



SMETA Corrective Action Plan Report (CAPR)

Version 6.1



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Audit Details			
Sedex Company Reference: <i>(only available on Sedex System)</i>	ZC: 4280613	Sedex Site Reference: <i>(only available on Sedex System)</i>	ZS: 292090593
Business name (Company name):	AAK Zhangjiagang Ltd		
Site name:	AAK Zhangjiagang Ltd 阿胡斯卡尔斯油脂 (张家港) 有限公司		
Site address: <i>(Please include full address)</i>	No.550 East Changjiang Rd., Jingang Town, Zhangjiagang City, Jiangsu Province, China 215634 江苏省张家港市金港镇长江东路 550 号	Country:	China
Site contact and job title:	Parker Pan/Senior QAQC Manager		
Site phone:	13962261716	Site e-mail:	parker.pan@aak.com
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:	August 14, 2020		

Audit Company Name & Logo: SGS-CSTC Standards Technical Services Co., Ltd.	Report Owner (payee): AAK Zhangjiagang Ltd
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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: Gavin Jin (CSCA 21702009)

Team auditor: Nil

Interviewers: Gavin Jin (CSCA 21702009)

Report writer: Gavin Jin (CSCA 21702009)

Report reviewer: Snowy Liu

Date of declaration: August 14, 2020

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: NA Day 2 Time out:	Day 3 Time in: NA Day 3 Time out:
B: Number of auditor days used:	1.0 (One auditor in 1 day)		
C: Audit type:	<input type="checkbox"/> Full Initial <input type="checkbox"/> Periodic <input type="checkbox"/> Full Follow-up <input checked="" 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 Nil		
F: Any conflicting information SAQ/Pre-Audit Info to Audit findings?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes , please capture detail in appropriate audit by clause		
G: Who signed and agreed CAPR (Name and job title)	Mr. Steen Hansen / Site Director		
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:	May 28-29, 2020		
J: Previous audit type:	Periodic		
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 type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

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B: Present at the audit?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
C: Present at the closing meeting?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
D: If Worker Representatives were not present please explain reasons why <i>(only complete if no worker reps present)</i>	The audited factory did not establish Worker's Committee.		
E: If Union Representatives were not present please explain reasons why: <i>(only complete if no union reps present)</i>	N/A		

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 <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>
NC1 3: Working Conditions are Safe and Hygienic-1		Based on onsite observation, the oil warehouse covered an area of about 800 square meters, with three emergency exits in total, two of which were blocked by scaffolds. Two workers worked in the warehouse during the audit. Remark: During the audit period, the factory was expanding phase II, and the warehouse	<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 ensure all evacuation exits are not blocked.	30 days	Follow up	Mr. Steen Hansen / Site Director	1 st follow up audit on August 14,2020: Based on onsite observation, all emergency exits in the factory were kept unblocked. 根据现场审核，工厂所有紧急出口均保持通畅。	Closed

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		was under construction.							
NC 2 3: Working Conditions are Safe and Hygienic-2		Two argon gas cylinders in the receiving area of the raw material storage tank were not equipped with anti- dumping fixed devices.	<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 anti toppling over device for the gas cylinders.	30 days	Follow up	Mr. Steen Hansen / Site Director	1 st follow up audit on August 14,2020: Based on onsite observation, all gas cylinders in the factory were equipped with proper anti-dumping fixed devices. 根据现场审核，工厂所有气瓶均有安装适当防倾固定装置。	Closed
NC 3 3: Working Conditions are Safe and Hygienic-3		According to the document review, 23 annual inspection reports of pressure vessels expired in April 2020. The factory said they had completed the inspection, but had not yet received the inspection reports.	<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 ensure that the annual inspection report of pressure vessels are within the validity period.	60 days	Follow up	Mr. Steen Hansen / Site Director	1 st follow up audit on August 14,2020: Based on document review, the factory had obtained the inspection reports for pressure vessels on July 17, 2020, which were valid till to June 2023. 根据文件审核，工厂在2020年7月17日取得了压力容器的检验报告，有效期至2023年6月。	Closed

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<p>NC 4 3: Working Conditions are Safe and Hygienic-4</p>		<p>Based on onsite observation, there were about 20 workers in the factory for hot work (cutting and welding), and there was no full-time fire supervisor on site.</p> <p>The factory explained that the operators monitored each other during the operation.</p>	<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>	<p>The factory should implement the hot work site supervisor according to the legal requirements.</p>	<p>60 days</p>	<p>Follow up</p>	<p>Mr. Steen Hansen / Site Director</p>	<p>1st follow up audit on August 14,2020: Based on onsite observation and document review, the site hot work had go through the formalities for approval according to the factory's fire management system, and the onsite supervisors had been implemented too. 根据现场审核及文件审核，工厂现场动火作业均按照工厂的用火管理制度办理审批手续，并落实了现场监护人。</p>	<p>Closed</p>
<p>NC 5 3: Working Conditions are Safe and Hygienic-5</p>		<p>Based on onsite observation, one fire hydrant and two fire extinguishers in the oil tank area and the product packaging area respectively were blocked.</p>	<p><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:</p>	<p>Factory should make sure all fire-fighting facilities are easily accessible at any time.</p>	<p>30 days</p>	<p>Follow up</p>	<p>Mr. Steen Hansen / Site Director</p>	<p>1st follow up audit on August 14,2020: Based on onsite observation, all fire hydrants and fire extinguishers in the factory were kept unblocked and easily accessible.</p>	<p>Closed</p>

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								根据现场审核，工厂所有消防栓和灭火器均保持畅通易取得。	
NC 6 5: Living Wages are Paid-1		The overtime wages of 4 outsourced workers was not enough. Such as the basic wage of one worker was RMB3000 yuan / month. According to the legal requirement, the overtime wage should be paid as follows: RMB25.86 yuan / hour on working day, RMB 34.48/hour on rest day, and RMB 51.72/hour on statutory holidays. The actual overtime rate paid was: 20 yuan / hour for working days and rest days, 25 yuan / hour for statutory holidays. In addition, according to the document review and	<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 guide and train their outsourcing companies to pay enough overtime for workers.	60 days	Follow up	Mr. Steen Hansen / Site Director	1st follow up audit on August 14,2020: Based on the payroll and attendance records provided by the factory, all outsourced workers had been paid at a legal mandated rate for their overtime hours, respectively 150%, 200% and 300% of regular pay for overtime work on weekdays, rest days and statutory holidays respectively. Moreover, the outsourcing company reimbursed the overtime wages owed during the past 12 months for their employees on July 31 2020.	Closed

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		management interview, the outsourcing company only provided overtime pay for workers who worked more than 26 days per month. Remark: the factory indicated that they paid service fee to the outsourcing company according to the outsourcing contract requirements.						根据工厂提供的工资考勤记录及员工访谈，所有外包工人均有按照法规要求支付其加班费，分别为平时加班 150%工资、周末加班 200%工资和法定假日加班 300%工资。此外，外包公司将过去 12 个月期间所欠的加班费在 2020 年 7 月 31 日补发给了员工。	
NC 7 6: Working Hours are not Excessive - 1		According to the attendance provided by the factory, 4 of the 30 sampled workers (all of them were outsourcing workers) worked more than 72 hours a week, the maximum of which was 77 hours, from March 14 to March 20, 2020.	<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 guide and train their outsourcing companies to ensure workers' weekly working hours meet the requirement of ETI.	60 days	Follow up	Mr. Steen Hansen / Site Director	1 st follow up audit on August 14,2020: Based on the attendance records provided by the factory, the weekly working hours of all sampled workers (including outsourcing workers) were not exceed 60 hours, the maximum was 57 hours.	Closed

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								根据工厂提供的考勤记录, 所有抽样员工(包含外包工)的周工作时间不超过 60 小时, 最大为 57 小时。	
NC 8 6: Working Hours are not Excessive - 2		According to the attendance provided by the factory, 80% of the sampled worker' monthly overtime hours were more than 36 hours, and the maximum monthly overtime was 102 hours, which happened in June 2019. 50% of the sampled workers' daily overtime were more than 3 hours, and the maximum daily overtime was 6 hours, which happened on May 15, 2019.	<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 ensure the overtimes of workers be in accordance with the legal requirements.	60 days	Follow up	Mr. Steen Hansen / Site Director	1 st follow up audit on August 14,2020: Based on the attendance records provided by the factory, the overtime hours of all sampled workers (including outsourcing workers) were met with legal requirement, the maximum daily overtime was 3 hours, the maximum monthly overtime was 36 hours. 根据工厂提供的考勤记录, 所有抽样员工(包含外包工)的加班时间符合法规要求, 最大日加班 3 小时, 最大月加班 36 小时。	Closed

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<p>NC 9 6: Working Hours are not Excessive-3</p>		<p>According to the attendance provided by the factory, 4 of the 30 sampled workers (all of them were outsourcing workers) failed to take one day off every 7 days, and the maximum continuous working time was 107 days, which occurred from May 1 to August 15, 2019.</p>	<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>	<p>The factory should guide and train their outsourcing companies to ensure the workers have one day off per week.</p>	<p>60 days</p>	<p>Follow up</p>	<p>Mr. Steen Hansen / Site Director</p>	<p>1st follow up audit on August 14,2020: Based on the attendance records provided by the factory, all sampled workers (including outsourcing workers) had enjoyed 1 day off per 7 days. 根据工厂提供的考勤记录，所有抽样员工（包含外包工）均享有七休一。</p>	<p>Closed</p>
<p>Remark:</p>	<p>Due to the confidentiality requirements, all photos of production area were taken with factory's camera, and workers' wages were only allowed to view and photos were not allowed.</p>								

Corrective Action Plan – Observations

<p>Observation Number <i>The reference number of the observation from the Audit Report, for example, Discrimination No.7</i></p>	<p>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></p>	<p>Details of Observation <i>Details of Observation</i></p>	<p>Root cause <i>(completed by the site)</i></p>	<p>Any improvement actions discussed <i>(Not uploaded on to SEDEX)</i></p>
<p>Nil</p>				

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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
Nil		

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Confirmation

<p>Please sign this document confirming that the above findings have been discussed with and understood by you: (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:	Steen Hansen	Title Site Director Date August 14, 2020
B: Auditor Signature:	Gavin Jin	Title LA Date August 14, 2020
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.

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

[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

[Click here for Auditors:](https://www.surveymonkey.co.uk/r/BRTVCKP)

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