

SMETA Corrective Action Plan Report (CAPR)

Version 5.0 Dec 2014, 2/4 Pillar Audit; replaces version 4.0 May 2012

Supplier name:	Dunelm	
Site country:	China	
Site name:	Reason Enterprise Co., 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	13 th & 14 th September 2016	

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.

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





Audit Company Name: Intertek	Report Owner (payee): Planit Products Ltd
<i>Sedex Company Reference:</i> <i>(only available on Sedex System)</i>	S: Not supplied
<i>Sedex Site Reference:</i> <i>(only available on Sedex System)</i>	P: Not supplied

Audit Conducted By			
<i>Commercial</i>	<input checked="" type="checkbox"/>	<i>Purchaser</i>	<input type="checkbox"/>
<i>NGO</i>	<input type="checkbox"/>	<i>Retailer</i>	<input type="checkbox"/>
<i>Trade Union</i>	<input type="checkbox"/>	<i>Brand Owner</i>	<input type="checkbox"/>
<i>Multi-stakeholder</i>	<input type="checkbox"/>	<i>Combined Audit (select all that apply)</i>	

<i>Auditor Reference Number:</i> <i>(If applicable)</i>	Not applicable
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Audit Details

Audit Details			
A: Report #:	A4568576		
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: 10:00 Day 1 Time out: 18:00	Day 2 Time in: 9:00 Day 2 Time out: 13:00	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>	1.5 (One auditor in two days)		
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 type="checkbox"/> Announced <input checked="" type="checkbox"/> Semi – announced: Window detail: 4 weeks <input type="checkbox"/> Unannounced		
F: Was the Sedex SAQ available for review?	<input type="checkbox"/> Yes <input checked="" 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>	The facility was not registered on Sedex and did not provide the SAQ for review.		
G; Any conflicting information SAQ/Pre-Audit Info to Audit findings?	<input type="checkbox"/> Yes <input type="checkbox"/> No If Yes , please capture detail in appropriate audit by clause Not applicable. The facility did not provide the SAQ for review.		
H: Auditor name(s) and role(s):	Matt Luo (Lead auditor and interviewer)		
I: Report written by:	Matt Luo		
J: Report reviewed by:	Cathy Zhang		
K: Report issue date:	22 nd September 2016		
L: Supplier name:	Dunelm		
M: Site name:	Reason Enterprise Co., Ltd		
N: Site country:	China		
O: Site contact and job title:	Mr. Han Gang / Admin Manager		
P: Site address:	Gongfa Industrial Park, Heshan Town, Yangdong District, Yangjiang		

(Please include full address)	City, Guangdong Province, China			
Site phone:	86-662-6378088			
Site fax:	86-662-6378033			
Site e-mail:	2318412095@qq.com			
Q: Applicable business and other legally required licence numbers: for example, business license no, and liability insurance	Business license No: 441723000000924 Valid Date: 22 nd April 2022			
R: Products/Activities at site, for example, garment manufacture, electricals, toys, grower	Plastic kitchen ware			
S: Audit results reviewed with site management?	Yes			
T: Who signed and agreed CAPR (Name and job title)	Mr. Han Gang / Admin 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. Han Gang / Admin Manager Ms. Liang Cuiting / Office Staff Ms. Jiang Renqiong / Worker Committee representative Matt Luo / Lead Auditor and interviewer			
W: What form of worker representation / union is there on site?	<input type="checkbox"/> Union (name): <input checked="" 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 type="checkbox"/> No N/A. There was no CBA in the facility.			
Y: Previous audit date:	N/A, this is a full 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, this is a full initial audit			

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	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>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>
3.1	New	In accordance with the Law of the PRC on Work Safety Article 24, The principal in charge and persons for the management of work safety in production and business entities have to have the knowledge about work safety and the competence for the management, which are commensurate with the production and business activities of these entities. The principal in charge and persons for the management of work safety in production and business entities that produce, trade or store hazardous articles, and mines, metal smelting, building construction, and road transport	The facility ignored this requirement.	The facility would ensure the principal in charge and persons for the management of work safety obtain relevant qualification certificates according to legal requirements. To obtain and kept the qualification certificates	90 days	Desktop	Mr. Han Gang / Admin Manager	Upload relevant document to Sedex showing that the principal in charge and persons for the management of work	Open

		<p>shall only be appointed to the posts after they pass the examinations in their knowledge about work safety and their competence in the management conducted by the competent departments for work safety supervision and administration. No fees shall be charged for taking such examinations. Entities that produce or store hazardous articles, and mines, metal smelting shall have certified safety engineer to work on the management of work safety.</p> <p>No qualification certificate for the principal in charge or persons for the management of work safety in the facility. During document review, auditor found that the facility could not provide the qualification certificate of the principal in charge and persons for the management of work safety for review.</p>						safety obtain relevant qualification certificates	
3.2	New	<p>In accordance with Regulations on the Safety Management of Dangerous Chemicals article 20, The units producing, storing dangerous chemicals shall, according to the categories and hazardous characteristics of the dangerous chemicals they producing, storing, set up the corresponding safety facilities and equipments for monitoring, aeration, protection against exposure to sun, temperature adjusting, fireproof, fire fighting, flameproof, pressure discharging, prevention of toxicants, neutralization, moistureproof, protection against thunder, protection against static, antiseptis, prevention of leakage, protection dams or segregated operations, etc.. In addition, the units shall carry out maintenance and caring regularly according to the national standards, industrial standards or the relevant provisions of the</p>	<p>Site policy was not being followed</p>	<p>The facility would set up the corresponding safety facilities and equipment in workshop or warehouse for hazardous chemicals as per legal requirement.</p> <p>To check all chemical used in the facility.</p>	60 days	Desk top	Mr. Han Gang / Admin Manager	<p>Upload relevant document to Sedex showing the facility had installed the secondary container for the chemical in the facility</p>	Open

		<p>State, thus to guarantee the safety operations of facilities and equipment.</p> <p>Safety facilities for hazardous chemicals were not compliant with legal requirement. During facility tour, auditor found that hazardous chemicals such as motor oil (The volume was around 100 L per pot) were stored in the warehouse, but there was no secondary containment.</p>							
3.3	New	<p>In accordance with the Regulations on the Safety Management of Dangerous Chemicals Article 24, dangerous chemicals must be stored in special storehouses, special places or special storerooms (hereinafter referred to as the special storehouses), and shall be managed by the personnel specially designated. Highly toxic chemicals and other dangerous chemicals that may cause major danger sources because of storage volume should be kept separately in the special storehouses, and apply the system of two-person dispatch and two-person keeping. The storage means, methods and the quantities of storage of dangerous chemicals shall meet the national standards or relevant national provisions.</p> <p>No isolated warehouse for hazardous chemicals. During facility tour, auditor found that hazardous chemicals including ink and cleanser were stored in the material warehouse, and no isolated warehouse for hazardous chemicals.</p>	Site policy was not being followed	<p>The facility would ensure the hazardous chemicals were stored in exclusive storehouse as per legal requirement.</p> <p>To check all chemical used in the facility.</p>	60 days	Desk top	Mr. Han Gang / Admin Manager	Upload relevant document to Sedex showing the facility had ensured the hazardous chemicals were stored in exclusive storehouse as per legal requirement.	Open
5.1	New	In accordance with the Social Insurance Law of the	Site policy	The facility would ensure all	60	Follo	Mr. Han	Arranged	Op

		<p>People’s Republic of China, Article 10 Employees shall participate in the basic endowment insurance, and the basic endowment insurance premiums shall be jointly paid by employers and employees. Article 23 Employees shall participate in the basic medical insurance for employees, and the basic medical insurance premiums shall be jointly paid by employers and employees in accordance with the relevant provisions of the state. Article 33 Employees shall participate in the employment injury insurance, and the employment injury insurance premiums shall be paid by their employers rather than the employees. Article 44 Employees shall participate in unemployment insurance, and the unemployment insurance premiums shall be jointly paid by employers and employees in accordance with the relevant provisions of the state. Article 53 Employees shall participate in maternity insurance, and the maternity insurance premiums shall be paid by employers rather than employees in accordance with the relevant provisions of the state.</p> <p>Insufficient social insurance participated. Through document review, auditor found that there were 43 out of 64 employees had not participated in basic endowment insurance, basic medical insurance, unemployment insurance, maternity insurance and employment injury insurance. In addition, the facility had provided the commercial injure insurance to 80 employees since 25th November 2015 to 24th November 2016.</p>	was not being followed	<p>employees participate in social insurance according to the Law.</p> <p>To provide the training to the admin and HR department employees and encourage all employees to participate in social insurance</p>	days	w Up	Gang / Admin Manager	follow up audit to verify the social insurance.	en
6.1	New	In accordance with the PRC Labour Law article 41 The employing unit may extend working hours due to the	Site policy was not	The facility would reduce the overtime hours to ensure it is	60 days	Follo w Up	Mr. Han Gang /	Arranged follow up	Op en

		<p>requirements of its production or business after consultation with the trade union and labourers, but the extended working hour for a day shall generally not exceed one hour; if such extension is called for due to special reasons, the extended hours shall not exceed three hours a day under the condition that the health of labourers is guaranteed. However, the total extension in a month shall not exceed thirty-six hours.</p> <p>Overtime hours exceeded the legal requirement. Through document review, auditor found that the monthly overtime hours of 10 out of 10 randomly selected employees were 56 hours in July 2016 (Current month), 10 out of 10 randomly selected employees were 54 hours in April 2016 (Random month) and 10 out of 10 randomly selected employees were 46 hours in October 2015 (Random month)</p>	being followed	<p>within 36 hours per month.</p> <p>To provide the training to the admin and HR department employees.</p>			Admin Manager	audit to verify the working hours	
10B 4.1	New	<p>In accordance with the PRC Law of Prevention and Treatment of Environmental Pollution by Solid Wastes, Article 59, whoever transfers hazardous wastes shall, according to relevant state regulations, fill in duplicate forms for transferring hazardous wastes and apply to the environmental protection administrative departments of the local people's governments at or above the level of city divided into districts where the hazardous waste is to be moved out, which can approve the transfer of the said hazardous wastes after consulting and obtaining permission from the environmental protection administrative departments of the local people's governments at or above the level of city divided into districts where the hazardous waste is to be moved in. No transfer may be conducted until it is</p>	Legal requirement was not being followed.	<p>The facility would transfer the hazardous waste to qualified unit for treatment and fill in duplicate forms for transferring hazardous wastes as per legal requirement.</p> <p>Ensure law requirements are followed.</p>	90 days	Desktop	Mr. Han Gang / Admin Manager	Upload relevant document to Sedex showing the facility had transferred the hazardous waste to qualified unit for treatment and fill in duplicate forms for	Open

		<p>approved. Where it is necessary to transfer hazardous wastes by way of administrative areas other than the areas where the hazardous waste is to be moved out or in, the environmental protection administrative departments of the local people's governments at or above the level of city divided into districts where the hazardous waste is to be moved out shall timely notify the environmental protection administrative departments of the local people's governments at or above the level of city divided into districts where the hazardous waste is to pass through.</p> <p>No duplicated forms for transferring hazardous wastes. During facility tour, auditor found that the hazardous wastes, including waste empty containers with motor oil, were generated from injection department. However, the facility could not provide the duplicated form for transferring hazardous waste to prove that they had transferred the hazardous waste to the qualified unit.</p>						transferring hazardous wastes as per legal requirement.	
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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>

NA	NA	None observed	NA	NA
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
N/A	None observed			N/A

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. Hang Gang	Title Admin Manager Date 14 th September 2016
B: Auditor Signature:	Matt Luo	Title Auditor Date 14 th September 2016
<p>C: Please indicate below if you, the site management, dispute any of the findings. No need to complete D-E, if no disputes. N/A</p>		
<p>D: I dispute the following numbered non-compliances:</p> <p>Nil</p>		
E: Signed: (If any entry in box D, please complete a signature on this line)	Mr. Hang Gang	Title Admin Manager Date 14 th September 2016
<p>F: Any other site Comments:</p> <p>Nil</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=riPsbE0PQ52ehCo3Ing5lw_3d_3d

Click here for B members:

http://www.surveymonkey.com/s.aspx?sm=d3vYsCe48fre69DRgIY_2brq_3d_3d

Disclaimer

Any proposed Corrective Action Plan (CAP) closed utilizing a Desktop Review is limited by the evidential documentation provided by the facility in order to correct the non conformance. The intent of this service is to provide assurance that the facility is on the correct path with its proposed or completed corrective actions. Intertek cannot be held responsible for the falsification of evidence or the effective implementation of the proposed corrective actions, which in many instances may only be truly validated by an onsite Audit visit owing to the limitations of the desktop review process. The facilities shall be wholly responsible for the correct and effective implementation of their proposed CAP.

Intertek nor any of its affiliates shall be held liable for any direct, indirect, threatened, consequential, special, exemplary or other damages that may result including but not limited to economic loss, injury, illness, or death arising from the inability of a facility to implement its CAP.



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