




# SMETA Corrective Action Plan Report (CAPR)

Version 6.1



Audit Details				
Sedex Company Reference: <i>(only available on Sedex System)</i>	ZC: 1085059	Sedex Site Reference: <i>(only available on Sedex System)</i>	ZS: 1063954	
Business name (Company name):	Dongguan City Tianhua Photoelectric Technology Co., Ltd.			
Site name:	Dongguan City Tianhua Photoelectric Technology Co., Ltd. (东莞市天华光电科技有限公司)			
Site address: <i>(Please include full address)</i>	No. 3, 2nd Road, Jinqianling Industrial Zone, Jitigang Village, Huangjiang Town, Dongguan City, Guangdong Province, China (中国广东省东莞市黄江镇鸡啼岗金钱岭工业区二路3号)	Country:	China	
Site contact and job title:	Ms. Xu Julin/ HR Manager			
Site phone:	86-769-38854328	Site e-mail:	HR@tianhualighting.com	
SMETA Audit Pillars:	<input checked="" type="checkbox"/> Labour Standards	<input checked="" type="checkbox"/> Health & Safety (plus Environment 2-Pillar)	<input type="checkbox"/> Environment 4-pillar	<input type="checkbox"/> Business Ethics
Date of Audit:	16 <sup>th</sup> December 2019			

<b>Audit Company Name &amp; Logo:</b>  	<b>Report Owner (payer):</b> <i>(If paid for by the customer of the site please remove for Sedex upload)</i>  <b>Dongguan City Tianhua Photoelectric Technology Co., Ltd.</b>
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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): Nil

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

Lead auditor: Vincent Yuan (RA 21700341)

Team auditor: Nil

Interviewers: Vincent Yuan (RA 21700341)

Report writer: Vincent Yuan (RA 21700341)

Report reviewer: Kiwi Fu

Date of declaration: 16<sup>th</sup> December 2019

*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: 10:30 Day 1 Time out: 18:30	Day 2 Time in: N/A Day 2 Time out: N/A	Day 3 Time in: N/A Day 3 Time out: N/A
B: Number of auditor days used:	1 man-day (1 auditor in 1 day)		
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 type="checkbox"/> Announced <input checked="" type="checkbox"/> Semi – announced: Window detail: 2 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)	Ms. Xu Julin/ HR 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:	9 <sup>th</sup> January 2019		
J: Previous audit type:	Initial audit		
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>	One worker representative presented in the audit.		
E: If Union Representatives were not present please explain reasons why: <i>(only complete if no union reps present)</i>	N/A. There was no union in the facility.		

## 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

<b>Non-Compliance Number</b> <i>The reference number of the non-compliance from the Audit Report, for example, Discrimination No.7</i>	<b>New or Carried Over</b> <i>Is this a new non-compliance identified at the follow-up or one carried over (C) that is still outstanding</i>	<b>Details of Non-Compliance</b> <i>Details of Non-Compliance</i>	<b>Root cause</b> <i>(completed by the site)</i>	<b>Preventative and Corrective Actions</b> <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>	<b>Timescale</b> <i>(Immediate, 30, 60, 90,180,365)</i>	<b>Verification Method</b> <i>Desktop / Follow-Up [D/F]</i>	<b>Agreed by Management and Name of Responsible Person:</b> <i>Note if management agree to the non-compliance, and document name of responsible person</i>	<b>Verification Evidence and Comments</b> <i>Details on corrective action evidence</i>	<b>Status</b> <i>Open/Closed or comment</i>
NC 1 3. Safety and Hygienic Conditions-1	New	<p><b>Lack of exit sign.</b> During facility tour, auditor found that no exit sign was installed over one safety exit on the roof at the dormitory building.</p> <p>Remark: The facility had installed valid exit sign over that exit before the end of the audit.</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:	It is recommended that exit signs should be installed over the safety exits.	Immediately	Desktop	Yes. Ms. Xu Julin/ HR Manager		
NC 2 3. Safety and Hygienic Conditions-2	New	<p><b>Lack of emergency light.</b> During facility tour, auditor found that no emergency light was installed at one safety exit on the roof at the dormitory building.</p> <p>Remark:</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:	It is recommended that the facility should ensure emergency light installed at the above area as per	Immediately	Desktop	Yes. Ms. Xu Julin/ HR Manager		



		The facility had installed valid emergency light over that exit before the end of the audit.		legal requirement.					
NC 3 3. Safety and Hygienic Conditions-3	New	<b>Only copy of report of construction completion acceptance was provided.</b> During facility tour, auditor found that there were one 3-storey and one 4-storey building. However, the facility only provided the copy of the report of construction completion acceptance of these buildings for review.	<input type="checkbox"/> Training <input type="checkbox"/> Systems <input type="checkbox"/> Costs <input type="checkbox"/> lack of workers <input checked="" type="checkbox"/> Other – please give details: The original copy was kept by the local department.	It is recommended that the facility should provide the original copy of the report of construction completion acceptance of all building as per legal requirement.	90 days	Desktop	Yes. Ms. Xu Julin/ HR Manager		
NC 4 3. Safety and Hygienic Conditions-4	New	<b>Insufficient certificate or report/register for fire protection acceptance was provided.</b> During facility tour, auditor found that there were one 3-storey and one 4-storey building. However, the facility could not provide the certificate or report/register for fire protection acceptance for the 4/F of one 4-storey building for review.	<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:	It is recommended that the facility should obtain relevant certificate or report/register for fire protection acceptance as per legal requirement.	90 days	Desktop	Yes. Ms. Xu Julin/ HR Manager		
NC 5 3. Safety and Hygienic	New	<b>No training records / certificate of management skill for the principal in charge in the facility.</b> During document review, auditor found	<input checked="" type="checkbox"/> Training <input type="checkbox"/> Systems <input type="checkbox"/> Costs	It is recommended that the facility should ensure	90 days	Desktop	Yes. Ms. Xu Julin/ HR Manager		

Conditions-5		that the facility could not provide the training records / certificate of management skill of the principal in charge for review.	<input type="checkbox"/> lack of workers <input type="checkbox"/> Other – please give details:	the principal in charge obtain relevant training records / certificates according to legal requirements.					
NC 6 5. Living Wages and Benefits-1	New	<p><b>Insufficient social insurance participated.</b></p> <p>1) Through reviewing social insurance receipt of December 2019, auditor found there were total 53 direct employees and 5 contracting workers (security guards) in the facility, but only 43 direct employees had participated in basic endowment insurance and unemployment insurance; 51 direct employees had participated in basic medical insurance; 47 direct employees had participated in employment injury insurance and maternity insurance.</p> <p>2) There were 5 contracting workers (security guards) working in the facility, but no social insurance document was provided for review, hence, the social insurance status of 5 contracting workers</p>	<input type="checkbox"/> Training <input type="checkbox"/> Systems <input type="checkbox"/> Costs <input type="checkbox"/> lack of workers <input checked="" type="checkbox"/> Other – please give details: Some employees did not want to buy social insurance.	It is recommended that the facility should ensure all employees participate in social insurance according to the Law.	120 days	Desktop	Yes. Ms. Xu Julin/ HR Manager		

		(security guards) could not be verified.							
NC 7 6. Working hours-1	New	<b>Overtime hours exceeded the legal requirement.</b> Through document review, auditors found that the monthly overtime hours of 10 out of 10 employees were 48-101 hours in October 2019 (current month); the monthly overtime hours of 10 out of 10 employees were 56-112 hours in June 2019 (random month); the monthly overtime hours of 10 out of 10 employees were 56-118 hours in March 2019 (random month).	<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:	It is recommended that the facility should reduce the overtime hours to ensure it is within 3 hours per day and 36 hours per month.	60 days	Follow up	Yes. Ms. Xu Julin/ HR Manager		
NC 8 6. Working hours-2	New	<b>Total weekly hours exceeded the requirement of client.</b> Through document review, auditor found that total working hours per week of 3 out of 10 randomly selected employees were 66 hours per week in October 2019 (current month); 66 hours per week in June 2019 (random month); 66 hours per week in March 2019 (random month), which exceeded 60 hours.  Remark: All those 3 workers were contracting workers (security guards).	<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:	It is recommended that the facility should reduce working hours to ensure comply with the requirement of client.	60 days	Follow up	Yes. Ms. Xu Julin/ HR Manager		

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>
N/A	N/A	None observed	N/A	N/A

Good examples		
Good example Number <i>The reference number of the good example 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><b>Please sign this document confirming that the above findings have been discussed with and understood by you:</b> (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:	Ms. Xu Julin	Title HR Manager Date 16 <sup>th</sup> December 2019
B: Auditor Signature:	Vincent Yuan	Title Auditor Date 16 <sup>th</sup> December 2019
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:		
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.

**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-compliance. 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 visit: [Sedexglobal.com](http://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)**

[http://www.surveymonkey.com/s.aspx?sm=riPsbE0PQ52ehCo3lnq5lw\\_3d\\_3d](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)**

[http://www.surveymonkey.com/s.aspx?sm=d3vYsCe48fre69DRgIY\\_2brg\\_3d\\_3d](http://www.surveymonkey.com/s.aspx?sm=d3vYsCe48fre69DRgIY_2brg_3d_3d)

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