



SMETA Corrective Action Plan Report (CAPR)

Version 6.1



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 (March 2019) 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.

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 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)

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).

Audit Details				
Sedex Company Reference: <i>(only available on Sedex System)</i>	ZC5000011335	Sedex Site Reference: <i>(only available on Sedex System)</i>	ZS1000012207	
Business name (Company name):	DongGuan Metro Clothing Company			
Site name:	Dongguan Metro Clothing Company			
Site address:	First Floor,25TH NO,First Industrial Zone,Jiumen Zhai,Humen Town,Dongguan City 东莞市虎门镇九门寨第一工业区25号一楼 Dongguan 523000 CN	Country:	CN	
Site contact and job title:	Li Xiaohong / Factory manager			
Site phone:	13265199285	Site e-mail:	info@metrodress.com	
SMETA Audit Pillars:	<input checked="" type="checkbox"/> Labour Standards	<input checked="" type="checkbox"/> Health and Safety (plus Environment 2-Pillar)	<input type="checkbox"/> Environment 4-pillar	<input type="checkbox"/> Business Ethics
Date of Audit:	2023-12-29			

Audit Company Name:
Benchmarks Company Limited

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)			

Audit Parameters			
Time in and time out	Day 1		
	In	08:40	
	Out	16:40	
Audit type:	FULL_INITIAL		
Was the audit announced?	ANNOUNCED		
Was the Sedex SAQ available for review?	Yes		
Any conflicting information SAQ/Pre-Audit Info to Audit findings?	No		
Who signed and agreed CAPR	Li Xiaohong / Factory manager		
Is further information available	No		

Audit attendance	Management	Worker Representatives	
	Senior management	Worker Committee representatives	Union representatives
A: Present at the opening meeting?	Yes	Yes	No
B: Present at the audit?	Yes	Yes	No
C: Present at the closing meeting?	Yes	Yes	No
Reason for absence at the opening meeting	NA, there was no union in the factory		
Reason for absence during the audit	NA, there was no union in the factory		
Reason for absence at the closing meeting	NA, there was no union in the factory		


Summary of Findings

Issue <i>(please click on the issue title to go direct to the appropriate audit results by clause)</i>	Area of Non-Conformity		Number of issues			Findings
	ETI	Local Law	NC	Obs	GE	
<u>3 - Working conditions are safe and hygienic</u>	3.1 3.1	§1 §2	2	0	0	NC - ZAF600297393 NC - ZAF600297394
<u>5 - Living wages are paid</u>	5.1	§3	1	0	0	NC - ZAF600297395
<u>6 - Working hours are not excessive</u>	6.1	§4	1	0	0	NC - ZAF600297396


Local Law Issues

Issue	Description
§1	General Rules for Fire Safety Management of Storage Occupancies (XF 1131-2014), Article 6.7 Items stored in the warehouse shall be sorted, stacked separately and stored in quotas. The area of each stack shall not be larger than 150m ² . The width of the main passage in the warehouse shall not be less than 2m. 6.8 Items stacked in the warehouse shall meet the following requirements: a) the distance between the upper part of the stack and the ceiling or flat roof is not less than 0.3m (the herringbone truss is counted from the beam); b) the distance between the item and the lighting is not less than 0.5m; c) the distance between the item and the wall is not less than 0.5m; d) the distance between the item stack and pillar is not less than 0.3m; e) the distance between the item stacks is not less than 1m.
§2	Article 6.1.6 of Code of Design of Manufacturing Equipment Safety and Hygiene, the exposed dangerous components or part of any transmission belts, rotational axis, transmission chain, coupling, belt wheel, gear, flying wheels, chain wheels, electric saw and others, which is within 2 meters height of the plane where the operator is operating such devices shall be equipped with safety devices.
§3	Law of the People's Republic of China Article 72, The sources of social insurance funds shall be determined according to the branches of insurance, and an overall raising of social insurance funds shall be practised step by step. The employing unit and laborers must participate in social insurance and pay social insurance premiums in accordance with the law. Article 73, laborers shall, under the following circumstances, enjoy social insurance benefits in accordance with the law: (1) Being retired; (2) Being ill or injured; (3) Being injured or disabled while on duty or contracted with occupational diseases; (4) Being unemployed; or (5) Childbirth. After the death of a laborer, the surviving family members of the deceased shall be entitled to subsidies for such survivors according to law. The conditions and standards for laborers to enjoy social insurance benefits shall be stipulated by laws, rules and regulations. The social insurance money that laborers are entitled to must be paid on schedule and in full.
§4	Labor Law of the People's Republic of China, Article 41 The employing unit may extend working hours as necessitated by its production or business operation after consultation with the trade union and laborers, but the extended working hour per day shall generally not exceed one hour; if such extension is needed for special reasons, under the condition that the health of laborers is guaranteed, the extended hours shall not exceed three hours per day. However, the total extension in a month shall not exceed thirty-six hours

Corrective Action Plan - Non Compliances


Non-Compliance		Evidence																													
[Back to findings summary]																															
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Actions	It is recommended that the factory should provide training about the storage rule for related workers and ensure finished goods be stored properly. 建议工厂培训相关员工并确保成品仓的成品堆放合理。	

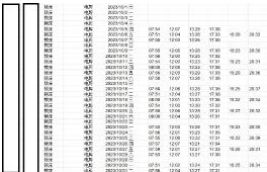
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Local law issue	Law of the People's Republic of China Article 72, The sources of social insurance funds shall be determined according to the branches of insurance, and an overall raising of social insurance funds shall be practised step by step. The employing unit and laborers must participate in social insurance and pay social insurance premiums in accordance with the law. Article 73, laborers shall, under the following circumstances, enjoy social insurance benefits in accordance with the law: (1) Being retired; (2) Being ill or injured; (3) Being injured or disabled while on duty or contracted with occupational diseases; (4) Being unemployed; or (5) Childbirth. After the death of a laborer, the surviving family members of the deceased shall be entitled to subsidies for such survivors according to law. The conditions and standards for laborers to enjoy social insurance benefits shall be stipulated by laws, rules and regulations. The social insurance money that laborers are entitled to must be paid on schedule and in full.																										
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Explanation to the non compliance	Based on social insurance records of December 2023, there were 43 employees (7 employee reached the retirement age and no employee joined the factory within one month) in the factory, but the factory didn't provide retirement insurance to 1 out of 36 employees (1/36=2.8%), did not provide unemployment insurance, work-related injury insurance and maternity insurance to 2 out of 36																										

	<p>employees (2/36=5.6%), and provided medical insurance to 100% employees in December 2023. Remark: The factory had bought the commercial injury insurances to 13 employees. (Commercial accident insurance with Insurance no.: 1955B459663, Valid period: July 10, 2023 to July 10, 2024). 根据社保记录, 工厂在2023年12月份有43名员工 (其中7名员工达到退休年龄, 没有员工进入公司不满一个月), 但是工厂没有提供养老保险给36名员工中的1名员工(1/36=2.8%), 没有提供失业保险, 工伤保险, 生育保险给36名员工中的2名员工(2/36=5.6%), 给所有员工提供了医疗保险。备注: 工厂有提供商业意外险给13名员工(有效期2023年7月10号到2024年7月10号)。</p>	
Follow up method	<input type="checkbox"/> Follow up audit <input checked="" type="checkbox"/> Desktop audit	
Timescale	<input type="checkbox"/> Immediate <input type="checkbox"/> 30 days <input checked="" type="checkbox"/> 60 days <input type="checkbox"/> 90 days <input type="checkbox"/> 120 days <input type="checkbox"/> 180 days <input type="checkbox"/> 365 days <input type="checkbox"/> Other	
Actions	<p>It is recommended that the factory should provide 5 categories of social insurance for all employees.工厂应提供法规要求的5种社保给所有员工。</p>	

Non-Compliance		Evidence																									
[Back to findings summary]																											
<table><tr><th colspan="2">Non-Compliance</th></tr><tr><td>Status</td><td>OPEN</td></tr><tr><td>Reference</td><td>ZAF600297396</td></tr><tr><td>Clause</td><td>6 - Working hours are not excessive</td></tr><tr><td>Issue Title</td><td>480 - Overtime is not used responsibly i.e. extent, frequency and level of hours worked by individual workers and / or whole workforce are excessive</td></tr><tr><td>Subcategory</td><td>Overtime</td></tr><tr><td>New or carried over?</td><td><input checked="" type="checkbox"/> New <input type="checkbox"/> Carried Over</td></tr><tr><td>Root cause</td><td><input type="checkbox"/> Training <input checked="" type="checkbox"/> System <input type="checkbox"/> Costs <input type="checkbox"/> Lack of workers <input type="checkbox"/> Other</td></tr><tr><td>Root cause - Other</td><td></td></tr><tr><td>Local law issue</td><td>Labor Law of the People's Republic of China, Article 41 The employing unit may extend working hours as necessitated by its production or business operation after consultation with the trade union and laborers, but the extended working hour per day shall generally not exceed one hour; if such extension is needed for special reasons, under the condition that the health of laborers is guaranteed, the extended hours shall not exceed three hours per day. However, the total extension in a month shall not exceed thirty-six hours</td></tr><tr><td>ETI code</td><td>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.</td></tr><tr><td>Explanation to the non compliance</td><td>The monthly overtime hours exceeded legal requirement. The factory provided attendance records from November 2022 to the audit day for review, the overtime hours in sampled months of December 2022, July 2023 and October 2023 were as follows: 1. The monthly overtime hours of 10 out of 10 employees were 54 hours in October 2023 (current month); 2. The monthly overtime hours of 10 out of 10 employees were 66 hours in July 2023 (random month); 3. The monthly overtime hours of 10 out of 10 employees were 66 hours in December 2022(random month). 工厂员工月加班时间超过法规要求，工厂提供2022年11月至审核当日的出勤记录供审核，抽样2022年12月，2023年7月和 2023年10月的加班时间如下： 1、2023年10月（当前月份）10名抽样员工中10名员工每月加班时数为54小时； 2、2023年7月（随机月份）10名抽样员工中10名员工每月加班时数为66小时； 3、2022年12月（随机月份）10名抽样员工中</td></tr></table>			Non-Compliance		Status	OPEN	Reference	ZAF600297396	Clause	6 - Working hours are not excessive	Issue Title	480 - Overtime is not used responsibly i.e. extent, frequency and level of hours worked by individual workers and / or whole workforce are excessive	Subcategory	Overtime	New or carried over?	<input checked="" type="checkbox"/> New <input type="checkbox"/> Carried Over	Root cause	<input type="checkbox"/> Training <input checked="" type="checkbox"/> System <input type="checkbox"/> Costs <input type="checkbox"/> Lack of workers <input type="checkbox"/> Other	Root cause - Other		Local law issue	Labor Law of the People's Republic of China, Article 41 The employing unit may extend working hours as necessitated by its production or business operation after consultation with the trade union and laborers, but the extended working hour per day shall generally not exceed one hour; if such extension is needed for special reasons, under the condition that the health of laborers is guaranteed, the extended hours shall not exceed three hours per day. However, the total extension in a month shall not exceed thirty-six hours	ETI code	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.	Explanation to the non compliance	The monthly overtime hours exceeded legal requirement. The factory provided attendance records from November 2022 to the audit day for review, the overtime hours in sampled months of December 2022, July 2023 and October 2023 were as follows: 1. The monthly overtime hours of 10 out of 10 employees were 54 hours in October 2023 (current month); 2. The monthly overtime hours of 10 out of 10 employees were 66 hours in July 2023 (random month); 3. The monthly overtime hours of 10 out of 10 employees were 66 hours in December 2022(random month). 工厂员工月加班时间超过法规要求，工厂提供2022年11月至审核当日的出勤记录供审核，抽样2022年12月，2023年7月和 2023年10月的加班时间如下： 1、2023年10月（当前月份）10名抽样员工中10名员工每月加班时数为54小时； 2、2023年7月（随机月份）10名抽样员工中10名员工每月加班时数为66小时； 3、2022年12月（随机月份）10名抽样员工中	<div><p>Monthly Overtime Hours exceeded legal requirement.jpg</p></div>
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Follow up method	<input checked="" type="checkbox"/> Follow up audit <input type="checkbox"/> Desktop audit	
Timescale	<input type="checkbox"/> Immediate <input type="checkbox"/> 30 days <input checked="" type="checkbox"/> 60 days <input type="checkbox"/> 90 days <input type="checkbox"/> 120 days <input type="checkbox"/> 180 days <input type="checkbox"/> 365 days <input type="checkbox"/> Other	
Actions	It is recommended that the factory should ensure the overtime hours of all workers are in accordance with legal requirement.建议工厂应确保员工加班时间符合法规要求。	

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.

Auditor Team			
Lead Auditor:	Page Yang	APSCA Number:	21703584
Additional Auditors:			
Date of declaration:	2023-12-29		

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.

Site Representation	
Full Name:	Li Xiaohong
Title:	Factory manager
Date of declaration:	2023-12-29
Comments: <i>Any exceptions to this must be recorded here (e.g. different sample size): Sampled wage records from the past 5 months were provided for review (5 months only since the operation for digital thermometer just started last Sep 2020). The audit took 2.0 man-days (9AM-6PM per day). Audit time was extended until 8PM due to the extent of documentation; this was agreed upon with the factory representatives</i>	
Nil	

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.



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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:

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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)

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

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