SMETA Corrective Action Plan Report (CAPR)

Version 4.0 May 2012, 2/4 Pillar Audit; replaces version 2.4. Sept 2010

Supplier name:		
Site country:	China	
Site name:	Honor handbag company limited	
SMETA Audit Type:	☒ 2-Pillar	☐ 4-Pillar

Audit Content:

(1) A SMETA audit was conducted which included some or all of Labour Standards, Health and Safety Business Practices and Environment. The SMETA Best Practice Methodology v.4.0 May 2012 was applied. 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 & Immigration,
  - Sub-Contracting and Home working

4-Pillar SMETA Audit

- 2-Pillar requirements plus
- Additional Pillar assessment of Environment
- Additional Pillar assessment of Business Practices

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.

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Audit Company Name: Bureau Veritas	Report Owner (payee):
Sedex Company Reference: *(only available on Sedex System):*	**S** Not provided
Sedex Site Reference: *(only available on Sedex System)*	**P** Not provided

Audit Conducted By			
Commercial	☒	**Purchaser**	☐
NGO	☐	**Retailer**	☐
Trade Union	☐	**Brand Owner**	☐
Multi-stakeholder	☐	**Combined Audit (select all that apply)**	

Auditor Reference Number: (If applicable)	Not applicable

Audit Details

Audit Details	
A: Report #:	10140510082
B: Date of audit:	March 21,2014
C: Time in and time out: *Please see Best Practice Guidance v4.0*	Time in:9:50 Time out:17:00
D: Number of Auditor Days Used: *(number of auditor x number of days)*	1 auditor x 1day
E: Audit type:	☒ Full Initial ☐ Periodic ☐ Full Follow-up Audit ☐ Partial Follow-Up ☐ Partial Other - Define
F: Was the audit announced?	☒ Announced ☐ Semi – announced ☐ Unannounced
G: Was the Sedex SAQ available for review?	☐ Yes ☒ No
If no, why not?	The factory had not finished the SAQ yet
I: Auditor name(s) and role(s):	Eric Yang, Auditor
J: Report written by:	Eric Yang
K: Report reviewed by:	Scarlett Ke
L: Report issue date:	March 24, 2014
M: Supplier name:	
N: Site name:	Honor handbag company limited
O: Site country:	China
P: Site contact and job title:	Ms. Sally Huang, Manager
Q: Site address:	Nan She Industrial area, Cha Shan Town, Dongguan City, Guangdong province.
Site phone:	86-769-86183186
Site fax:	86-769-81927780
Site e-mail:	sally@honesthandbags.com

R: Applicable business and other legally required licence numbers: for example, business license no, and liability insurance	Business License Number: 441900001509041
S: Products/Activities at site, for example, garment manufacture, electricals, toys, grower	Handbag
T: Audit results reviewed with site management?	Yes
U: Who signed and agreed CAPR (Name and job title)	Ms. Sally Huang, Manager
V: Did the person who signed the CAPR have authority to implement changes?	Yes
W: Previous audit date:	N/A

X: Previous audit type:

	SMETA 2-Pillar	SMETA 4-Pillar	Other
Full Initial	☐	☐	☐
Periodic	☐	☐	☐
Full Follow-Up Audit	☐	☐	☐
Partial Follow-Up	☐	☐	☐
Partial Other*	☐	☐	☐
*If other, please define:			

Present at closing meeting:
Mr.Hu Kaicheng, General Manager
Ms.Huang Xuehua/ manager
Mr. Xu Chen/HR supervisor
Mr. Lei Yan/HR clerk
Mr. Hu Wencheng/employee representative
Eric Yang-Auditor

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 Appendix 2.5 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).

Corrective Action Plan

Corrective Action Plan – non-compliances									
Non-Compliance Number *The reference number of the non-compliance from the Audit Report, for example, Discrimination No.7*	**New or Carried Over** *Is this a new non-compliance identified at the follow-up or one carried over (C) that is still outstanding*	**Details of Non-Compliance** *Details of Non-Compliance*	**Root cause** *(completed by the site)*	**Preventative and Corrective Actions** *Details of actions to be taken to clear non-compliance, and the system change to prevent re-occurrence (agreed between site and auditor)*	***Timescale*** *(Immediate, 30, 60, 90,180,365)*	**Verification Method** *Desktop / Follow-Up [D/F]*	**Agreed by Management and Name of Responsible Person:** *Note if management agree to the non-compliance, and document name of responsible person*	**Verification Evidence and Comments** *Details on corrective action evidence*	**Status** *Open/Closed or comment*
Health, Safety & Hygiene No.1		It was noted that the evacuation doors used at 1 out 2 safety exits in the finishing workshop in the 2nd floor and the evacuation doors used at 2 out 2 evacuation doors in the sewing workshop in the 3rd floor of the production building were rolling doors. Fixing device was installed to ensure that the door was open during working hours		It is recommended that management adopt practices and controls to ensure that no rolling doors are used at safety exits for workshop.	30 days	Desktop	Yes/Ms. Sally Huang		

Health, Safety & Hygiene No.2		It was noted that there is no transparent shield for 2 out of 2 twin needle sewing machines and 4 out 6 high speed sewing machines in the sewing workshop in the 3rd floor of the production building.		It is recommended that management adopt practices and controls to ensure that twin needle sewing machines and high posted sewing machines are equipped with transparent shield.	30 days	Desktop	Yes/Ms. Sally Huang		
Health, Safety & Hygiene No.3		It was noted that the factory failed to provide the special equipment operator certificate for 1 pressure vessels operator in the factory for auditors' review.		It is recommended that management adopt practices and controls to ensure that special equipment operator certificates are obtained for 1 pressure vessels operator in the factory.	60 days	Desktop	Yes/Ms. Sally Huang		
Health, Safety & Hygiene No.4		It was noted that there was no records to show that factory have tested the factors of occupational hazards.		It is recommended that management adopt practices and controls to ensure to entrust an occupational health technical service institution with the corresponding qualification to	30 days	Desktop	Yes/Ms. Sally Huang		

				conduct testing of factors of occupational hazards at least once a year.					
Wage and benefits No. 1		According to the social insurance payment receipt provided by factory management, it was noted that only 17 out of 31 employees were provided with accident, medical(include maternity) insurance, only 8 out of 17 employees were provided with pension and unemployment insurance in March 2014.		It is recommended that factory management adopt practices and controls to ensure that employees receive all of their statutory welfare entitlements.	60 days	Follow up	Yes/Ms. Sally Huang		

Corrective Action Plan – Observations									
Observation Number *The reference number of the observation from the Audit Report, for example, Discrimination*	**New or Carried Over** *Is this a new observation identified at the follow-up or one carried over (C) that is still outstanding*	**Details of Observation** *Details of Observation*	**Root cause** *(completed by the site)*	**Preventative and Corrective Actions** *Details of actions to be taken to clear non-compliance, and the system change to prevent re-occurrence (agreed between site and auditor)*	***Timescale*** *(Immediate, 30, 60, 90,180,365)*	**Verification Method** *Desktop / Follow-Up [D/F]*	**Agreed by Management and Name of Responsible Person:** *Note if management agree to the non-compliance, and*	**Verification Evidence and Comments** *Details on corrective action evidence*	**Status** *Open/Closed or comment*

No.7							*document name of responsible person*		
Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Good examples

Good example Number *The reference number of the non-compliance from the Audit Report, for example, Discrimination No.7*	**Details of good example noted**	**Any relevant Evidence and Comments**
Nil	Nil	Nil

Confirmation

Please sign this document confirming that the above findings have been discussed with and understood by you: (site management)		
Site Representative Signature:	Ms. Sally Huang	Title : Manager Date : March 21,2014
Auditor Signature:	Eric Yang	Title :Eric Yang Date : March 21,2014
Please indicate below if you, the site management, dispute any of the findings *I dispute the following numbered non-compliances:*		
Nil		
Signed:	Ms. Sally Huang	Title : Manager Date : March 21,2014
Site Comments:		
Nil		

Appendix 2.5. 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=riPsbE0PQ52ehCo3lnq5Iw_3d_3d

Click here for B members:
http://www.surveymonkey.com/s.aspx?sm=d3vYsCe48fre69DRgIY_2brg_3d_3d

For more information on Sedex please go to **www.sedexglobal.com**
or email **helpdesk@sedexglobal.com**