SMETA Corrective Action Plan Report (CAPR)

Version 6.1

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 6.1 (March 2019) 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.

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)

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).

Audit Details			
Sedex Company Reference: *(only available on Sedex System)*	ZC5000007193	Sedex Site Reference: *(only available on Sedex System)*	ZS1000007491
Business name (Company name):	[redacted]		
Site name:	[redacted]		
Site address:	[redacted]	Country:	BR
Site contact and job title:	[redacted] / EHS Manager		
Site phone:		Site e-mail:	[redacted]
SMETA Audit Pillars:	☑ Labour Standards	☑ Health and Safety (plus Environment 2-Pillar)	☑ Environment 4-pillar ☑ Business Ethics
Date of Audit:	2023-08-22		

Audit Company Name:
Intertek Brazil

Audit Conducted By					
Affiliate Audit Company	☑	Purchaser	☐	Retailer	☐
Brand owner	☐	NGO	☐	Trade Union	☐
Multi-stakeholder	☐	Combined Audit (select all that apply)			

Audit Parameters						
Time in and time out	Day 1		Day 2		Day 3	
	In	08:30	In	08:30	In	08:30
	Out	17:00	Out	17:00	Out	17:00
	Day 4					
	In	08:00				
	Out	10:30				
Audit type:	FULL_INITIAL					
Was the audit announced?	ANNOUNCED					
Was the Sedex SAQ available for review?	Yes					
Any conflicting information SAQ/Pre-Audit Info to Audit findings?	No					
Who signed and agreed CAPR	[redacted] / EHS Manager					
Is further information available	No					

Audit attendance	Management	Worker Representatives	
	Senior management	Worker Committee representatives	Union representatives
A: Present at the opening meeting?	Yes	No	No
B: Present at the audit?	Yes	Yes	No
C: Present at the closing meeting?	Yes	No	No
Reason for absence at the opening meeting	Workers are not members of a union.		
Reason for absence during the audit	Workers are not members of a union.		
Reason for absence at the closing meeting	Workers are not members of a union.		

Summary of Findings

Issue (please click on the issue title to go direct to the appropriate audit results by clause)	Area of Non–Conformity		Number of issues			Findings
	ETI	Local Law	NC	Obs	GE	
2 - Freedom of association and right to collective bargaining are respected	2.1	§1	1	0	0	NC - 2ffb1352-41e2-411e-aa85-faadaf4078f3
3 - Working conditions are safe and hygienic	3.1	§2	1	0	0	NC - 838b69a9-756f-483a-b066-87094b01ae8c

Local Law Issues

Issue	Description
§1	In accordance with Brazilian Constitution, Article 7. The rights of urban and rural workers, in addition to others aimed at improving their social condition, are: XXVI - recognition of collective bargaining agreements and conventions. / De acordo com a Constituição Federal, Art. 7º. São direitos dos trabalhadores urbanos e rurais, além de outros que visem à melhoria de sua condição social: XXVI - reconhecimento das convenções e acordos coletivos de trabalho.
§2	In accordance with Minter Ordinance No. 124, of 20.08.1980, II - Every deposit designed or built above ground level, to receive potentially polluting liquids, must be protected, within the necessary safety standards, and tanks, bulwarks, underground silos, barriers or other containment devices, with the capacity and purpose of receiving and storing polluting liquid spills from production or storage processes. / De acordo com a Portaria Minter nº 124, de 20/08/1980, II - Todo depósito projetado ou construído acima do nível do solo, para receber líquidos potencialmente poluentes, deverá ser protegido, dentro das necessárias normas de segurança devendo ser construídos, para tanto, tanques, amuradas, silos subterrâneos, barreiras ou outros dispositivos de contenção, com a capacidade e a finalidade de receber e guardar os derrames de líquidos poluentes, provenientes dos processos produtivos ou de armazenagem.

Corrective Action Plan - Non Compliances

Non-Compliance	Evidence

[Back to findings summary]

Non-Compliance	
Status	OPEN
Reference	2ffb1352-41e2-411e-aa85-faadaf4078f3
Clause	2 - Freedom of association and right to collective bargaining are respected
Issue Title	141 - No evidence of a collective bargaining agreement (CBA) contrary to law
Subcategory	Collective Bargaining Agreements
New or carried over?	☑ New ☐ Carried Over
Root cause	☐ Training ☑ System ☐ Costs ☐ Lack of workers ☐ Other
Root cause - Other	
Local law issue	In accordance with Brazilian Constitution, Article 7. The rights of urban and rural workers, in addition to others aimed at improving their social condition, are: XXVI - recognition of collective bargaining agreements and conventions. / De acordo com a Constituição Federal, Art. 7º. São direitos dos trabalhadores urbanos e rurais, além de outros que visem à melhoria de sua condição social: XXVI - reconhecimento das convenções e acordos coletivos de trabalho.
ETI code	2.1 - Workers, without distinction, have the right to join or form trade unions of their own choosing and to bargain collectively.
Explanation to the non compliance	During the audit process, it was evidenced that the company does not have a Collective Bargaining Agreement (CBA). / Durante o processo de auditoria foi evidenciado que a empresa não possui um acordo coletivo do trabalho.
Follow up method	☐ Follow up audit ☑ Desktop audit
Timescale	☐ Immediate ☑ 30 days ☐ 60 days ☐ 90 days ☐ 120 days ☐ 180 days ☐ 365 days ☐ Other
Actions	Facility should ensure that employees have access to a collective bargaining agreement. / A empresa deve garantir que os funcionários tenham acesso a um acordo coleito do trabalho.

Non-Compliance	Evidence

[Back to findings summary]

Non-Compliance	
Status	OPEN
Reference	838b69a9-756f-483a-b066-87094b01ae8c
Clause	3 - Working conditions are safe and hygienic
Issue Title	237 - Improper storage of hazardous chemicals
Subcategory	Chemicals
New or carried over?	☑ New ☐ Carried Over
Root cause	☐ Training ☑ System ☐ Costs ☐ Lack of workers ☐ Other
Root cause - Other	
Local law issue	In accordance with Minter Ordinance No. 124, of 20.08.1980, II - Every deposit designed or built above ground level, to receive potentially polluting liquids, must be protected, within the necessary safety standards, and tanks, bulwarks, underground silos, barriers or other containment devices, with the capacity and purpose of receiving and storing polluting liquid spills from production or storage processes. / De acordo com a Portaria Minter nº 124, de 20/08/1980, II - Todo depósito projetado ou construído acima do nível do solo, para receber líquidos potencialmente poluentes, deverá ser protegido, dentro das necessárias normas de segurança devendo ser construídos, para tanto, tanques, amuradas, silos subterrâneos, barreiras ou outros dispositivos de contenção, com a capacidade e a finalidade de receber e guardar os derrames de líquidos poluentes, provenientes dos processos produtivos ou de armazenagem.
ETI 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.
Explanation to the non compliance	During facility tour, it was noted the absence of Secondary Containment for storing chemical products at rubber preparation (external area). / Durante visita pela empresa foi verificada a ausência de Contenção Secundária no local de armazenamento de produtos químicos na preparação de borracha (área externa).
Follow up method	☐ Follow up audit ☑ Desktop audit

Absence of Secondary Containment for storing chemical products.jpg

Timescale	☐ Immediate	☑ 30 days	☐ 60 days
	☐ 90 days	☐ 120 days	☐ 180 days
	☐ 365 days	☐ Other	
Actions	Facility should provide secondary containment to the places for storing chemical products. / A empresa deve providenciar contenção secundária em todos os locais de armazenamento de produtos químicos.		

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.

Auditor Team			
Lead Auditor:	Rodrigo Borba	APSCA Number:	21701384
Additional Auditors:			
Date of declaration:	2023-08-25		

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.

Site Representation	
Full Name:	[redacted]
Title:	EHS Manager
Date of declaration:	2023-08-25
Comments: *Any exceptions to this must be recorded here (e.g. different sample size):* *Sampled wage records from the past 5 months were provided for review (5 months only since the operation for digital thermometer just started last Sep 2020).* *The audit took 2.0 man-days (9AM-6PM per day). Audit time was extended until 8PM due to the extent of documentation; this was agreed upon with the factory representatives*	

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.

For more information visit: Sedexglobal.com

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 Buyer (A) & Buyer/Supplier (A/B) members:

http://www.surveymonkey.com/s.aspx?sm=riPsbE0PQ52ehCo3lnq5Iw_3d_3d

Click here for Supplier (B) members:

http://www.surveymonkey.com/s.aspx?sm=d3vYsCe48fre69DRglY_2brg_3d_3d

Click here for Auditors:

https://www.surveymonkey.co.uk/r/BRTVCKP