

SMETA Corrective Action Plan Report (CAPR) Modified version

Version 5.0.1, Dec 2014

Supplier name:	AAK Zhangjiagang Ltd	
Site country:	China	
Site name:	AAK Zhangjiagang Ltd	
Parent Company name (of the site):	N/A	
SMETA Audit Type:	<input type="checkbox"/> 2-Pillar	<input checked="" type="checkbox"/> 4-Pillar
Date of Audit	Jan 16 th -17 th , 2017	

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
 - 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
 - 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.



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.





Audit Company Name: SGS-CSTC Standards Technical Services Co., Ltd.	Report Owner (payee): AAK Zhangjiagang Ltd
<i>Sedex Company Reference:</i> (only available on Sedex System)	S: ZC4280613
<i>Sedex Site Reference:</i> (only available on Sedex System)	P: Not provide

Audit Conducted By			
Commercial	<input checked="" 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)	

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

Audit Details			
A: Report #:	ICCRZ161701		
B: Time in and time out <i>(SMETA BPG recommends 9.00-17.00 hrs. if any different please state why in the SMETA declaration)</i>	Day 1 Time in: 8:40 Day 1 Time out:17:00	Day 2 Time in: 9:00 Day 2 Time out:12:00	Day 3 Time in: NA Day 3 Time out: NA
C: Number of Auditor Days Used: <i>(number of auditor x number of days)</i>	1.5MD		
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 checked="" type="checkbox"/> Announced <input type="checkbox"/> Semi – announced: Window detail: weeks <input type="checkbox"/> Unannounced		
F: Was the Sedex SAQ available for review?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
If No , why not? <i>(Examples would be, site has not completed SAQ, site has not been asked to complete the SAQ.)</i>	N/A		
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):	Roy Zhu		
I: Report written by:	Roy Zhu		
J: Report reviewed by:	Sophie Zhang		
K: Report issue date:	Jan.23, 2017		
L: Supplier name:	AAK Zhangjiagang Ltd		
M: Site name:	AAK Zhangjiagang Ltd		
N: Site country:	China		
O: Site contact and job title:	Mr Parker Pan / QA Manager		
P: Site address: <i>(Please include full address)</i>	No.550 East Changjiang Rd, Zhangjiagang free Trade Zone, Jiangsu Province		

Site phone:	0086-512-89595130			
Site fax:	0086-512-89595113			
Site e-mail:	Parker.pan@aak.com			
Q: Applicable business and other legally required licence numbers: for example, business license no, and liability insurance	Business License No.: 91320592088546971Q Expiry date: Mar 18 th , 2014 ~ Mar 17 th , 2064			
R: Products/Activities at site, for example, garment manufacture, electricals, toys, grower	Margarine, Shortening, special vegetable oil			
S: Audit results reviewed with site management?	Yes			
T: Who signed and agreed CAPR (<i>Name and job title</i>)	Mr Palle Jensen / Site 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 Palle Jensen / Site manager Mr Parker Pan / QA manager Mr Dongping Shi / Union reps Ms Yu Jiang / HR manager			
W: What form of worker representation / union is there on site?	<input checked="" type="checkbox"/> Union (name) The union of AAK Zhangjiagang Ltd <input 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, This is initial audit.			
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"/>
	Partial Other*	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

	*If other, please define: N/A
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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).

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. Managements system and Code Implementation NC 1 (Minor)		Based on the management and employee interview, it was found that the audited factory did not communicate ETI Code to all employees. It violated ETI Code 0.3	Factory doesn't have enough awareness.	It was suggested that the audited factory shall communicate ETI Code to all employees as per the ETI requirements.	30 days	Desktop	Mr Palle Jensen / Site manager		
3. Safety and Hygienic Conditions NC 2 (Major)		Based on on-stie observation and management interview, it was noted that no evacuation map was available at factory.	Factory omit it	It was suggested that the audited factory shall provide evacuation map as per the legal requirements.	60 days	Desktop	Mr Palle Jensen / Site manager		

		It violated ETI Code 3.1 and Fire Prevention Law of the People's Republic of China, Article 16							
3.Safety and Hygienic Conditions NC 3 (Major)		Based on document review and management interview, it was noted that the factory did not obtain the Building Structure Safety Certificate or Record for the first project buildings which was constructed in year 2016 Remark: There are total three projects at the factory, the first project was in production, the second and third projects were under construction. The management advised audit that they would apply the Building Structure	Factory omit it	The factory should obtain the Building Structure Safety Certificate or Record for all buildings	90 days	Desktop	Mr Palle Jensen / Site manager		

		<p>Safety Certificate when all three projects completed</p> <p>It violated ETI Code 3.1 and Construction Law of the People's Republic of China, Article 61</p>							
6 Working hours NC 4 (Major)		<p>Based on attendance record review and employee interview, it was identified that 1 out of 10 sampled worker has worked 19 days continuously from Nov 1st to Nov 19th, 2016. Remark: The factory explained that the worker needed to debug the new machine during this period.</p> <p>It violated ETI Code 6.6 and China Labor Law, Article 38</p>	The factory did not realize this point before.	The factory should ensure the workers have one day off in every 7 days	60 days	Follow up	Mr Palle Jensen / Site manager		
6 Working		Based on attendance	The factory	The factory should	60 days	Follow up	Mr Palle		

<p>hours NC 5 (Major)</p>		<p>record review and employee interview, it was identified that 5 out of 10 sampled workers had worked 37-61.5 hours' overtime in Nov, 2016. Also, 1 sampled workers had overtime working up to 7 hours per days on Nov 9th, 2016 Remark: The factory did not obtain the Consolidated Working Hour System</p> <p>It violated ETI Code 6.1 and China Labor Law, Article 41</p>	<p>did not realize this point before.</p>	<p>ensure the overtimes of workers in accordance with the legal requirement.</p>			<p>Jensen / Site manager</p>		
<p>6 Working hours NC 6 (Major)</p>		<p>Based on attendance record review and employee interview, it was identified that the weekly total working hours of 1 out of 10 sampled workers has exceeded 60 hours, up to 61 hours in</p>	<p>The factory did not realize this point before.</p>	<p>The factory should ensure the weekly total working hours of workers in accordance with the ETI Code requirement.</p>	<p>60 days</p>	<p>Follow up</p>	<p>Mr Palle Jensen / Site manager</p>		

		Nov, 2016							
		It violated ETI Code 6.4							

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>
Nil				

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
Living Wages are Paid Living Wages are Paid	Factory has provided housing accumulation fund and traffic fare to all employees.	Document review, Employee interview

Confirmation

<p>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></p>		
A: Site Representative Signature:	Mr Palle Jensen	Title: Site manager Date :Jan 17 th , 2017
B: Auditor Signature:	Roy Zhu	Title LA Date Jan 17 th , 2017
<p>C: Please indicate below if you, the site management, dispute any of the findings. No need to complete D-E, if no disputes. Nil</p>		
<p>D: I dispute the following numbered non-compliances: N/A</p>		
E: Signed: (If <u>any</u> entry in box D, please complete a signature on this line)	N/A	Title N/A Date N/A
<p>F: Any other site Comments: 1 It was new site which started to production from Sep, 2016. 2 There are total three projects at the factory, the first project has been in production (include the complex building, raw material tank, refinery building, warehouse), the second and third projects were under construction. This audit covered the 1st project(Around 10676.2 Square meters)</p>		

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=riPsbE0PQ52ehCo3Inq5lw_3d_3d

Click here for B members:

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



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or email helpdesk@sedexglobal.com
