SMETA Corrective Action Plan Report (CAPR)

Version 6.1

Audit Details			
Sedex Company Reference: *(only available on Sedex System)*	ZC: 415923666	Sedex Site Reference: *(only available on Sedex System)*	ZS: 416319404
Business name (Company name):	Shen Zhen VST Lighting Co., Ltd.		
Site name:	Shen Zhen VST Lighting Co., Ltd. 深圳市维盛泰光电有限公司		
Site address: *(Please include full address)*	No.17, Century Industrial Zone, Hutian Rd., Pinghu Town, Longgang District, Shenzhen City, P.R.C. 深圳市龙岗区平湖街道湖田路世纪工业区 17 栋	Country:	China
Site contact and job title:	Mr. ShiMao Liang/QA Manager		
Site phone:	+86-755-28855166, +86-13632513185	Site e–mail:	lsm@vstled.cn

SMETA Audit Pillars:	☒ Labour Standards	☒ Health & Safety (plus Environment 2-Pillar)	☐ Environment 4-pillar	☐ Business Ethics
Date of Audit:	29 October 2021			

Audit Company Name & Logo:	**Report Owner (payer):**
TÜVRheinland® Precisely Right. TUV Rheinland (Guangdong) Ltd.	Shen Zhen VST Lighting Co., Ltd.

Audit Conducted By					
Affiliate Audit Company	☒	Purchaser	☐	Retailer	☐
Brand owner	☐	NGO	☐	Trade Union	☐
Multi–stakeholder	☐	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 6.1 (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.

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): Nil

Auditor Team (s) (please list all including all interviewers):
Lead auditor: Wing Xiong
Team auditor: Nil
Interviewers: Wing Xiong

Report writer: Wing Xiong
Report reviewer: Ina Zeng

Date of declaration: 29 October 2021
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.

Audit Parameters

Audit Parameters			
A: Time in and time out	A1: Day 1 Time in: 08:30 A2: Day 1 Time out: 17:00	Day 2 Time in: Nil Day 2 Time out: Nil	Day 3 Time in: Nil Day 3 Time out: Nil
B: Number of auditor days used:	1MD (1 auditor in 1 day)		
C: Audit type:	☒ Full Initial ☐ Periodic ☐ Full Follow–up ☐ Partial Follow–Up ☐ Partial Other If other, please define		
D: Was the audit announced?	☒ Announced ☐ Semi – announced: Window detail: weeks ☐ Unannounced		
E: Was the Sedex SAQ available for review?	☐ Yes ☒ No If No, why not The factory did not complete the SAQ till the audit.		
F: Any conflicting information SAQ/Pre-Audit Info to Audit findings?	☐ Yes ☐ No If **Yes**, please capture detail in appropriate audit by clause N/A		
G: Who signed and agreed CAPR *(Name and job title)*	Mr. ShiMao Liang/QA Manager		
H: Is further information available *(if yes, please contact audit company for details)*	☐ Yes ☒ No		
I: Previous audit date:	N/A		
J: Previous audit type:	N/A		
K: Were any previous audits reviewed for this audit	☐ Yes ☐ No ☒ N/A		

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

A: Present at the opening meeting?	☒ Yes ☐ No	☒ Yes ☐ No	☐ Yes ☒ No
B: Present at the audit?	☒ Yes ☐ No	☒ Yes ☐ No	☐ Yes ☒ No
C: Present at the closing meeting?	☒ Yes ☐ No	☒ Yes ☐ No	☐ Yes ☒ No
D: If Worker Representatives were not present please explain reasons why *(only complete if no worker reps present)*	N/A		
E: If Union Representatives were not present please explain reasons why: *(only complete if no union reps present)*	No union in the factory.		

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).

Corrective Action Plan

Corrective Action Plan – non-compliances									
Non-Compliance Number *The reference number of the non-compliance from the Audit Report, for example, Discrimination No.7*	**New or Carried Over** *Is this a new non-compliance identified at the follow-up or one carried over (C) that is still outstanding*	**Details of Non-Compliance** *Details of Non-Compliance*	**Root cause** *(completed by the site)*	**Preventative and Corrective Actions** *Details of actions to be taken to clear non-compliance, and the system change to prevent re-occurrence (agreed between site and auditor)*	***Timescale*** *(Immediate, 30, 60, 90,180,365)*	**Verification Method** *Desktop / Follow-Up [D/F]*	**Agreed by Management and Name of Responsible Person:** *Note if management agree to the non-compliance, and document name of responsible person*	**Verification Evidence and Comments** *Details on corrective action evidence*	**Status** *Open/Closed or comment*
NC-1 3:Health & Safety-1	New	The factory did not provide occupational health check to workers exposed occupational hazards. 工厂没有为暴露在职业危害因素下的员工提供职业健康体检。	☐ Training ☐ Systems ☐ Costs ☐ lack of workers ☐ Other – please give details:	The factory should provide occupational health check to all workers exposed to occupational hazards. 建议工厂为暴露在职业危害因素的员工提供职业健康体检。	30 days	Desktop	Agreed Mr. ShiMao Liang/QA Manager		
NC-2 3:Health & Safety-2	New	There was no occupational hazards notification card and PPE warning sign at places where has occupational hazards. 存在职业危害因素的区域没有职业危害告知卡、没有 PPE 提示标识。	☐ Training ☐ Systems ☐ Costs ☐ lack of workers ☐ Other – please give details:	The factory should post occupational hazards notification card and PPE warning sign at places where has occupational hazards. 建议工厂为存在职业危害因素的区域张贴职业危害告知卡和 PPE 提示标识。	30 days	Desktop	Agreed Mr. ShiMao Liang/QA Manager		

NC-3 3:Health & Safety3	New	There was no secondary container for the chemicals stored in SMT workshop. SMT 车间存放助焊剂、酒精的区域没有二次容器。	☐ Training ☐ Systems ☐ Costs ☐ lack of workers ☐ Other – please give details:	The factory should set secondary container for chemicals 建议工厂为化学品设置二次容器	30 days	Desktop	Agreed Mr. ShiMao Liang/QA Manager		
NC-4 5: Wages & Benefits-1	New	Through document review, it was noted that not all employees had participated in all 5 types of social insurance. According to the social insurance payment receipt provided in October 2021, there were 98 employees including 1 employee joined in October 2021, in 97 eligible employees, the factory had provided unemployment insurance, maternity insurance, and work-related injury insurance to all of them, but only provided retirement insurance for 86 employees. Remark: The factory did not provide commercial injury insurance to employees. 文件审核中发现不是所有的员工都参加了 5 种社会保险。根据 2021 年 10 月份社保记录，工厂有 98 名员工，其中包括 1 名 10 月入职的人员，符合参保条件的 97 人都参加了失业、生育、	☐ Training ☐ Systems ☐ Costs ☐ lack of workers ☐ Other – please give details:	The factory should ensure that all employees had participated in all five kinds of social insurance. 建议工厂应保证所有员工均参加全部五种社会保险。	120 days	Desktop	Agreed Mr. ShiMao Liang/QA Manager		

		工伤和医疗保险，但只有 86 人参加了养老保险。 备注：工厂没有为员工购买了商业保险。							
NC-5 6: Working Hours-1	New	During document review, it was noted that sampled employees worked in excess of the statutory overtime hour limits. A review of attendance records of December 2020, May 2021 and September 2021 yielded the following: (1) 7 out of 10 sampled employees in excess of 36 overtime hours per month (i.e. maximum 66 hours) in December 2020. (2) 7 out of 10 sampled employees in excess of 36 overtime hours per month (i.e. maximum 66 hours) in May 2021. (3) 7 out of 10 sampled employees in excess of 36 overtime hours per month (i.e. maximum 56 hours) in September 2021. 文件审核发现，抽样的员工加班时间超过了法定标准，抽样 2020 年 12 月、2021 年 5 月和 2021 年 9 月的考勤发现： （1）10 名抽样员工中有 7 名在 2020 年 12 月加班时间	☐ Training ☐ Systems ☐ Costs ☐ lack of workers ☐ Other – please give details:	The factory should ensure the overtime of workers be in accordance with the legal requirements. 建议工厂应确保工人加班时间符合国家法律。	60 days	Follow Up	Agreed Mr. ShiMao Liang/QA Manager		

		超过了每月法定的 36 小时标准，最高为 66 小时。 （2）10 名抽样员工中有 7 名在 2021 年 5 月加班时间超过了每月法定的 36 小时标准，最高为 66 小时。 （3）10 名抽样员工中有 7 名在 2021 年 8 月加班时间超过了每月法定的 36 小时标准，最高为 56 小时。							
NC-6 10B2: Environment 2–Pillar -1	New	The soldering waste air was not collected and discharged at the roof of production building as per Environment Impact Assessment (EIA) report, but only discharge outside the wall of 2F and 3F. 焊锡废气没有按环评的要求收集到楼顶高空排放，而是直接在 2 楼和 3 楼墙外排放。	☐ Training ☐ Systems ☐ Costs ☐ lack of workers ☐ Other – please give details:	The factory should collect and treat waste air as per EIA report. 建议工厂按环评要求收集和处理废气。	60 days	Desktop	Agreed Mr. ShiMao Liang/QA Manager		
NC-7 10B2: Environment 2–Pillar -2	New	The hazardous waste, such as chemical containers, Chemical contained rags, were not transferred to qualified unit for disposal. 工厂的危废（化学品空桶、含化学品的碎布等）没有交给有资质的单位处理。	☐ Training ☐ Systems ☐ Costs ☐ lack of workers ☐ Other – please give details:	The factory should transfer hazardous waste to qualified unit for disposal. 建议工厂将危险废弃物交给有资质的单位处理。	30 days	Desktop	Agreed Mr. ShiMao Liang/QA Manager		
NC-8 10B2: Environment 2–Pillar -3	New	The factory could not provide the pollutant discharge registration to review. 工厂无法提供排污登记以供审阅。	☐ Training ☐ Systems ☐ Costs ☐ lack of workers ☐ Other – please give details:	The factory should conduct pollutant discharge registration. 建议工厂应取得排污登记。	30 days	Desktop	Agreed Mr. ShiMao Liang/QA Manager		

Corrective Action Plan – Observations				
Observation Number *The reference number of the observation from the Audit Report, for example, Discrimination No.7*	**New or Carried Over** *Is this a new observation identified at the follow-up or one carried over (C) that is still outstanding*	**Details of Observation** *Details of Observation*	**Root cause** *(completed by the site)*	**Any improvement actions discussed** *(Not uploaded on to SEDEX)*
Management system and Code Implementation OB1		The factory had not completed the SAQ before the audit. 审核前工厂没有完成 SAQ.	The factory ignored this requirement	The factory management should complete Sedex SAQ. 工厂应完成 Sedex SAQ.

Good examples		
Good example Number *The reference number of the good example from the Audit Report, for example, Discrimination No.7*	**Details of good example noted**	**Any relevant Evidence and Comments**
	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:	Mr. ShiMao Liang	Title: QA Manager Date: 29 October 2021
B: Auditor Signature:	Wing Xiong	Title: Auditor Date: 29 October 2021
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: Nil*		
E: Signed: *(If any entry in box D, please complete a signature on this line)*	Mr. ShiMao Liang	Title: QA Manager Date: 29 October 2021
F: Any other site Comments: Nil		

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=riPsbE0PQ52ehCo3lnq5lw_3d_3d

Click here for Supplier (B) members:

http://www.surveymonkey.com/s.aspx?sm=d3vYsCe48fre69DRgIY_2brg_3d_3d

Click here for Auditors:

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