

SMETA Corrective Action Plan Report (CAPR)

Supplier name:	CYCPACK Industries Shanghai Co., Ltd.	
Site country:	China	
Site name:	CYCPACK Industries Shanghai Co., Ltd.	
Parent Company name (of the site):	CYCPACK Industries Shanghai Co., Ltd.	
SMETA Audit Type:	<input checked="" type="checkbox"/> 2-Pillar	<input type="checkbox"/> 4-Pillar
Date of Audit	16 th MAY 2015	<input type="checkbox"/>

Audit Content:

(1) A SMETA audit was conducted which included some or all of Labour Standards, Health and Safety, Environment and Business ethics. The SMETA Best Practice Guidance Version 5 December 2015 was applied. The scope of workers included all types at the site e.g. direct employees, agency workers, workers employed by service providers, and workers provided by other contractors. Any deviations from the SMETA Methodology are stated (with reasons for deviation) in the SMETA Declaration.

(2) The audit scope was against the following reference documents:
Please check appropriate SMETA Audit Type in the above box:

2-Pillar SMETA Audit

- ETI Base Code
- SMETA Additions
 - Management systems and code implementation,
 - Entitlement to Work and Immigration,
 - Sub-Contracting and Home working

4-Pillar SMETA Audit

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

The new ETI Working Hours Clause

- Now integrated into this latest SMETA version.

ETI code / SMETA Additions and local law and recorded as non-compliances on both the audit report, CAPR and on Sedex.





Audit Company Name: Centre Testing International Corporation	Report Owner (payee): CYCPACK Industries Shanghai Co., Ltd.
Sedex Company Reference: (only available on Sedex System)	S00000076470
Sedex Site Reference: (only available on Sedex System)	P000000160121

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)	

Auditor Reference Number: (If applicable)	N/A
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Audit Details

Audit Details			
A: Report #:	SHA10277		
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: 9:30 Day 1 Time out: 17:00	Nil	Nil
C: Number of Auditor Days Used: <i>(number of auditor x number of days)</i>	One auditor in one day		
D: Audit type:	<input type="checkbox"/> Full Initial <input checked="" 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):	Clarence Chen (Auditor)		
I: Report written by:	Clarence Chen		
J: Report reviewed by:	Judith Xia		
K: Report issue date:	May 25, 2015		
L: Supplier name:	CYCPACK Industries Shanghai Co., Ltd.		
M: Site name:	CYCPACK Industries Shanghai Co., Ltd. (Chinese Name: 上海思环包装制品有限公司)		
N: Site country:	China		
O: Site contact and job title:	Mr. Lawrence Liang /Administration		

P: Site address: <i>(Please include full address)</i>	No. 2588 Jinhai Rd., Pudong Area, Shanghai, China			
Site phone:	86-21-50215723			
Site fax:	86-21-39651190			
Site e-mail:	lawrence.liang@cycpack.com			
Q: Applicable business and other legally required licence numbers: for example, business license no, and liability insurance	Business licence No.: 310115001080569			
R: Products/Activities at site, for example, garment manufacture, electricals, toys, grower	Children's Book Manufacture			
S: Audit results reviewed with site management?	Yes			
T: Who signed and agreed CAPR <i>(Name and job title)</i>	Mr. Su Zhuang Jie/Production 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. Clarence Chen /Auditor, Mr. Li Ning/ General Manager, Mr. Lawrence Liang /Administration, Su Zhuang Jie/Production Manager and Ms. Hu Shu Xiu/HR Clerk			
W: What form of worker representation / union is there on site?	<input type="checkbox"/> Union (name) <input type="checkbox"/> Worker Committee <input checked="" type="checkbox"/> Other (specify) worker representation <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:	12 nd May 2014			
Z: Previous audit type:		SMETA 2-pillar	SMETA 4-pillar	Other
	Full Initial	<input checked="" 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			

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.

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>
1 Safety and Hygienic Conditions	New	<p>Noted that:</p> <p>a. Some sundries were placed on landings to roof in escape stairs;</p> <p>b. Some work desks were placed in aisle of production workshop.</p> <p>According to the PRC Fire Prevention Law article 16 (4), Government offices, social groups, enterprises, public institutions and other entities shall take the following fire safety precautions: Ensure that evacuation passages, safety exits and fire truck passages are clear, and the fire and smoke compartmentalization and fire protection spacing meet applicable technical standards.</p> <p>Recommended that the factory should:</p>	Insufficient management	The factory should replace those sundries and work desks immediately.	30 days	Desktop	Su Zhuang .lie		

		a. Remove those sundries so that escape stairs are clear. b. Ensure all passages are clear.							
2. Safety and Hygienic Conditions	New	<p>Noted that the factory did not conduct inspection for fire protection facilities and equipment (four emergency lights and two exit signs) used in escape stairs to roof at least once a year.</p> <p>According to PRC Fire Prevention Law article 16 (3), Government offices, social groups, enterprises, public institutions and other entities shall take the following fire safety precautions: Conduct thorough tests of fire protection facilities in a building at least on a yearly basis so as to ensure that they are in good condition and working order, archiving complete and accurate testing records for future reference.</p> <p>Recommended that the factory should conduct inspection for fire protection facilities and equipment at least once a year and maintain the inspection records for review.</p>	Insufficient management	The factory should conduct regular inspection for those fire protection facilities.	30 days	Desktop	Su Zhuang Jie		
3. Safety and Hygienic Conditions	New	<p>Noted that the factory did not provide earplugs for the workers (about 10 workers) working in the hi-frequency process section.</p> <p>According to the Safety</p>	Insufficient management	The factory should provide earplugs to those workers.	30 days	Desktop	Su Zhuang Jie		

		<p>Manufacturing Law article 37, an employer shall provide employees with occupational health and safety conditions and necessary personal protective equipment conforming to the state stipulations and shall monitor and educate employees on how to wear and use such personal protective equipment according to use instruction.</p> <p>Recommended that factory should provide earplugs for the workers who working in the hi-frequency process section.</p>							
4. Safety and Hygienic Conditions	New	<p>Noted that all 10 workers in the hi-frequency process section have not conducted new occupational health examination (The last occupational health examination was out of valid date).</p> <p>According to the PRC Law of Prevention and Control of Occupational Diseases article 32, the employer shall conduct regular occupational health examination for those labourers who are engaged in using or contacting noxious articles in their working process as required by medical administrative department under the State Council. The occupational health examination should be conducted</p>	Insufficient management	The factory should arrange related workers to conduct occupational health examination ASAP.	60 days	Desktop	Su Zhuang Jie		

		<p>before labourers start to take work post, in the course of the work post and after leave the work post and employer should inform the labourers of the result of the occupational health examinations. The expense of the occupational health examination should be provided by employers. Employer should not assign labourers without the occupational health examination to be engaged in the work with using or contacting noxious articles, or labourers with any occupational contraindications to be engaged in the prohibited work from them. Once the occupational health examination indicates that employee is suffering from the occupational disease in relation to his or her occupation, the employer shall transfer such a labourer out of his or her former work post, and settle him or her in a proper way. Employer should not rescind or terminate the contracts signed with those employees without the occupational health examination at time of leaving the work post. The occupational health examination should be undertaken by the medical organizations</p>							
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		<p>authorized by the medical administrative department above province-level.</p> <p>Recommended that the factory should conduct regular occupational health examination for those labourers who working in in the hi-frequency process section.</p>							
5. Safety and Hygienic Conditions	New	<p>Noted that the factory did not have noise assessment in the high frequency workshop and provide a noise test report.</p> <p>According to the ETI Base Code 3.1: A safe and hygienic working environment shall be provided, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Adequate steps shall be taken to prevent accidents and injury to health arising out of, associated with, or occurring in the course of work, by minimising, so far as is reasonably practicable, the causes of hazards inherent in the working environment.</p> <p>Recommended that the factory should regularly test noise in the workshop.</p>	Insufficient management	The factory should arrange noise assessment ASAP.	60 days	Desktop	Su Zhuang Jie		
6. Safety and Hygienic Conditions	New	<p>Noted that the factory did not conduct air quality test for the high</p>	Insufficient management	The factory should arrange air quality test for the high	60 days	Desktop	Su Zhuang Jie		

		<p>frequency workshop.</p> <p>According to the ETI Base Code 3.1: A safe and hygienic working environment shall be provided, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Adequate steps shall be taken to prevent accidents and injury to health arising out of, associated with, or occurring in the course of work, by minimising, so far as is reasonably practicable, the causes of hazards inherent in the working environment.</p> <p>Recommended that the factory should regularly test air quality in the workshop.</p>		frequency workshop ASAP.					
7. Wages and Benefits	New	<p>Noted that through reviewing social insurance receipt in March 2015, all 25 employees had participated in disability caused by work-related injury or occupational disease insurance; however, only 23 out of 25 workers had participated in retirement insurance and unemployment insurance, 24 out of 25 workers had participated in illness and child-bearing insurance without any official approval from the local social insurance bureau.</p> <p>According to the PRC Labour Law</p>	<ol style="list-style-type: none"> 1. The age of one worker arrived 50 years old, so local social insurance bureau didn't allow her to buy social insurance continuity. 2. Other worker had bought social insurance by herself in local social insurance bureau. 	The factory should try best to buy five kinds of social insurance for all workers.	60 days	Follow-up	Su Zhuang Jie		

		<p>article 72, employing unit and workers must participate in social insurance and pay social insurance premiums According to the law; and according to article 73, labour shall enjoy social insurance benefits under the following circumstances: a) retirement, b) illness or injury, c) disability caused by work-related injury or occupational disease, d) unemployment; and e) child-bearing. Therefore, according to this national law, all five types of social insurance schemes mentioned above should be provided for all employees of a factory.</p> <p>Recommended that the factory should ensure all workers participate in the all 5 types of social insurance schemes and therefore receive all of their statutory welfare to comply with the Law. Otherwise, the factory has to apply an official approval from the local social insurance bureau to seek exemption from certain kinds of social insurance scheme.</p>							
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Corrective Action Plan – Observations				
Observation	New or	Details of Observation <i>Details of Observation</i>	Root cause <i>(completed by the site)</i>	Any improvement actions discussed

Number <i>The reference number of the observation from the Audit Report, for example, Discrimination No.7</i>	Carried Over <i>Is this a new observation identified at the follow-up or one carried over (C) that is still outstanding</i>			<i>(Not uploaded on to SEDEX)</i>
Nil		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
Nil	Nil	

Confirmation

Please sign this document confirming that the above findings have been discussed with and understood by you: (site management)
If actual signatures are not possible in electronic versions, please state the name of the signatory in applicable boxes, as indicating the signature.

A: Site Representative Signature:	Su Zhuang Jie	Title: Production Manager Date: 16 th May 2015
B: Auditor Signature:	Clarence Chen	Title: Auditor Date: 16 th May 2015

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:*
 N/A

E: Signed: (If <u>any</u> entry in box D, please complete a signature on this line)		Title Date
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F: Any other site Comments:
 N/A

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=riPsbE0PQ53ehCo2Inq5lw_3d_3d

Click here for B members:

http://www.surveymonkey.com/s.aspx?sm=d3vYsCe49fre68DRgIY_2brg_3d_3d



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