




SMETA Corrective Action Plan Report (CAPR)

Version 6.1



Audit Details			
Sedex Company Reference: <i>(only available on Sedex System)</i>	ZC: 421131183	Sedex Site Reference: <i>(only available on Sedex System)</i>	ZS: 421271094
Business name (Company name):	AE ATA (HK) LTD		
Site name:	AE ATA (HK) LTD 深圳艾艺艾迪艾科技有限公司		
Site address: <i>(Please include full address)</i>	303, 304, Building B, Shenzhen Qianwan Hard-Tech Industrial Park, Nanchang Community, Xixiang Sub-district, Bao'an District, Shenzhen City, Guangdong Province (Another site: 701, Building B, JianYu No. 1 Industrial Park, Chuangye Road, Nanchang Community, Xixiang Sub-district, Bao'an District, Shenzhen) 广东省深圳市宝安区西乡街道南昌社区深圳前海硬科技产业园 B 栋 303、304 (另在深圳市宝安区西乡街道南昌社区创业路健裕第一工业区 B 栋厂房 701 设有经营场所)	Country:	China
Site contact and job title:	Ms. Nicole Li / HR Manager		
Site phone:	+86 15219485080	Site e-mail:	nicole@autotestaid.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:	15-16 December 2022		

Audit Company Name & Logo:  TÜV Rheinland (TUEV Rheinland)	Report Owner (payer): AE ATA (HK) 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) Nil			

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): Alex Zhang

Lead auditor: Alex Zhang

Team auditor: Nil

Interviewers: Alex Zhang

Report writer: Alex Zhang

Report reviewer: Ina Zeng

Date of declaration: 16 December 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: 08:30 Day 1 Time out: 18:00	Day 1 Time in: 08:30 Day 1 Time out: 12:30	Day 3 Time in: N/A Day 3 Time out: N/A
B: Number of auditor days used:	One auditor in 1.5 days		
C: Audit type:	<input checked="" type="checkbox"/> Full Initial <input 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 Yes , please capture detail in appropriate audit by clause		
G: Who signed and agreed CAPR (Name and job title)	Ms. Nicole Li / 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:	N/A		
J: Previous audit type:	N/A		
K: Were any previous audits reviewed for this audit	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" 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 type="checkbox"/> No N/A

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 type="checkbox"/> No N/A
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 type="checkbox"/> No N/A
D: If Worker Representatives were not present please explain reasons why <i>(only complete if no worker reps present)</i>	One worker representative was present.		
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 the factory during the audit.		

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>
NC 1 Working Conditions are Safe and Hygienic ETI 3.1 Local Law	New	The factory did not provide building structural safety approval of the production building B for review. 工厂没有提供 B 栋厂房的竣工验收证明文件以供审核。	<input 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 obtain building structural safety approval for the production buildings. 建议工厂取得厂房的竣工验收证明文件。	30 Days	Desktop	Agreed. Ms. Nicole Li / HR Manager		
NC 2 Working Conditions are Safe and Hygienic ETI 3.1 Local Law	New	The factory did not conduct workplace occupational hazardous factors detection to supervise and control workplace's occupational health risk. 工厂没有进行工作场所职业病危害因素检测以监控作业场所职业病风险。	<input 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 conduct workplace occupational hazardous factors detection annual at least. 工厂应当至少每年进行一次工作场所职业病危害因素检测。	60 Days	Desktop	Agreed. Ms. Nicole Li / HR Manager		

<p>NC 3 Living Wages are Paid ETI 5.1 Local Law</p>	<p>New</p>	<p>According to social insurance purchasing records reviewed, the management and workers interview to confirm that, there were 49 employees in total in the factory, the factory purchased endowment insurance, unemployment insurance, work injury insurance, medical insurance and maternity insurance to 28 employees. The factory had provided group commercial injury insurance to all employees, which validated from 26 March 2022 to 25 March 2023. 根据社保购买记录查阅、管理层及员工访谈确认，工厂共有 49 名员工，工厂已为 28 名员工购买养老保险、失业保险、工伤保险、医疗保险及生育保险。工厂为所有员工购买了团体意外商业保险，有效期从 2022 年 3 月 26 日至 2023 年 3 月 25 日。</p>	<p><input 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>The factory should purchase social insurances for all employees. 工厂应当为全部员工购买社会保险。</p>	<p>60 Days</p>	<p>Follow up</p>	<p>Agreed. Ms. Nicole Li / HR Manager</p>		
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<p>NC 4 Working Hours are not Excessive ETI 6.1 Local Law</p>	<p>New</p>	<p>Based on the payrolls of workers from March 2022 to November 2022, and the attendance records provided by the factory, it was identified that about 80% workers had monthly worked over 36 overtime hours in last 9 months. The monthly overtime working hours of 10 sampled workers for the three sampled months as: the maximum monthly overtime working hours of 10 sampled workers on November 2022 (current month) were 76 hours. The maximum monthly overtime working hours of 10 sampled workers on March 2022 were 78 hours, and the maximum monthly overtime working hours of 10 sampled workers on July 2022 were 82 hours. 根据工厂提供的由 2022 年 3 月至 2022 年 11 月的工资表和考勤记录, 近 80% 的员工在过去 9 个月的月加班时间都超过 36 小时。抽样 10 名员工的 3 个抽样月份的月加班工时分别为: 抽样 10 名员工在 2022 年 11 月 (当前月份) 的最大月加</p>	<p><input 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>The factory should ensure the overtimes of workers be in accordance with the legal requirements. 工厂应当控制加班时间以符合法规要求。</p>	<p>60 Days</p>	<p>Follow up</p>	<p>Agreed. Ms. Nicole Li / HR Manager</p>		
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		班时间为 76 小时，在 2022 年 3 月的最大月加班时间为 78 小时，在 2022 年 7 月的最大月加班时间为 82 小时。							
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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>
Nil				

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		

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:	Ms. Nicole Li	Title: HR Manager Date: 16 December 2022
B: Auditor Signature:	Mr. Alex Zhang	Title: Lead Auditor Date: 16 December 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: <i>(If any entry in box D, please complete a signature on this line)</i>	Ms. Nicole Li	Title: HR Manager Date: 16 December 2022
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](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=d3vYsCe48fre6gDRglY_2brg_3d_3d)

http://www.surveymonkey.com/s.aspx?sm=d3vYsCe48fre6gDRglY_2brg_3d_3d

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

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