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)*	ZC5000007192	Sedex Site Reference: *(only available on Sedex System)*	ZS1000007489
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:	2023-08-17		

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		
	In	15:00	In	07:00	
	Out	18:00	Out	13:00	
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	No	No
C: Present at the closing meeting?	Yes	No	No
Reason for absence at the opening meeting	No available during the audit.		
Reason for absence during the audit	No available during the audit.		
Reason for absence at the closing meeting	No available during the audit.		

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	
3 - Working conditions are safe and hygienic	3.1	§1	1	0	0	NC - 5b5f09be-a764-426d-b43d-2600f819c04c
7 - No discrimination is practiced	7.1 7.1	§2 §3	2	0	0	NC - a1b72919-a994-401c-a3e8-689e03744055 NC - 0cb0b3b0-376c-42e1-8d16-4926841ccb3c
2 - Freedom of association and right to collective bargaining are respected	2.1	§4	1	0	0	NC - 2517d02c-7f47-4bbb-9b96-9fe6e954cf07

Local Law Issues

Issue	Description
§1	According to Regulatory Norm nº 12, 12.1.9 In the application of this NR and its annexes, the characteristics of the machines and equipment, the process, the risk assessment and the state of the art must be considered. 12.5.2
§2	According to LAW No. 8.213, OF JULY 24, 1991 Art. 93. The company with 100 (one hundred) or more employees is obliged to fill from 2% (two percent) to 5% (five percent) of its positions with rehabilitated beneficiaries or people with disabilities, qualified, in the following proportion: I - up to 200 employees ....2%; II - from 201 to 500..... .....3%; III - from 501 to 1,000..... .....4%; IV - from 1001 onwards. .....5%.
§3	Brazilian Labor Law - CLT - Art. 429. Establishments of any nature are obliged to employ and enroll in the courses of the National Apprenticeship Services a number of apprentices equivalent to a minimum of five percent, and a maximum of fifteen percent, of the workers in each establishment, whose functions require professional qualification.
§4	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.

Corrective Action Plan - Non Compliances

Non-Compliance	Evidence

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Non-Compliance	
Status	OPEN
Reference	5b5f09be-a764-426d-b43d-2600f819c04c
Clause	3 - Working conditions are safe and hygienic
Issue Title	267 - No / inadequate certificates for inspections of machinery, or machines not registered as required by law
Subcategory	Machinery
New or carried over?	☑ New ☐ Carried Over
Root cause	☐ Training ☑ System ☐ Costs ☐ Lack of workers ☐ Other
Root cause - Other	
Local law issue	According to Regulatory Norm nº 12, 12.1.9 In the application of this NR and its annexes, the characteristics of the machines and equipment, the process, the risk assessment and the state of the art must be considered. 12.5.2
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	Durante a análise de documentos e entrevistas com a gestão foi evidenciado que a empresa não possuí a apreciação de risco de todas as máquinas e equipamentos. A empresa possui a apreciação de risco de somente 50% das máquinas. During the analysis of documents and interviews with the management, it was evidenced that the company does not have a risk assessment of all machines and equipment. The company has the risk assessment of only 50% of the machines.
Follow up method	☐ Follow up audit ☑ Desktop audit
Timescale	☐ Immediate ☑ 30 days ☐ 60 days ☐ 90 days ☐ 120 days ☐ 180 days ☐ 365 days ☐ Other
Actions	Recomenda-se providenciar a apreciação de risco das máquinas e equipamentos It is recommended to provide a risk assessment of machinery and equipment

Non-Compliance	Evidence

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Non-Compliance	
Status	OPEN
Reference	a1b72919-a994-401c-a3e8-689e03744055
Clause	7 - No discrimination is practiced
Issue Title	506 - Site does not achieve the percentage or number of a particular group (e.g. workers with disabilities, apprentices etc.) as required by local law
Subcategory	General Discrimination, HR systems & Policy
New or carried over?	☑ New ☐ Carried Over
Root cause	☐ Training ☐ System ☐ Costs ☑ Lack of workers ☐ Other
Root cause - Other	
Local law issue	According to LAW No. 8.213, OF JULY 24, 1991 Art. 93. The company with 100 (one hundred) or more employees is obliged to fill from 2% (two percent) to 5% (five percent) of its positions with rehabilitated beneficiaries or people with disabilities, qualified, in the following proportion: I - up to 200 employees ....2%; II - from 201 to 500..... .....3%; III - from 501 to 1,000..... .....4%; IV - from 1001 onwards. .....5%.
ETI code	7.1 - There is no discrimination in hiring, compensation, access to training, promotion, termination or retirement based on race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation.
Explanation to the non compliance	Evidenciado durante a análise documental que, a empresa não cumpre a cota de contratação de pessoas com deficiência (PCD). A empresa possui 1 empregado nessas condições sendo que deveria ter 16. Nota: A empresa possui muitas dificuldades em encontrar empregados nessas condições na região e, ainda muitas pessoas não participam dos processos seletivos, pois não querem perder os benefícios do governo federal. Evidenced during the document analysis that the company does not meet the quota for hiring people with disabilities (PCD). The company has 1 employee in these conditions and should have 16. Note: The company has many difficulties in finding employees in these conditions in the region, and many people still do not participate in the selection processes, as they do not want to lose the benefits of the federal government.
Follow up	☐ Follow up audit ☑ Desktop audit

method			
Timescale	☐ Immediate	☐ 30 days	☑ 60 days
	☐ 90 days	☐ 120 days	☐ 180 days
	☐ 365 days	☐ Other	
Actions	Recomenda-se providenciar a contratação de empregados "PCD". It is recommended to hire "PCD" employees.		

Non-Compliance	Evidence

[Back to findings summary]

Non-Compliance	
Status	OPEN
Reference	0cb0b3b0-376c-42e1-8d16-4926841ccb3c
Clause	7 - No discrimination is practiced
Issue Title	506 - Site does not achieve the percentage or number of a particular group (e.g. workers with disabilities, apprentices etc.) as required by local law
Subcategory	General Discrimination, HR systems & Policy
New or carried over?	☑ New ☐ Carried Over
Root cause	☐ Training ☐ System ☐ Costs ☑ Lack of workers ☐ Other
Root cause - Other	
Local law issue	Brazilian Labor Law - CLT - Art. 429. Establishments of any nature are obliged to employ and enroll in the courses of the National Apprenticeship Services a number of apprentices equivalent to a minimum of five percent, and a maximum of fifteen percent, of the workers in each establishment, whose functions require professional qualification.
ETI code	7.1 - There is no discrimination in hiring, compensation, access to training, promotion, termination or retirement based on race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation.
Explanation to the non compliance	Evidenciado durante a análise documental que, a empresa não cumpre a cota de contratação de aprendizes. A empresa possui 7 empregados nessas conduções sendo que deveria ter 16. Nota: A empresa informou que devido ao ciclo de contratação com a instituição de ensino, a cota será preenchida em Setembro/2023. Evidenced during the document analysis that the company does not meet the quota for hiring apprentices. The company has 7 employees in these conditions and should have 16. Note: The company informed that due to the contracting cycle with the educational institution, the quota will be filled in September/2023.
Follow up method	☐ Follow up audit ☑ Desktop audit
Timescale	☐ Immediate ☐ 30 days ☑ 60 days ☐ 90 days ☐ 120 days ☐ 180 days ☐ 365 days ☐ Other
Actions	Recomenda-se cumprir a cota de contratação de

	aprendizes. The company must arrange for the hiring of the minimum quota of apprentices.	

Non-Compliance	Evidence

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Non-Compliance	
Status	OPEN
Reference	2517d02c-7f47-4bbb-9b96-9fe6e954cf07
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.

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:	Leonardo Rubim Perez	APSCA Number:	21702760
Additional Auditors:			
Date of declaration:	2023-08-18		

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:	2023-08-18
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.

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You can leave feedback by following the appropriate link to our questionnaire:

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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