



# SMETA Corrective Action Plan Report (CAPR)

Version 6.1



Audit Details				
Sedex Company Reference: <i>(only available on Sedex System)</i>	ZC: 414156022	Sedex Site Reference: <i>(only available on Sedex System)</i>	ZS: 414234963	
Business name (Company name):	Dongguan ZIPPY Clothing limited company			
Site name:	Dongguan ZIPPY Clothing limited company 东莞市卓品服饰有限公司			
Site address: <i>(Please include full address)</i>	<p>Actual address : 4F, No. 103, Liansheng Road, Humen Town, Dongguan City. &amp; 1F, No. 3 and 5F, No.2, Dalinshan Industrial Zone, Liansheng Road, Humen Town, Dongguan City, Guangdong Province, China. 虎门镇连升路 103 号 4 楼. 以及广东省东莞市虎门镇连升路大林山工业区 3 号 1 楼和 2 号 5 楼</p> <p>Business License address : Room 401, No. 103, Liansheng Road, Humen Town, Dongguan City, Guangdong Province, China 广东省东莞市虎门镇连升路 103 号 401 室</p>	Country:	China	
Site contact and job title:	Chen Dinghe/ General Manager			
Site phone:	86-13713078885	Site e-mail:	chen@dgzipy.com.cn	
SMETA Audit Pillars:	<input checked="" type="checkbox"/> Labour Standards	<input checked="" type="checkbox"/> Health & Safety (plus Environment 2-Pillar)	<input checked="" type="checkbox"/> Environment 4-pillar	<input checked="" type="checkbox"/> Business Ethics
Date of Audit:	Mar 14-15, 2022			

<b>Audit Company Name &amp; Logo:</b> SGS-CSTC Standards Technical Services Co., Ltd.  	<b>Report Owner (payer):</b> Dongguan ZIPPY Clothing limited company
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Audit Conducted By					
Affiliate Audit Company	<input checked="" type="checkbox"/>	Purchaser	<input type="checkbox"/>	Retailer	<input type="checkbox"/>
Brand owner	<input type="checkbox"/>	NGO	<input type="checkbox"/>	Trade Union	<input type="checkbox"/>
Multi-stakeholder	<input type="checkbox"/>		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):

1. Based on management interview and lease agreement provided by the factory, the factory rented the 4th floor (approximately 900 square meters ) of one 6-storey building as for production area and warehouse, this building was located at "No. 103, Liansheng Road, Humen Town, Dongguan City". The factory rented most areas of the south side of the first floor (approximately 800 square meters) of another 6-storey building as for office area and sample making room, and this 6-storey building was located at "No. 3 Dalinshan Industrial Area, Humen Town, Dongguan City". The factory rented 5th (approximately 900 square meters) of another 6-storey building as for workshop and warehouse, and this 6-storey building was located at "No. 2 Dalinshan Industrial Area, Humen Town, Dongguan City". As per onsite observation and management interview, the three addresses of "No. 103, Liansheng Road, Humen Town, Dongguan City" and "No. 3 & No.2 Dalinshan Industrial Zone, Humen Town, Dongguan City" located in the same industrial park. There are many buildings in the park where the factory is located, and the other areas were leased to other companies by the landlord. Factory management stated that the factory and other companies were independent companies, they have independent business license and operated independently, and no employees or areas were mixed. As per workers interview, they only worked in these areas rented by the audited factory. This audit only covered these areas rented by the factory.

2. Factory's registered address on business license was "Room 401, No. 103, Liansheng Road, Humen Town, Dongguan City, Guangdong". The factory actual used the 4F, No. 103, Liansheng Road, Humen Town, Dongguan City. & 1F, No. 3 and 5F, No.2, Dalinshan Industrial Zone, Liansheng Road, Humen Town, Dongguan City, Guangdong Province, China.

3. During the audit, the packing process was not in operation, about 60% sewing machines were used.

1. 根据管理层访谈及工厂提供的租赁协议，工厂租用了东莞市虎门镇连升路 103 号一幢 6 层建筑的 4 楼（面积约 900 平米）用作生产车间和仓库，租用了东莞市虎门镇连升路大林山工业区 3 号一幢 6 层建筑的 1 楼南侧大部分区域（面积约 800 平米）用作办公区和版房，租用了东莞市虎门镇连升路大林山工业区 2 号一栋 6 层建筑的 5 楼（面积约 900 平米）用作车间和仓库。根据现场观察，东莞市虎门镇连升路 103 号，东莞市虎门镇连升路大林山工业区 3 号和 2 号两处建筑处在同一大的园区内，工厂所在的园区内有多幢建筑，由房东出租给多家工厂使用。根据现场观察及管理层访谈，

- 工厂管理层表示他们与园区内的其他工厂独立运营，没有混用区域和工人，根据员工访谈，他们仅在工厂租用的区域工作，本次审核仅覆盖了工厂租用的区域。
2. 工厂营业执照注册地址是广东省东莞市虎门镇连升路 103 号 401 室，工厂实际使用了虎门镇连升路 103 号 4 楼以及广东省东莞市虎门镇连升路大林山工业区 3 号 1 楼和 2 号 5 楼。
3. 审核当天，工厂包装工序没有开工，约 60% 的平车没有使用。

Auditor Team (s) (please list all including all interviewers):

Lead auditor: Webb Wang(CSCA21703582)

Team auditor: Nil

Interviewers: Webb Wang

Report writer: Webb Wang

Report reviewer: Vera Sun

Date of declaration: Mar 15, 2022

*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	Day 1 Time in: 9:30 Day 1 Time out: 17:30	Day 2 Time in: 9:00 Day 2 Time out: 13:00	Day 3 Time in: Nil Day 3 Time out: Nil
B: Number of auditor days used:	1.5 MD (One auditor in 1.5 days)		
C: 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 If other, please define:		
D: Was the audit announced?	<input checked="" type="checkbox"/> Announced <input type="checkbox"/> Semi – announced: Window detail:      weeks <input type="checkbox"/> Unannounced		
E: Was the Sedex SAQ available for review?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If No, why not		
F: Any conflicting information SAQ/Pre-Audit Info to Audit findings?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If <b>Yes</b> , please capture detail in appropriate audit by clause		
G: Who signed and agreed CAPR (Name and job title)	Chen Dinghe/ General Manager		
H: Is further information available (if yes, please contact audit company for details)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
I: Previous audit date:	Mar 17-18, 2021		
J: Previous audit type:	Full Initial		
K: Were any previous audits reviewed for this audit	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No  <input type="checkbox"/> N/A		

Audit attendance	Management	Worker Representatives	
	Senior management	Worker Committee representatives	Union representatives
A: Present at the opening meeting?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

B: Present at the audit?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
C: Present at the closing meeting?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
D: If Worker Representatives were not present please explain reasons why <i>(only complete if no worker reps present)</i>	N/A		
E: If Union Representatives were not present please explain reasons why: <i>(only complete if no union reps present)</i>	There was no union in 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](http://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](http://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>
NC 1 3: Health & Safety 1	New	Based on onsite observation, it was noted that there were two electric boxes with exposed internal wires in the workshop on the 5th floor of the factory, and they were not locked. 现场审核发现，工厂 5 楼车间有两个电箱内部线材裸露，且没有上锁。	<input checked="" type="checkbox"/> Training <input type="checkbox"/> Systems <input type="checkbox"/> Costs <input type="checkbox"/> lack of workers <input type="checkbox"/> Other – please give details:	The factory should avoid exposed wires or lock electric box. 工厂应该避免电箱线材裸露或者上锁。	30 days	Desktop	Chen Dinghe/ General Manager		
NC 2 3: Health & Safety 2	Carried Over	Based on onsite observation, it was noted that the factory didn't install the finger protection ring at sewing machines at the workshop. 根据现场观察，针车车间的平车未安装护指环。	<input type="checkbox"/> Training <input checked="" type="checkbox"/> Systems <input type="checkbox"/> Costs <input type="checkbox"/> lack of workers <input type="checkbox"/> Other – please give details:	The factory should install the finger protection device at sewing machines. 工厂应该给设备安装保护装置。	30 days	Desktop	Chen Dinghe/ General Manager		

NC 3 5: Wages & Benefits 1	Carried Over	<p>There were 49 employees at Mar 2022, no employees reached the retirement condition and 13 new employees, the factory should provide the social insurance for 36 employees, but the factory only provided the all five kinds of social insurance for 14 employees. Remark: The factory provided the commercial injury insurance for other employees from Mar 12, 2022 to Mar 11, 2023.</p> <p>工厂 2022 年 3 月有 49 名员工，其中无满足退休条件人员，13 名新员工，工厂需为 36 名员工购买社保，但是工厂只为其中的 14 名员工购买了全部的五种保险。 备注：工厂有为其他员工购买商业意外险，时间从 2022 年 3 月 12 日到 2023 年 3 月 11 日。</p>	<input type="checkbox"/> Training <input type="checkbox"/> Systems <input checked="" type="checkbox"/> Costs <input type="checkbox"/> lack of workers <input type="checkbox"/> Other – please give details:	<p>The factory should provide social insurance to all employees. 工厂应为所有员工购买所有的社会保险。</p>	120 days	Desktop	Chen Dinghe/ General Manager		
NC 4 6: Working Hours 1	Carried Over	<p>The factory did not ensure workers' overtime working hours as per the legal requirement.</p> <p>Based on attendance records provided by the factory from Apr 2021 to the audited date review, it was identified that all</p>	<input type="checkbox"/> Training <input checked="" type="checkbox"/> Systems <input type="checkbox"/> Costs <input type="checkbox"/> lack of workers <input type="checkbox"/> Other – please give details:	<p>The factory should ensure workers' overtime working hours as per the legal requirement. 工厂应该确保员工的加班时间符合法规要求。</p>	60 days	Follow-up	Chen Dinghe/ General Manager		

		<p>sampled workers' monthly overtime working hours exceeded the legal required 36 hours, they had worked 58.5 to 85.5 hours' overtimes, up to 85.5 hours at Oct 2021.</p> <p>工厂没有确保员工的加班工时符合法规要求。</p> <p>通过查看工厂提供的 2021 年 4 月到审核当天的考勤发现，所有抽样的员工月加班时间超过法规要求的 36 小时，达到 58.5 到 85.5 小时，最大 85.5 小时出现在 2021 年 10 月。</p>							
NC 5 8: Regular Employment 1	New	<p>Factory did not sign open-ended labor contracts with the eligible workers.</p> <p>Based on document review and workers interview, factory did not sign open-ended labor contracts with 2 workers who signed the labor contract with factory more than twice time.</p> <p>工厂没有与两名签订两次固定期限合同的员工签订无固定期限劳动合同。</p>	<input type="checkbox"/> Training <input type="checkbox"/> Systems <input checked="" type="checkbox"/> Costs <input type="checkbox"/> lack of workers <input type="checkbox"/> Other – please give details:	<p>Factory should sign open-ended labor contracts with the eligible workers.</p> <p>工厂应与符合条件的员工签订无固定期限的合同</p>	30 days	Desktop	Chen Dinghe/ General Manager		

### Corrective Action Plan – Observations

Observation Number <i>The reference number of the</i>	New or Carried Over <i>Is this a new observation</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>
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observation from the Audit Report, for example, Discrimination No.7	identified at the follow-up or one carried over (C) that is still outstanding			
0B.1 3: Health & Safety 1	Carried Over	<p>The factory rented the 4th floor of one 6-storey building and 5th floor of 6-storey building as for production area and warehouse, those buildings had two evacuation stairs, and the two emergency exit doors on the first floor were rolling doors, the rolling doors had been installed with fixed devices and were kept in a normally open state.</p> <p>工厂租用了一幢 6 层建筑的 4 楼和一幢 6 层建筑的 5 楼作生产车间和仓库，这两个建筑有两个消防疏散楼梯，在疏散楼梯 1 楼通往室外的两个安全出口门为卷帘门，卷帘门已固定，保持常开。</p>	<p>The factory explained that the factory had no right to change the facilities of the building because the building was managed by the landlord. The rolling doors had been installed with fixed devices to ensure that the door is normally open, the risk is low.</p> <p>因厂房是从房东租用，工厂无权更改相关设施。已给卷帘门安全了固定装置确保门处于常开状态，风险较低。</p>	<p>It is recommended that the factory should use side-hung door as emergency exit door.</p> <p>建议工厂安装和使用外推门作为安全出口门。</p>

### 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:	Chen Dinghe	Title General Manager Date Mar 15, 2022
B: Auditor Signature:	Webb Wang	Title Auditor Date Mar 15, 2022
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 <u>any</u> entry in box D, please complete a signature on this line)		Title Date
F: Any other site Comments:		

## 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](https://www.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.

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