attendance records to ensure they are correctly completed to ensure we avoid such kind of inconsistencies in the future.</p>	<p>overtime wage and working hours can be verified.</p> <p>The factory manager will manage this process and ensure that the system for recording hours is improved. Where discrepancies are found wages will be corrected and all back wages will be brought up to date.</p>					
6.2	New	<p>Workers did more than 60 hrs per week for two weeks in December 2013 and two weeks in November 2014, this was in line with local waiver, however, still considered as a non-compliance. Management explained that the OT was due to heavy workload as peak season was in November-</p>	<p>The factory obtained one Comprehensive Working Hours System approval from local labour bureau, the approved implementation period was 1 year from 1st January 2014 to 31st</p>	<p>It is recommended that workers are prevented from working in excess of 60 hours per week.</p> <p>The factory manager will manage this process and ensure that the system for recording hours is improved.</p>	60 Days	Follow-Up	Factory manager		

		<p>December.</p> <p>10 workers (out of 42 sampled) found to have worked in excess of 60 hours per week (60-65 hours/week) in December 2013 and 5 employees (out of 42 sampled) were found to have worked in excess of 60 hours per week in November 2014 (60-65 hrs/week).</p>	<p>December 2014, and the total working hours allowed was 2432 hours [2000 (250 days x 8 hours) plus 432 (36 overtime hours x 12 months)].</p> <p>In this audit, 5 workers had been selected to check their total annual working hours from 1st January 2014 to 30th December 2014. It was noted that the maximum total working hours was 2120 hours which was within 2432 allowable total working hours, giving room for an additional month of work.</p>						
7.1	New	<p>It was noted that there were discrimination practices based on age during hiring process. According to recruitment poster at the main gate, only employees between the ages of 16 to 40 were allowed to be employed for the production workshops. However, factory management could not provide any evidence</p>	<p>Lack of knowledge of legal requirements</p>	<p>It is recommended that management adopt practices and recruitment policy to ensure that labours are not discriminated against in employment, regardless of age.</p>	30 days	Desktop	Factory Manager		

		to prove that the jobs in the production workshops were only fit for employees between the ages of 16 to 40.							
7.2	New	It was noted that before hiring, a health examination was conducted and for female applicants the report including pregnancy test. This was a relatively new practice, which had been implemented since June 2014. A total of 15 women had had pregnancy test and one of them had been found pregnant, and had not been given a job. It was not clear if this was due to pregnancy or other circumstances.	Lack of awareness of code requirements and international standards	It is recommended that the facility should stop this practice to avoid any discrimination on employees.	0 day	Follow-Up	Factory Manager		
7.3	New	Anti-discrimination procedure on hiring, compensation, promotion and access to training is not available during the audit.	Inadequate systems and lack of management checks	The procedure shall be developed and communicated to workers through document and training.	30 days	Desktop	Factory Manager		
8.1	New	Random checked 42 workers' labour contract, it was noted one worker was recruited in April 2014 and one worker was recruited in May 2014 but they both signed contract on 1st September 2014. The factory would normally	Lack of knowledge of legal requirements for contracts. Inadequate systems and lack of management checks	It is recommended that the facility should sign labour contracts with the employees within one month of the start of the working relationship.	30 Days	Follow-Up	Factory Manager		



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		<p>sign labour contract with new recruited workers within one month after the recruitment, however, the procedure is not effective, and some workers are not given a contract until they notified the management of this. Management explain they do a once a year (before Chinese New Year to make sure all workers have contract).</p> <p>A review of all workers employed since Jan 2014 (30) showed that 3 more employees had not received a contract within one month of their joining the site, however they had received after three months (in may), and so only two employees now lacked contacts.</p>							
8A.1	New	<p>From interviews with the management and workers the main client has not been informed of the subcontracting at this site.</p> <p>It was noted that 3 subcontractors were used by the facility.</p>	Lack of awareness of customer's requirements and standards.	The site must make their main client aware of the sub-contracting units used for hand assembly.	30 days	Desktop	Factory Manager		
8A.2	New	From interviews with management there is no system in place to manage and monitor the working	Lack of awareness of customer's requirements and standards.	The site should make sub-contractors aware of the Ethical code and implement a system to	30 days	Desktop	Factory Manager		



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		<p>conditions at the sub-contractors. There is no communication to the sub-contract units concerning the ethical code of the main client or of the sites' own code and policies.</p> <p>Although QC personnel from the main factory visit the subcontract factories, there is no knowledge of the hours, wages and benefits paid to the subcontract workers.</p>	Inadequate systems for sub-contracting	monitor.					
10B4.1	New	<p>It was noted that the hazardous wastes, including empty painting containers and oily rags, were generated from spray painting and moulding workshop. However, the factory management was unable to provide a hazardous waste disposal contract.</p>	<p>Lack of understanding of legal requirements and environmental standards. Inadequate control systems of environmental impacts</p>	<p>It is recommended that the hazardous waste should be submitted to a collector, which has obtained a relevant business permit.</p>	30 days	Desktop	Factory Manager		



SMETA Corrective Action Plan Report (CAPR) (Version 5.0 Dec 2014)

Corrective Action Plan – Observations				
Observation Number <i>The reference number of the observation from the Audit Report, for example, Discrimination No.7</i>	New or Carried Over <i>Is this a new observation identified at the follow-up or one carried over (C) that is still outstanding</i>	Details of Observation <i>Details of Observation</i>	Root cause <i>(completed by the site)</i>	Any improvement actions discussed <i>(Not uploaded on to SEDEX)</i>
0.1	New	Before the audit, it was noted that the SAQ had not been completed. Site explained that they had not been part of Sedex for very long, and due to heavy workload they had not managed to fill out the SAQ completely. They had however started this work, and would finalise the SAQ within the next month.	Site explained that they had not been part of Sedex for very long, and due to heavy workload they had not managed to fill out the SAQ completely.	The site would finalise the SAQ within the next month.
0.2	New	In discussion with management they confirmed that they had not communicated the code to their own suppliers/sub-contractors or conducted social assessment for suppliers/sub-contractors. In addition, they had not established the procedure of controlling their own suppliers' conformance to the code. The purchasing manager confirmed that some of their suppliers have been with them for many years and are likely to stay as supplier partners.	Lack of knowledge of the code requirements.	The HR manager suggested that they start discussions with these regular suppliers on the code content.
1.1	New	Workers are paid one month in arrears – which is legally permitted. That is they are paid on the 10 th of the following month for the previous month's work. Although documents showed that workers were paid full settlement amounts when they gave notice to leave, there was no written information on how workers were paid when they did not give appropriate notice. Such an example would be when workers do not return after their annual leave. Management stated that the remaining wages would be given to a friend of the worker to give to the worker who had left without notice. This was confirmed by worker interview also with some workers having been given responsibility for returning outstanding wages to friends. However there was no documentary evidence of this.	Lack of knowledge of the code requirements and lack of adequate internal systems.	Management suggested that they would create a system whereby each worker confirmed how they would like their outstanding wages to be returned to them if they were unable to collect them for themselves. This would be a signed document and the personnel department would agree a series of acceptable practices with the worker representatives.

2.1	New	Minutes of the workers committee meeting are produced but they are not shared with the total workforce.	Negligence from the management	Managers agreed that it would be a good idea to post them in the canteen and they will do so for the last set of minutes and also future minutes.
2.2	New	Suggestion boxes and confidential email for grievances were not known about throughout the workforce, 85% of workers knew about suggestion box and 60% knew about confidential email.	Poor communication from management inadequate internal communication practices.	It was discussed that one way of getting workers interested in making suggestions could be to put anonymous suggestion on a notice board above the suggestion box along with the management response to those suggestions. This will show to workers the purpose of the suggestion box as well as keep them informed of the manager's response.
2.3	New	There was some concern from the workers committee that some of their requests were being ignored, such as request for gloves in detail painting workshop (part of painting workshop in production building 2).	Lack of knowledge of the code requirements.	The H&S manager said he had checked with the supplier of the adhesives and had been told there was no health and safety risk to workers, in addition some workers did not wish to use gloves as it affected their speed of work and thus their production bonus. It was discussed with management that it would be useful if workers were made aware that there was no need for gloves and that the glues in use in the factory were not hazardous to health.
3.1	New	Some workstations in production building 1 (Floor 3 – Assembly workshop, Ironing workshop) and production building 2 (Floor 4 – Painting workshop) are untidy creating a slight risk of injury	Negligence from the management/supervisor.	All workstations need to be clean to reduce the risk of injury.
4.1	New	It was noted that the factory do not keep a separate register of juvenile workers thus making it difficult for the personnel department to check on when the next health check is required.	Lack of knowledge of local law and code requirements. Inadequate internal documentation practices.	The HR manager suggested that they start a register of any juvenile workers and that they make supervisors and section managers aware of where they are working. This will make it easier to ensure that: <ul style="list-style-type: none"> • They are registered – responsibility of personnel department after recruitment • They have health checks – responsibility of personnel department to organise pre-joining • The health checks continue at required intervals – personnel department • They never work in hazardous conditions – responsibility of section manager and supervisors

5.1	New	Document review of payroll and employee wage records showed that only 50% of workers had social insurance deducted and paid for pension, unemployment, maternity and sickness. All workers had deductions made for injury insurance.	Lack of knowledge of code requirements regarding social insurances.	The factory had a signed agreement with the local labour bureau that social insurance must be paid for 50% of the workers only this year. The factory informed the auditor that factories were permitted to gradually introduce social insurance over a period of years. However all workers must be included over the agreed period.
7.1	New	The production worker competence level scheme and allocation process is complicated, little described and questioned for transparency by workers. However, auditor could not verify that any discrimination had actually taken place.	Inadequate communication and training given to workers.	More detailed description (as more experience is gained) of the competence levels, required for promotion is suggested.
8.1	New	A recruitment policy and procedure is to be developed in order to formalise the current practice. At present all recruitment is co-ordinated by the HR department who have committed to develop this.	Lack of knowledge of the code requirements.	Factory discussed formalising their practice into a communicated policy and including this in their training of all staff on their policies.
8A.1	New	There is no formal contract with some sub-contractors, site has worked with the same sub-contractors over a long time, and has not seen a need for a formalised contract as the relationship has always been good; however, they are currently in the process of formalising the subcontracting and set up a written contract (on-going).	Lack of knowledge of the code requirements.	Formalize contract with sub-contractors including control system
9.1	New	Per factory policy review, it was noted that employees in all workshops would be punished to clean up applicable workshop if they violated factory rules and gained a written warning letter.	Site was not aware of the requirements regarding Harsh Treatment	Factory management represented that they only established this rule in the employee handbook to catch employees' attention and better manage employees. This practice was not adopted since the rule established till now.
9.2	New	Training materials on attitude and discipline as well as the disciplinary procedure were available; however records of training attendance were not kept.	Poor internal systems	Management felt this was an area which they could implement.
9.3	New	Site has an anonymous email address, where workers can report any grievances; any received complaint will be handled by management, without any reprisal for the worker in question. However recommend that this is better communicated as it was not known for 60% of the sampled workers	Inadequate communication and training given to workers.	Site is recommended to communicate the reporting process to their workers through training and posters.
10B4.1	New	It was found that some environmental documentation was missing: <ul style="list-style-type: none"> • Site has not completed the SAQ (including environmental information) • Site has an environmental policy; however, this focuses on water and energy usage, excluding waste and chemical management. • Site does not have a documentation process to record hazardous chemicals used in the 	Lack of knowledge of the requirements and international standards.	Site was in the process of finishing the SAQ, and an update of the environmental policy and relevant management processes (waste and chemicals) was planned for next month.



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		manufacturing process		
10C.1	New	Site had not finished the SAQ, however this was under processing	Site had not been aware that the SAQ needed to be finalised before the audit.	Site had not been able to finish the SAQ before the audit, however, site management were in the process of finishing the SAQ. Please see clause 0: Management Systems

Good examples

Good example Number <i>The reference number of the non-compliance from the Audit Report, for example, Discrimination No.7</i>	Details of good example noted	Any relevant Evidence and Comments
0.1	The factory has an internal management system which includes its own internal audits performed by the quality team. Two members of the quality audit team have been on a social auditing skills course, and are trained to review documents.	Internal Management systems documentation and Management interview
0.2	The site had conducted a worker survey in January 2014, and was planning to repeat the exercise every year. The result of the survey has been used to develop the site practices and increase the satisfaction of the workers.	Documentation of annual worker survey and Management interview.
1.1	The site provides every worker with an employment hand book as soon as they start work. This handbook details terms and conditions of employment including the holiday entitlement, notice periods, payment of wages.	Worker handbook, Management Interview, Worker interview
2.1	Annual survey of workers satisfaction	Documentation of annual worker survey and Management interview.
2.2	After the worker satisfaction survey, in addition to the suggestions box, a confidential e-mail address was established for obtaining the complaints from workers.	Documentation of annual worker survey and Management interview, email procedure, worker interview
3.1	It was noted that as well as a medical centre in the production unit there was a clinic room with beds, a weekly visit from a doctor, and a library on the first floor of the dormitory	H&S records, site tour, worker interview

Commented [Sedex30]: Please ensure anything here is also in the Report and if applicable, that relevant photos are included.



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3.2	The accident book was reviewed by the H&S manager, Mr GGG and the H&S committee at each of their monthly meetings and there is a target to reduce the accidents at the factory by 50% in the next 6 months.	Accident records, documentation from H&S committee meetings.
3.3	The H&S committee members are given the responsibility for finding out the reasons for accidents and along with the workers concerned coming up with suggestions of how such accidents might be prevented in the future.	Accident records, documentation from H&S committee meetings.
3.4	The H&S committee members have been given a camera to take photographs of potential hazards and as well as reporting them to post them on the notice board in the canteen along with the action taken, for information of all workers.	Accident records, documentation from H&S committee meetings, photos from earlier assessments and records of actions taken.
3.5	In the chemical store each container of chemical was marked with a red, amber or green large coloured label to signify: green = totally safe to use, amber = handle with caution, red = handle with extreme caution. There was a key to explain on the notice board in the chemical store. The colour codes linked back to information in the safety data sheet book also present in the chemical store.	Colour code explanation sheet, site tour, worker interview.
5.1	Factory provides free meals and transportation for workers. <ul style="list-style-type: none"> Free meal is provided once a day, at lunch, workers had to provide food for themselves at morning and night. This benefit was given all workdays of the year and to all workers, both the workers living at site and outside. The free transportation was given each morning and night, to workers not living at site (260). The transportation left from three local bus stations in the morning (in areas where the workers live), and took them to the site, in the evening, all workers not living at site were provided transportation back to bus stations. 	Worker interview, site tour, bus transportation records.
7.1	There was evidence of both male and female workers in senior manager's position at the site and head office.	Worker interview, management interview, personnel files review.
8.1	Bilingual contracts used for migrant workers	Worker interview, personnel files review, contract reviews.
8.2	Employee programs – "People Engagement Survey" identifying specific areas for improvement and evaluation of the Team leadership and mgmt. of the company	Documentation of annual worker survey and Management interview, worker interview
8.3	Phone numbers of three managerial staff have been shown in banners in different production areas for facilitating complaint system and communication between frontline staff and top management.	Site tour and Management interview, Worker interview



Confirmation

Please sign this document confirming that the above findings have been discussed with and understood by you: (site management) <i>If actual signatures are not possible in electronic versions, please state the name of the signatory in applicable boxes, as indicating the signature.</i>		
A: Site Representative Signature:	Mr. EEE	Title Factory Manager Date 1 st December 2014
B: Auditor Signature:	Mr. AAA	Title Lead Auditor Date 1 st December 2014
C: Please indicate below if you, the site management, dispute any of the findings. No need to complete D-E, if no disputes.		
D: <i>I dispute the following numbered non-compliances:</i> Nil		
E: Signed: (If <u>any</u> entry in box D, please complete a signature on this line)	Mr. EEE	Title Factory Manager Date 1 st December 2014
F: Any other site Comments:		



Guidance on Root Cause

Explanation of the Root Cause Column

If a non-compliance is to be rectified by a corrective action which will also prevent the non-compliance re-occurring, it is necessary to consider whether a system change is required.

Understanding the root cause of the non-compliance is essential if a site is to prevent the issue re-occurring.

The root cause refers to the specific activity/ procedure or lack of activity /procedure which caused the non-compliance to arise. Before a corrective action can rectify the situation it is important to find out the real cause of the non-compliance and whether a system change is necessary to ensure the issue will not arise again in the future.

Since this is a new addition, it is not a mandatory requirement to complete this column at this time. We hope to encourage auditors and sites to think about Root Causes and where they are able to agree, this column may be used to describe their discussion.

Some examples of finding a “root cause“

Example 1

Where excessive hours have been noted the real reason for these needs to be understood, whether due to production planning, bottle necks in the operation, insufficient training of operators, delays in receiving trims, etc.

Example 2

A non-compliance may be found where workers are not using PPE that has been provided to them. This could be the result of insufficient training for workers to understand the need for its use; a lack of follow-up by supervisors aligned to a proper set of factory rules or the fact that workers feel their productivity (and thus potential earnings) is affected by use of items such as metal gloves.

Example 3

A site uses fines to control unacceptable behaviour of workers.

International standards (and often local laws) may require that workers should not be fined for disciplinary reasons.

It may be difficult to stop fines immediately as the site rules may have been in place for some time, but to prevent the non-compliance re- occurring it will be necessary to make a system change.

The symptom is fines, but the root cause is a management system which may break the law. To prevent the problem re-occurring it will be necessary to make a system change for example the site could consider a system which rewards for good behaviour

Only by understanding the underlying cause can effective corrective actions be taken to ensure continuous compliance.

The site is encouraged to complete this section so as to indicate their understanding of the issues raised and the actions to be taken.



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 A & AB members:

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

Click here for B members:

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