



# SMETA Corrective Action Plan Report (CAPR)

Version 6.0



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 which may not be applicable to all industries / geographies. It is understood that not every audit will find findings in all the below areas. This report aims to show best practice for each potential auditing section.

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.

Audit Details			
Sedex Company Reference: <i>(only available on Sedex System)</i>	ZC: 000001234	Sedex Site Reference: <i>(only available on Sedex System)</i>	ZS: 000012345
Business name (Company name):	XXXX Toy Manufacturing Co. Ltd		
Site name:	China Toy and Associated Products Co. Ltd.		
Site address: <i>(Please include full address)</i>	No 1 Road 2. China Industry Zone	Country:	China
Site contact and job title:	Mr EEE, Factory Manager		
Site phone:	(86) 1234567	Site e-mail:	ToyandassociatedproductsLtd@456.com
SMETA Audit Type:	<input checked="" type="checkbox"/> Labour Standards	<input checked="" type="checkbox"/> Health & Safety	<input checked="" type="checkbox"/> Environment <input checked="" type="checkbox"/> Business Ethics
Date of Audit:	1 December 2016		

**Commented [S1]:** Should always be completed if audited site is a Sedex member. If not available explain why.

**Commented [Sedex2]:** Auditors can request this information from the site.

**Commented [SDX3]:** 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 [SDX4]:** Please select whether a 2-pillar or 4-pillar audit was conducted.

**Commented [SDX5]:** Make sure the correct date and audit details are also added to page footer.

**Commented [SDX6]:** This is the company paying for the audit. If the brand retailer is paying, name should be removed for Sedex upload

<b>Audit Company Name &amp; Logo:</b>  3 Squares Audit Company Ltd.	<b>Report Owner (payee):</b> <i>(If paid for by the customer of the site please remove for Sedex upload)</i>  China Toy and Associated Products Co. Ltd.
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Audit Conducted By					
Commercial	<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 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 6.0 April 2017 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.

## 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.

Any exceptions to this must be recorded here (e.g. different sample size):

Auditor Team (s) (please list all including all interviewers):

Lead auditor: Mr AAA; Senior Social Auditor

Team auditor: (if applicable) Miss CCC; Social Auditor

Interviewers: Miss CCC

Report writer: Mr XXX

Report reviewer: Miss YYY, senior report reviewer

Date of declaration: 1<sup>st</sup> December 2016

*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.*

*This report provides a summary of the findings and other applicable information found/gathered during the social audit conducted on the above date only and does not officially confirm or certify compliance with any legal regulations or industry standards. The social audit process requires that information be gathered and considered from records review, worker interviews, management interviews and visual observation. More information is gathered during the social audit process than is provided here. The audit process is a sampling exercise only and does not guarantee that the audited site prior, during or post-audit, are in full compliance with the Code being audited against. The provisions of this Code constitute minimum and not maximum standards and this Code should not be used to prevent companies from exceeding these standards. Companies applying this Code are expected to comply with national and other applicable laws and where the provisions of law and this Code address the same subject, to apply that provision which affords the greater protection. The ownership of this report remains with the party who has paid for the audit. Release permission must be provided by the owner prior to release to any third parties.*

**Commented [SDX7]:**

If ANYTHING differs from the SMETA methodology write it here with the reason why. E.g.:

- (i) An extra day more or less
- (ii) If the daily time spent on audit is more or less than the BPG recommended 9.00 to 17.00
- (iii) If you do different number of interviews or document reviews than described in the SMETA guidance.
- (iv) If you do another code of conduct in addition
- (v) If any access is denied to elements of the audit
- (vi) If additional elements are included with no increase in man-days allowed

**Commented [SDX8]:**

All auditors should be listed including any independent interviewers used. Please include job title. For some members, this must be a recognised auditor.

**Commented [S9]:** All reports must be reviewed – indicate name and title

## Audit Parameters

Audit Parameters			
A: Time in and time out	Day 1 Time in: 09:00 Day 1 Time out: 17:00	Day 2 Time in: 9.00 Day 2 Time out: 17.00	Day 3 Time in: Day 3 Time out:
B: Number of Auditor Days Used:	4(2auditors 2 days )		
C: 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		
D: Was the audit announced?	<input type="checkbox"/> Announced <input checked="" type="checkbox"/> Semi – announced Window detail: 3 weeks <input type="checkbox"/> Unannounced		
E: Was the Sedex SAQ available for review?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If no, why not: The factory had only just started the SAQ and so did not make it available to the auditors.		
F: 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		
G: Who signed and agreed CAPR (Name and job title)	Mr EEE – Factory Manager		
H: Is further information available (if Y please contact audit company for details)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
I: Previous audit date:	N/A		
J: Previous audit type:	N/A		
K: Was any previous audit reviewed during this audit	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A		

**Commented [SDX10]:** If this is <8 hours or >10 hours, then write why in the audit declaration on the second page. If audit covers several days, add time in and out for all days.

**Commented [SDX11]:** For guidance on number of auditor days, see Best Practice Guidance (BPG)

**Commented [SDX12]:** Definition of audit types is available in the Best Practice Guidance (BPG).

**Commented [SDX13]:** Make ensure the audit reader is known. For some brands/retailers there may be requirements for announced/semi announced/ un-announced audits.

**Commented [SDX14]:** Auditor should review this prior to the audit. The site can give access via Sedex before the audit or send electronically.

**Commented [SDX15]:** If the SAQ is not reviewed the auditor must state why e.g. SAQ withheld, not completed etc.

**Commented [S16]:** Only report significant points.

**Commented [Sedex17]:** If a supplementary report / alert report was issued, check "yes".

Audit attendance	Management	Worker Representatives	
	Senior management	Worker Committee representatives	Union representatives

**Commented [Sedex18]:** Senior management refers to managers who have the authority to make changes, such as factory manager or owner.

A: Present at the opening meeting?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
B: Present at the audit?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
C: Present at the closing meeting?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
D: If Worker Representatives were not present please explain reasons why (only complete if no worker reps present)	<p>Worker committee were present during the audit, however the factory management said the workers could not be spared for opening and closing meeting.</p> <p>The management would communicate the outcome of the audit to the workers though poster in the workshops, and would discuss at next worker committee meeting.</p>		
E: If Union Representatives were not present please explain reasons why: (only complete if no union reps present)	There is no union at this factory		

**Commented [SDX19]:** If worker committee and/or union were not present auditor must state, why not in field D and/or E. N/A can only be used if worker representatives/union are present.

**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](http://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](http://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	New or Carried Over	Details of Non-Compliance	Root cause	Preventative and Corrective Actions	Timescale	Verification Method	Agreed by Management and Name of Responsible Person:	Verification Evidence and Comments	Status
<i>The reference number of the non-compliance from the Audit Report, for example, Discrimination No.7</i>	<i>Is this a new non-compliance identified at the follow-up or one carried over (C) that is still outstanding</i>	<i>Details of Non-Compliance</i>	<i>(completed by the site)</i>	<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>	<i>(Immediate, 30, 60, 90,180,365)</i>	<i>Desktop / Follow-Up [D/F]</i>	<i>Note if management agree to the non-compliance, and document name of responsible person</i>	<i>Details on corrective action evidence</i>	<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.	<input checked="" type="checkbox"/> Training <input checked="" type="checkbox"/> Systems <input type="checkbox"/> Costs <input type="checkbox"/> Lack of workers <input type="checkbox"/> Other – please give details:	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	<input type="checkbox"/> Training <input type="checkbox"/> Systems <input checked="" type="checkbox"/> Costs <input type="checkbox"/> Lack of workers <input checked="" type="checkbox"/> Other – please give details: 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 [SDX20]:** Please fill out all applicable fields

**Commented [SDX23]:** 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 [SDX22]:** 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 [SDX21]:** Non-Compliance numbers: Should be easy to understand, and easy to connect to corresponding NC in report

**Commented [SDX25]:** Please include name and position of responsible person

**Commented [S24]:** Note – it is not necessary to cite the full law/code reference here – this should be written in the report



		<p>could not be fully verified in this audit.</p> <p>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).</p> <p>b. Production &amp; maintenance records in the moulding and painting workshop showed that workers in the moulding and painting workshop were working on days when the payroll records showed they were resting (see also wages and hours sections)</p>							
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</p>	<input type="checkbox"/> Training <input checked="" type="checkbox"/> Systems <input type="checkbox"/> Costs <input type="checkbox"/> lack of workers <input checked="" type="checkbox"/> Other – please give details: Poor internal checking of personal records	<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</p>	30	Follow-up	HR Manager – Mr FFF		

**Commented [SDX26]:** For time and method please start by referring to the 'SMETA Non-Compliance Guidance' in the member's resources section.

		management believe that the personnel office had overlooked giving the originals back to the workers.		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.					
1.2		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).	<input type="checkbox"/> Training <input checked="" type="checkbox"/> Systems <input type="checkbox"/> Costs <input type="checkbox"/> lack of workers <input checked="" type="checkbox"/> Other – please give details: Work materials should not carry deposits. Possible lack of knowledge of the code.	It is recommended that the factory should stop such behaviour and ensure no more deposits happen.	30 days	Follow-up	HR Manager – Mr FFF		
2.1	New	The worker's 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 which mean that the 60% of the workers at the site have no gender representation in the worker's committee.	<input type="checkbox"/> Training <input type="checkbox"/> Systems <input type="checkbox"/> Costs <input type="checkbox"/> lack of workers <input checked="" type="checkbox"/> Other – please give details: 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	30 days	Desktop	HR Manager – Mr FFF		

		Committee members were dissatisfied at the lack of action by management based on the issues they raised at the one meeting.		meeting minutes by displaying them in the works canteen and to continue to publish the minutes of any further meetings.					
2.2	New	<p>Workers interviewed knew there was a worker's committee and that its members had been elected, but did not know:</p> <ul style="list-style-type: none"> <li>• How the nominations and elections were organised</li> <li>• Who their representatives were.</li> <li>• The roles and responsibilities of worker representatives.</li> </ul>	<input checked="" type="checkbox"/> Training <input checked="" type="checkbox"/> Systems <input type="checkbox"/> Costs <input type="checkbox"/> lack of workers <input type="checkbox"/> Other – please give details:	<p>The site agreed to inform all workers of the worker committee and to include it as part of induction training. Communicate the process for the worker committee to workers, during induction training and on relevant notice boards and in relevant meetings following induction. Ensure worker representatives are known to workers, for example through pictures on notice boards.</p>	60 days	Follow-up	HR Manager – Mr FFF		
2.3	New	<p>Worker committee representatives reported that their requests were being ignored. These included PPE requests for gloves in detail painting workshop (part of painting workshop in production building 2).</p> <p>The H&amp;S manager said he had checked with the supplier of the</p>	<input checked="" type="checkbox"/> Training <input checked="" type="checkbox"/> Systems <input type="checkbox"/> Costs <input type="checkbox"/> lack of workers <input checked="" type="checkbox"/> Other – please give details: Lack of feedback mechanisms.	<p>Workers to be made aware that there was no need for gloves and that the glues in use in the factory were not hazardous to health. In the future, if committee members make requests, ensure any follow-up is fed back to the committee and to</p>	60 days	Follow-up	H&S Manager – Mr GGG		

		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.		workers, even in cases are not followed through.					
2.4	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.	<input checked="" type="checkbox"/> Training <input checked="" type="checkbox"/> Systems <input type="checkbox"/> Costs <input type="checkbox"/> lack of workers <input type="checkbox"/> Other – please give details:	<p>Management and worker committee to communicate the existence of grievance mechanisms to workers once more, and how they can be used most effectively.</p> <p>Management 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.</p>	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	<input checked="" type="checkbox"/> Training <input type="checkbox"/> Systems <input type="checkbox"/> Costs <input checked="" type="checkbox"/> lack of workers <input checked="" type="checkbox"/> Other – please give details:	The H&S manager, Mr FFF discussed with the factory manager that PPE must be obtained for all workers in spray	30 days	Follow-up	H&S Manager – Mr GGG		

		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). Please also see clause 4 young workers.	Lack of awareness of health and Safety risks. No hazardous risk assessment carried out.	pointing and that he, (Mar. FFF) would ensure all workers were trained in their correct use. He believed that 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).	<input type="checkbox"/> Training <input checked="" type="checkbox"/> Systems <input type="checkbox"/> Costs <input type="checkbox"/> lack of workers <input checked="" type="checkbox"/> Other – please give details: 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		
3.3	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	<input checked="" type="checkbox"/> Training <input checked="" type="checkbox"/> Systems <input type="checkbox"/> Costs <input type="checkbox"/> lack of workers <input checked="" type="checkbox"/> Other – please give details: Lack of awareness amongst supervisors and team leaders.	It is necessary that the factory ensure all workstations stay tidy throughout the day to ensure workers are not at risk of injury through tripping.  The H&S manager stated they would	Immediate	Follow-up	H&S Manager – Mr GGG		

				communicate this to all work areas and inspect work stations more regularly to ensure continued upkeep and tidiness throughout the site					
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.	<input type="checkbox"/> Training <input checked="" type="checkbox"/> Systems <input type="checkbox"/> Costs <input type="checkbox"/> lack of workers <input checked="" type="checkbox"/> Other – please give details: 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 4 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	<input type="checkbox"/> Training <input type="checkbox"/> Systems <input type="checkbox"/> Costs <input type="checkbox"/> lack of workers <input checked="" type="checkbox"/> Other – please give details: Lack of awareness of legal requirements on H&S.	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		

		condition as defined in the ETL code, where young people should not work.							
4.3	New	It was noted that the factory does 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.	<input type="checkbox"/> Training <input type="checkbox"/> Systems <input type="checkbox"/> Costs <input type="checkbox"/> lack of workers <input checked="" type="checkbox"/> Other – please give details: Lack of awareness of legal requirements on young workers. Inadequate procedures. Inadequate internal management checks.	<p>Develop 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:</p> <ul style="list-style-type: none"> <li>• They are registered – responsibility of personnel department after recruitment</li> <li>• They have health checks – responsibility of personnel department to organise pre-joining</li> <li>• The health checks continue at required intervals – personnel department</li> <li>• They never work in hazardous conditions – responsibility of section manager and supervisors</li> </ul>	30 days	Follow-up	HR Manager – Mr FFF		
5.1	New	<b>Minimum wage, overtime wages and</b>	<input type="checkbox"/> Training <input checked="" type="checkbox"/> Systems	It is recommended that the factory	60 Days	Follow-up	Factory Manager – Mr		

		<p><b>working hours could not be accurately verified for the following reasons:</b></p> <p>a. The broken needle records showed that some workers (4+3) were working in December 2015, on days when payroll records showed it was a rest day (see also hours section).</p> <p>b. Production &amp; maintenance records in the moulding and painting workshop showed that workers in the moulding and painting workshop were working on days when the payroll records showed they were resting (see also hours section)</p> <p>The auditor was able to verify some wages and hours records, and these are detailed in wages and hours sections.</p>	<input type="checkbox"/> Costs <input type="checkbox"/> lack of workers <input checked="" type="checkbox"/> Other – please give details: 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.	keeps accurate and complete attendance records to ensure that wages and hours can be accurately verified			EEE		
5.2	New	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 E.g. the highest paid worker in the wages table is paid	<input type="checkbox"/> Training <input checked="" type="checkbox"/> Systems <input type="checkbox"/> Costs <input type="checkbox"/> lack of workers <input checked="" type="checkbox"/> Other – please give details: System in place which fails to meet the legal requirements of premium paid on	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 days	Follow-Up	Factory Manager		



		standard wages at 1500 per month (21.75 days and 8 hours per day), that is 8.62 currency units per hour. For 28 hours overtime hours per month the total wage should be: 8.62 (standard wage rate) X 28 (hrs.) X 1.5 (overtime rate) = 362 [currency units] the actual wages paid were 265.4 i.e. overtime rates were calculated on the min wage and not normal standard wages.	standard wage. Lack of awareness of legal requirements and of code requirements.						
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 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. 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	<input type="checkbox"/> Training <input type="checkbox"/> Systems <input type="checkbox"/> Costs <input type="checkbox"/> lack of workers <input checked="" type="checkbox"/> Other – please give details: 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 adjusted for the next wages interval, to meet the minimum required legal rate. 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	Wage adjustment – immediate  Payment of owed wages – 60 days	Follow-Up	Factory manager		

		workforce – 33 workers). They also stated that new workers could earn production bonus and that both new workers and cleaners could earn attendance bonus. 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.		legal wage rate to 6.32. Then wages office will then recommend how this should be paid back to the relevant workers.					
6.1	New	Minimum wage, overtime wage and working hours could not be accurately verified due to the following reasons: a). Through reviewing the Broken Needle / Needle Storage Records, it was noted that 4 workers worked on 7th December 2015, 4 workers worked on 8 <sup>th</sup> December 2015 and 3 workers worked on 14 <sup>th</sup> December 2015, but the attendance records provided by the factory indicated that those workers rested on the corresponding mentioned days.	<input type="checkbox"/> Training <input type="checkbox"/> Systems <input type="checkbox"/> Costs <input checked="" type="checkbox"/> lack of workers <input checked="" type="checkbox"/> Other – please give details: The cause of inconsistencies was workers wrote the dates on the production records by mistake. We will require all 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	It is recommended that the factory should ensure maintain and provide accurate and complete attendance records to ensure the minimum wage, overtime wage and working hours can be verified. 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.	60 Days	Follow-Up	Factory Manager		

		<p>b). Through reviewing the Production Records of moulding and painting workshop, it was noted that there were production records on 15<sup>th</sup> November 2016, 16<sup>th</sup> November 2016 and 22<sup>th</sup> November 2016, 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>The auditor was able to verify some wages and hours records, and these are detailed in wages and hours sections.</p>	<p>inconsistencies in the future.</p>						
6.2	New	<p>Workers did more than 60 hrs per week for two weeks in December 2015 and two weeks in November 2016, 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-December. 10 workers (out of 42 sampled) found to have worked in excess of 60 hours per week (60-65 hours/week) in</p>	<p><input type="checkbox"/> Training  <input type="checkbox"/> Systems  <input type="checkbox"/> Costs  <input type="checkbox"/> lack of workers  <input checked="" type="checkbox"/> Other – please give details: The factory obtained one Comprehensive Working Hours System approval from local labour bureau, the approved implementation period was 1 year from 1st January 2016 to 31st December</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		

		December 2015 and 5 employees (out of 42 sampled) were found to have worked in excess of 60 hours per week in November 2016 (60-65 hrs/week).	2016, and the total working hours allowed was 2432 hours [2000 (250 days x 8 hours) plus 432 (36 overtime hours x 12 months)]. In this audit, 5 workers had been selected to check their total annual working hours from 1st January 2016 to 30th December 2016. 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						
7.1	New	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 to prove that the jobs in the production workshops were only fit	<input type="checkbox"/> Training <input type="checkbox"/> Systems <input type="checkbox"/> Costs <input type="checkbox"/> lack of workers <input checked="" type="checkbox"/> Other – please give details: Lack of knowledge of legal requirements	It is recommended that management adopt practices and recruitment policy to ensure that labours are not discriminated against in employment, regardless of age.	30 days	Desktop	Factory Manager		

		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 2016. 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.	<input type="checkbox"/> Training <input type="checkbox"/> Systems <input type="checkbox"/> Costs <input type="checkbox"/> lack of workers <input checked="" type="checkbox"/> Other – please give details: 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.	<input type="checkbox"/> Training <input checked="" type="checkbox"/> Systems <input type="checkbox"/> Costs <input type="checkbox"/> lack of workers <input checked="" type="checkbox"/> Other – please give details: 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 2016 and one worker was recruited in May 2016 but they both signed	<input type="checkbox"/> Training <input type="checkbox"/> Systems <input type="checkbox"/> Costs <input type="checkbox"/> lack of workers <input checked="" type="checkbox"/> Other – please give details: Lack of knowledge of legal	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		

		contract on 1 <sup>st</sup> September 2016. The factory would normally 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). A review of all workers employed since Jan 2016 (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 contracts.	requirements for contracts. Inadequate systems and lack of management checks						
8.2	New	During peak months, the site uses up to 50 temporary workers to support with orders. These workers come from the local region and are recruited through a local labour agent, Mr LLL.	<input type="checkbox"/> Training <input checked="" type="checkbox"/> Systems <input type="checkbox"/> Costs <input type="checkbox"/> lack of workers <input checked="" type="checkbox"/> Other – please give details: Lack of knowledge of legal requirements for contracts. Inadequate	The factory should ensure all temporary workers are provided with personnel records, working hours and wage records and that these are kept on file for at least two years for each worker.	30 Days	Follow-Up	HR Manager – Mr FFF		

		<p>From interviews with management there is no formal system in place to manage and monitor the working conditions of these workers.</p> <p>Interviews with workers and record reviews did show that workers work the same hours and receive the same pay as permanent workers. However, the personnel records for these workers are incomplete, and don't include copies of identity cards. Furthermore, these workers are paid in cash.</p>	<p>systems and lack of management checks.</p>	<p>Where possible the site should pay temporary workers by bank transfer.</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. It was noted that the facility used 3 subcontractors.</p>	<p><input type="checkbox"/> Training  <input type="checkbox"/> Systems  <input type="checkbox"/> Costs  <input type="checkbox"/> lack of workers  <input checked="" type="checkbox"/> Other – please give details: Lack of awareness of customer's requirements and standards.</p>	<p>The site must make their main client aware of the sub-contracting units used for hand assembly.</p>	30 Days	Desktop	Factory Manager		
8A.2	New	<p>From interviews with management there is no system in place to manage and monitor the working conditions at the subcontractors. There is no communication to the</p>	<p><input type="checkbox"/> Training  <input checked="" type="checkbox"/> Systems  <input type="checkbox"/> Costs  <input type="checkbox"/> lack of workers  <input checked="" type="checkbox"/> Other – please give details: Lack of awareness of customer's</p>	<p>The site should make sub-contractors aware of the Ethical code and implement a system to monitor.</p>	30 Days	Desktop	Factory Manager		

		subcontract units concerning the ethical code of the main client or of the sites' own code and policies. 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.	requirements and standards. Inadequate systems for subcontracting						
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. 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.	<input checked="" type="checkbox"/> Training <input checked="" type="checkbox"/> Systems <input type="checkbox"/> Costs <input type="checkbox"/> lack of workers <input type="checkbox"/> Other – please give details:	Remove the mention from the handbook and communicate with workers' the importance of keeping a clean and tidy workshop.	Immediate	Follow-up	Factory Manager		
10B4.1	New	It was noted that the hazardous wastes, including empty painting containers and oily rags, were generated from spray painting and moulding workshop. However, the	<input type="checkbox"/> Training <input checked="" type="checkbox"/> Systems <input type="checkbox"/> Costs <input type="checkbox"/> lack of workers <input checked="" type="checkbox"/> Other – please give details: Lack of understanding of	It is recommended that the hazardous waste should be submitted to a collector, which has obtained a relevant business permit.	30 days	Desktop	Factory Manager		



		factory management was unable to provide a hazardous waste disposal contract.	legal requirements and environmental standards. Inadequate control systems of environmental impacts						
10C4.1	New	The site has not delivered formal training to employees and workers on its Whistle blowing policy. Management agreed this has not yet been delivered and they meant to update their training to include it.	<input type="checkbox"/> Training <input checked="" type="checkbox"/> Systems <input type="checkbox"/> Costs <input type="checkbox"/> lack of workers <input checked="" type="checkbox"/> Other – please give details: Inadequate systems and lack of management checks	Deliver training to all employees and workers on the whistle-blowing policy, and maintain records of these training sessions	30 days	Desktop	Factory Manager		

**Corrective Action Plan – Observations**

<b>Observation Number</b> <i>The reference number of the observation from the Audit Report, for example, Discrimination No.7</i>	<b>New or Carried Over</b> <i>Is this a new observation identified at the follow-up or one carried over (C) that is still outstanding</i>	<b>Details of Observation</b> <i>Details of Observation</i>	<b>Root cause</b> <i>(completed by the site)</i>	<b>Any improvement actions discussed</b> <i>(Not uploaded on to SEDEX)</i>
0.A.1	New	Management is aware of the human rights statement published by the parent company, but they do not communicate to the work force or their suppliers.	Did not see the importance of the issue	Where possible the site should make, the policy known to appropriate personnel
0.B.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	The site would finalise the SAQ within the next month.

			fill out the SAQ completely.	
0.B.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/subcontractors. 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 10th 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.  Workers and management reported the pay was received at the next pay date.	Lack of knowledge of the code requirements and lack of adequate internal systems.	Management agreed that the policy should be codified and potentially revised to determine if this is the correct approach, and re-communicated to workers whether it is changed or not.
2.1	New	Minutes of the worker's 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.
3.1	New	During worker interviews, some workers reported that sometimes the toilets are not clean. Management reported they are regularly cleaned and the auditor saw the cleaning rota which confirmed this. On the day of the visit, the toilets were clean and hygienic.	Negligence from management/supervisors.	Management to monitor toilet cleanliness more closely, and ask workers to raise it with their supervisors if toilets are unclean.
4.1	New	The factory has a minimum working age policy (16), but some managers were not aware of this.	Lack of code requirements. Inadequate internal training practices.	The HR manager said that as all recruitment goes through their office, this had not been an issue so far. However, they would re-communicate the policy to all members of staff to ensure this was clear.
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	Some workers reported other workers found it easier to take time off as they were friendlier to supervisors and management. The auditor could not verify this through management interviews or record cross-checking.	Inadequate communication and training given to workers.	Management will investigate during next worker survey to determine if this is an issue, and remind all workers and supervisors of the 1-step leave policy to ensure everyone knows the process and follows it.
8.1	New	There were no formal recruitment policies and procedures in place, although practices were adequate and overseen by the HR department.	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	Workers reported being occasionally shouted at by supervisors during busy periods.	Inadequate communication and training given to managers and supervisors.	Factory management reported that this had been observed but they were trying to resolve the situation and ensure improved communication on site. They have reached out to a third-party consultant to support them to do this.
10B4.1	New	It was found that some environmental documentation was missing: <ul style="list-style-type: none"> <li>• Site has not completed the SAQ (including environmental information)</li> <li>• Site has an environmental policy; however, this focuses on water and energy usage, excluding waste and chemical management.</li> <li>• Site does not have a documentation process to record hazardous chemicals used in the manufacturing process</li> </ul>	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.
10B4.2	New	The auditor noted a small amount of waste materials not stored in the right area. This was fixed on the day.	Negligence from the Management and lack of training.	The materials were being moved but the move had not been completed. The site was reminded that waste materials should be move immediately to the waste area to ensure no dangers to workers and environmental standards are kept. Management agreed and said they would remind supervisors of the importance of this.

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
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**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.A.1	The site has undergone a human rights impact assessment and has acted accordingly to improve its links and impact on the local community.	Human rights impact assessment and follow-up actions.
0.B.1	The factory has an internal management system which includes its own internal audits and workers surveys performed by properly trained individuals. The site showed record which showed that two members of the quality audit team have been on a social auditing skills course, and are trained to review documents.  The last worker survey was delivered in November 2016 and the audit in October 2016.  The site used findings from the survey to increase satisfaction of workers, for example by improving quality of food provided.	Internal Management systems documentation and Management interview
1.1	The site has an effective simplified leave policy which is communicated and understood by workers. Workers only need to request leave from their immediate supervisor to have it approved (or not). This is efficient and ensures workers know who to contact and when if they need to take leave, both in advance and if there is an emergency.	Worker handbook, Management Interview, Worker interview
2.1	Annual survey of worker's satisfaction, used to understand worker sentiment and improve working conditions.	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

**Commented [S27]:** Please look for and report Good examples – see SMETA Guidance for definition of what constitutes a GE – do not just report compliance to local law as a GE

**Commented [SDX28]:** Please ensure anything here is also in the Report and if applicable, that relevant photos are included.

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
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 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.
3.4	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	<p>Factory provides free meals and transportation for workers.</p> <ul style="list-style-type: none"> <li>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.</li> <li>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.</li> </ul>	Worker interview, site tour, bus transportation records.
7.1	The site has policies and processes which upskill female workers to supervisors and managers. They are still developing this process and are keeping records to demonstrate its effectiveness.	Worker interview, management interview, personnel files review.
8.1	Employee programs – "People Engagement Survey" identifying specific areas for improvement and evaluation of the Team leadership and mgmt. of the company	Worker interview, personnel files review, contract reviews.

## Confirmation

<p><b>Please sign this document confirming that the above findings have been discussed with and understood by you:</b> (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. EEE	Title: Factory Manager Date: 1st December 2016
B: Auditor Signature:	Mr. AAA	Title: Lead Auditor Date: 1st December 2016
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 dispute the following numbered non-compliances:		
E: Signed: (If <u>any</u> entry in box D, please complete a signature on this line)	Mr. EEE	Title: Factory Manager Date: 1st December 2016
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.



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