

# SMETA Corrective Action Plan Report (CAPR)

Version 7



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# Audit content

**(1)** A SMETA audit was conducted which included some or all of labour standards, health and safety, environment and business ethics. The SMETA minimum requirements were applied and the SMETA auditor manual was followed. 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.

The audit scope includes an assessment of the Workplace Requirements and the Management Systems Assessment against the code areas below.

## 2-pillar audits include:

- Labour standards:
  - 0. Enabling accurate assessment
  - 1. Employment is freely chosen
    - 1.A. Responsible recruitment and entitlement to work
  - 2. Freedom of association and right to collective bargaining are respected
  - 4. Child labour shall not be used
  - 5. Legal wages are paid
    - 5.A. Living wages are paid
  - 6. Working hours are not excessive
  - 7. No discrimination is practiced
  - 8. Regular employment is provided
    - 8.A. Sub-contracting and homeworkers are used responsibly
  - 9. No harsh or inhumane treatment is allowed
- Health and safety:
  - 3. Working conditions are safe and hygienic
- Environment:
  - 10.A. Environment 2-pillar

## 4-pillar audits include, in addition to the above:

- Environment:
  - 10.B. Environment 4-pillar
- Business ethics:
  - 10.C. Business ethics

**(2)** Where appropriate, non-compliances or non-conformances were raised where either local law or the base code were not met, and recorded as non-compliances on both the audit report, CAPR and on the Sedex Platform.

**(3)** Any non-conformance against customer code shall not be uploaded to Sedex, but sent directly to the customer in question.

# Audit details

## Site details

<b>Sedex site reference</b>	ZS1000054210	<b>Site name</b>	Yiwu City Magic Tree Gift Bag Co Ltd
<b>Business name</b>	Yiwu City Magic Tree Gift Bag Co Ltd.	<b>Site address</b>	3rd Floor, No. 19, Chang'e Road, Yiting Town, Yiwu City Jinhua City CN 322200

## Audit details

<b>Sedex company reference</b>	ZC5000046023	<b>Auditor company name</b>	Benchmarks Company Limited
<b>Audit company address</b>	Unit 9-11, 7/F., Block B, Proficient Industrial Centre,, 6 Wang Kwun Road, Kowloon Bay, Hong Kong, HK, -		
<b>Date of audit</b>	2025-11-20	<b>Audit conducted by</b>	Carrie Cui
<b>Audit pillars</b>	Labour Standards   Health and safety   Environment 4-Pillar   Business ethics		
<b>Time in and out</b>	Day 1	Day 2	
	In 09:00	In	09:00
	Out 17:00	Out	13:00
<b>Audit type</b>	Periodic		
<b>Was the audit announced?</b>	Semi announced		

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Was the Sedex SAQ available for review? Yes

Who signed and agreed CAPR? Ms. Wu Lanying / Manager

Any conflicting information SAQ/Pre-Audit Info No

Is further information available? No

## Audit attendance

	Senior management	Worker representative	Union representative
A: Present at the opening meeting?	Yes	Yes	No
B: Present at the audit?	Yes	Yes	No
C: Present at the closing meeting?	Yes	Yes	No
Reason for absence at the opening meeting	There was no Union in the factory.		
Reason for absence during the audit	There was no Union in the factory.		
Reason for absence at the closing meeting	There was no Union in the factory.		

# SMETA declaration

## Auditor team

### SMETA declaration

I declare that the audit underpinning the following report was conducted in accordance with SMETA Minimum Requirements and the SMETA Auditor Manual.

1. Where appropriate non-compliances/ non-conformances were raised against the Base Code and local law and recorded as non-compliances/ non-conformances on both the audit report, CAPR and on the Sedex Platform.
2. Any non-conformance against customer code alone shall not be uploaded to Sedex, and will be shared directly with the customer in question.

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.

### Any exceptions to the SMETA Methodology must be recorded here (e.g. different sample size)

The semi-announced audit window was 4 Weeks(From Oct 27 to Nov 24, 2025).

### Lead auditor

Carrie Cui

### APSCA Number

32200665

### Additional auditor

### Date of declaration

2025-11-21

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## Site representation

<b>Declaration</b>	I acknowledge that details from this report can change during the review process and that I will be given the opportunity to dispute the content once the review has been published.
<b>Full name</b>	Ms. Wu Lanying
<b>Title</b>	Manager
<b>Date of declaration</b>	2025-11-21

## Summary of findings

Code area	Workplace requirement	Area of NC	Finding
3. Working conditions are safe and hygienic	3.H Where identified as necessary to reduce r...	Local law Base code	NC <a href="#">ZAF601186710</a>
	3.R Provide clean and secure toilets, wash ar...	Local law Base code	NC <a href="#">ZAF601186709</a>
5. Legal wages are paid	5.B Ensure that workers receive the insurance...	Local law Base code	NC <a href="#">ZAF601186707</a>
6. Working hours are not excessive	6.F Ensure that where overtime is used, it is...	Local law Base code	NC <a href="#">ZAF601186708</a>

# Findings: non-compliances

ZAF601186710

Non-compliance

Due 2024-12-28

## Code area

3 Working conditions are safe and hygienic

## Status

Closed (2025-11-21)\*

## Workplace requirement

3.H Where identified as necessary to reduce residual risk, provide (without charge to workers) and ensure the use of appropriate personal protective equipment (PPE).

## Time given to resolve

30 days

## Issue title

277 - Workers are not issued with Personal Protective Equipment, or it is not appropriate to the risk - isolated

## Verification method

Desktop audit

## Description

Based on onsite observation, workers were using PPE during operation.

## Area of non-compliance/non-conformance

Local law

Base code

## Description (carried over)

An on-site audit found that one employee operating the bag folding machine was not wearing protective earplugs.现场审核发现，1名操作折袋机的员工未佩戴防护耳塞。

## Corrective and preventative actions

NA

## Corrective and preventative actions (carried over)

The factory should provide and supervise all employees to wear correct labor protection equipment.工厂应提供并监督所有员工佩戴正确的劳保用品。

## Local law reference

Production Safety Law of the People's Republic of China (2014 Amendment), Article 42 A business entity must provide labor protection articles that meet the national standards or industrial standards to the employees, supervise and educate employees to wear and use these articles according to the prescribed rules.

## Evidence

[workers with PPE.jpg](#)

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\* PDF generated at 13:33 (UTC) on 26 Nov 2025. [View this finding on the Sedex platform](#) for live updates and closure details.

ZAF601186709

Non-compliance

Due 2025-01-27

**Code area**

3 Working conditions are safe and hygienic

**Status**

Open\*

**Workplace requirement**

3.R Provide clean and secure toilets, wash areas, and worker changing facilities, with adequate hygiene supplies separated by gender or with effective privacy. Ensure potable water is easily accessible by workers and, where appropriate, clean storage facilities for food and personal belongings.

**Time given to resolve**

60 days

**Verification method**

Desktop audit

**Issue title**

327 - Storage of goods not in line with legal requirements (e.g. too high)

**Area of non-compliance/non-conformance**

Local law

**Description**

The on-site audit found that the gap between the finished products and the wall of the finished products warehouse was 0 meters, less than the 0.5 meters stipulated by local law.现场审核发现，成品仓库的成品和墙体的间隙为0米，小于当地法律规定的0.5米。

Base code

**Description (carried over)**

The on-site audit found that the gap between the finished products and the wall of the finished products warehouse was 0 meters, less than the 0.5 meters stipulated by local law.现场审核发现，成品仓库的成品和墙体的间隙为0米，小于当地法律规定的0.5米。

**Corrective and preventative actions**

It is recommended that the factory management should adopt practices and controls to ensure that width of gap between materials and walls are in accordance with the local law. 建议工厂管理层应该采取措施和控制措施，确保材料与墙体之间的间隙宽度符合当地法律。

**Corrective and preventative actions (carried over)**

It is recommended that the factory management should adopt practices and controls to ensure that width of gap between materials and walls are in accordance with the local law. 建议工厂管理层应该采取措施和控制措施，确保材料与墙体之间的间隙宽度符合当地法律。

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### Local law reference

In accordance with Article 18 of Rules for Storage Fire Prevention Safety Management: The goods in storage should be classified for storage. The area occupied by any single stack shall preferably not be greater than 100 square meters. Space shall be at least 1 meter between stacks; Space shall be at least 0.5 meter between stacks and the wall; Space shall be at least 0.3 meter between stacks and beams or posts. The width of main passages shall be at least 2 meters.

### Evidence

[goods against wall.jpg](#)

\* PDF generated at 13:33 (UTC) on 26 Nov 2025. [View this finding on the Sedex platform](#) for live updates and closure details.

ZAF601186707

Non-compliance

Due 2025-01-27

### Code area

5 Legal wages are paid

### Status

Open\*

### Workplace requirement

5.B Ensure that workers receive the insurances and benefits (including leave entitlements) they are legally or contractually entitled to.

### Time given to resolve

60 days

### Issue title

423 - Compulsory insurance (e.g. social insurance, accident insurance etc.) not paid - systemic

### Verification method

Follow up audit

### Description

The factory did not pay social insurances for all employees.

Based on document review, the factory had a total of 48 employees, 9 employees over retirement age. 5 out of 39 employees participated in social insurance (13%).

工厂没有为所有员工缴纳社会保险。经文件审核，工厂共有员工48名，包括9名已到退休年龄员工。工厂只为5名员工缴纳了社保（13%）。

### Area of non-compliance/non-conformance

Local law

Base code

### Description (carried over)

The factory did not pay social insurances for all employees.

Based on document review, the factory had a total of 49 employees, 49 out of 43 employees had not participated in social insurance. The factory paid commercial accident insurance for the other workers.

工厂没有为所有员工缴纳社会保险。经文件审核，工厂共有员工49名。49名员工中有43人没有参加社会保险。工厂为剩下的员工缴纳商业意外保险。

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### Corrective and preventative actions

It is recommended that the factory should provide social insurance to employees as per local social insurance administrative department requirement, and the records should be kept. 建议工厂应为所有员工提供社会保险并保留缴费证明。

### Corrective and preventative actions (carried over)

It is recommended that the factory should provide social insurance to employees as per local social insurance administrative department requirement, and the records should be kept. 建议工厂应为所有员工提供社会保险并保留缴费证明。

### Local law reference

In accordance with the Social Insurance Law of the People's Republic of China, Article 10 Employees shall participate in the basic endowment insurance, and the basic endowment insurance premiums shall be jointly paid by employers and employees. Article 23 Employees shall participate in the basic medical insurance for employees, and the basic medical insurance premiums shall be jointly paid by employers and employees in accordance with the relevant provisions of the state. Article 33 Employees shall participate in the employment injury insurance, and the employment injury insurance premiums shall be paid by their employers rather than the employees. Article 44 Employees shall participate in unemployment insurance, and the unemployment insurance premiums shall be jointly paid by employers and employees in accordance with the relevant provisions of the state. Article 53 Employees shall participate in maternity insurance, and the maternity insurance premiums shall be paid by employers rather than employees in accordance with the relevant provisions of the state.

### Evidence

[social insurance evidence.jpg](#)

\* PDF generated at 13:33 (UTC) on 26 Nov 2025. [View this finding on the Sedex platform](#) for live updates and closure details.

**ZAF601186708**

**Non-compliance**

Due 2025-01-27

### Code area

6 Working hours are not excessive

### Status

Open\*

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**Workplace requirement**

6.F Ensure that where overtime is used, it is in order to manage changes in demand or in exceptional circumstances and not used to replace regular employment.

**Time given to resolve**

60 days

**Issue title**

480 - Overtime is not used responsibly (i.e. extent, frequency and level of hours worked by individual workers and/or whole workforce are excessive)

**Verification method**

Follow up audit

**Area of non-compliance/non-conformance**

Local law

Base code

**Description**

Overtime hours exceeded the legal requirement. According to the factory's attendance record from Oct 1, 2024 to the day of the audit, auditor found that 10 randomly selected employees monthly overtime hours was 58h in Dec 2024(Random month); monthly overtime hours was 64h in Aug 2025 (Random month); monthly overtime hours was 58h in Sep 2025 (Most current month).

加班时间超过法规要求。根据工厂提供的2024年10月1号到审核当天的考勤记录，审核员发现在10名随机抽取的员工考勤中2024年12月份（随机月）的月加班时间为58小时；2025年8月份（随机月）的月加班时间为64小时；2025年9月份（当前月）的月加班时间为58小时。

**Description (carried over)**

Overtime in excess of statutory requirements. Based on the attendance records provided by the factory from October 1, 2023 to the day of the audit, the auditor found that in the attendance drawn for September 2024 (current month), 10 of the 10 randomly selected employees were working 46 hours of overtime per month; In the attendance of March 2024 (random month), 26 of 26 randomly selected employees had 56 overtime hours per month; In the November 2023 (random month) attendance, 26 of 26 randomly selected employees had 46 hours of overtime per month.加班时间超过法规要求。根据工厂提供的2023年10月1日到审核当天的考勤记录，审核员发现在抽取的2024年9月份（当前月）的考勤中，10名随机抽取的员工中有10人的月加班时间为46小时；2024年3月份（随机月）的考勤中，26名随机抽取的员工中26人的月加班时间为56小时；2023年11月份（随机月）的考勤中，26名随机抽取的员工中26人的月加班时间为46小时。

**Corrective and preventative actions**

It is recommended that the facility should reduce the overtime hours to ensure it is within 36 hours per month.

建议企业应减少员工的加班时间确保每月的加班时间不超过36小时。

**Corrective and preventative actions (carried over)**

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.

建议企业应减少员工的加班时间确保每天的加班时间不超过3小时，每月的加班时间不超过36小时。

### Local law reference

In accordance with the PRC Labour Law article 41 The employing unit may extend working hours due to the requirements of its production or business after consultation with the trade union and labourers, but the extended working hour for a day shall generally not exceed one hour; if such extension is called for due to special reasons, the extended hours shall not exceed three hours a day under the condition that the health of labourers is guaranteed. However, the total extension in a month shall not exceed thirty-six hours.

### Evidence

[monthly OT exceed 36h.jpg](#)

\* PDF generated at 13:33 (UTC) on 26 Nov 2025. [View this finding on the Sedex platform](#) for live updates and closure details.

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# Management systems

	Policies and procedures	Resources	Communication and training	Monitoring
1. Employment is freely chosen				
1.A. Responsible recruitment and entitlement to work				
2. Freedom of association and right to collective bargaining are respected				
3. Working conditions are safe and hygienic				
4. Child labour shall not be used				
5. Legal wages are paid				
6. Working hours are not excessive				
7. No discrimination is practiced				
8. Regular employment is provided				

Not addressed

Fundamental improvements required

Some improvements recommended

Robust management systems

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	Policies and procedures	Resources	Communication and training	Monitoring
8.A. Sub-contracting and homeworkers are used responsibly				
9. No harsh or inhumane treatment is allowed				
10.A. Environment 2-Pillar				
10.C. Business ethics				

 Not addressed

 Fundamental improvements required

 Some improvements recommended

 Robust management systems

## Guidance

The Corrective Action Plan Report (CAPR) 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/ non-conformances.

Good practice examples should be pointed out at the closing meeting as well as discussing non-compliances/ non-conformances (NCs) and corrective actions, Collaborative Action Required (CAR) findings and the Management Systems Assessment (MSA).

### Next steps:

1. The site shall request, via Sedex, that the audit body upload the audit report, NCs, CARs, MSA and good examples. If you have not already received instructions on how to do this then please visit the [Sedex members' e-learning platform](#).
2. Sites shall action its NCs and document its progress via Sedex.
3. Once the site has effectively progressed through its actions then it shall request that the audit body verify its actions. Please visit [Sedex members' e-learning platform](#) for information on how to do this.
4. The audit body shall verify corrective actions taken by the site by either a desktop review process via the Sedex platform or by follow-up audit.
5. Some NCs that cannot be closed off by desktop review may need to be closed off via a 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 NC. Any follow-up audit must take place within twelve months of the previous initial/periodic audit and the information from the previous 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).
7. The site shall develop and share with Sedex an action plan to work on CAR findings, and take actions to work on these areas as identified.
8. The site should use the MSA gradings to help to improve internal systems, focusing where their systems are weakest and the risks of harm are highest. These actions should better prepare them for future audits and help sustain compliance.

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## Management Systems Assessment (MSA)

A management system is defined as a comprehensive framework comprising of processes, policies, procedures, and tools that are strategically designed and implemented within a business to plan, organise, execute, monitor, and continuously improve its activities. Management systems are the systems that underpin how a company runs its day-to-day operations, makes decisions, and helps avoid the recurrence of common problems.

Where management systems are weak a site is at higher risk of non-compliance over time, the SMETA MSA can help sites to proactively reduce the likelihood of risks occurring. Sites should take actions commensurate with their size and resources, focusing on where their systems are weakest and the likelihood of risks is highest, based on their sector, location and workforce profile.

The MSA Grades do not result in NCs, and will not be re-assessed in follow-up audits.

For more information on management systems please refer to the Management Systems workbooks.

## Collaborative Action Required

The SMETA Workplace Requirements identify certain specific issues where a site may not meet the base code, but the usual mechanisms of NC verification and closure are not appropriate, for some or all of the following reasons;

- The audited party does not have the capacity/ responsibility to close the issue without support from other relevant stakeholders, such as commercial partners/buyers.
- Remediation of the issue requires an indeterminate and possibly extended timeframe, rather than a predetermined deadline as set within the Sedex platform.
- There is a risk of adverse consequences if closure of a particular issue is not approached with due consideration and time provided for adequate risk assessment.
- Evidencing effective remediation is complex and it is outside the capacity of existing SMETA methodology to validate through evidence provided during an onsite assessment alone.

These specific WRs have a Collaborative Action Required (CAR) finding raised against them.

Collaborative Action Required findings require a different way of working from other NCs for buyer and supplier members. The activities required to close these issues may involve actions from both buyers and suppliers, as well as additional stakeholders such as third-party labour providers, impacted workers, local NGOs, and trade unions.

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Due to the complexity of the issues and the spectrum of potential stakeholders that may need to act, CARs may need long-term closure plans, potentially spanning multiple years. To facilitate a longer-term approach and to reduce the likelihood of undue pressure on suppliers to close issues that may be out of their control, Sedex does not prescribe a closure date nor a verification methodology for these findings. Sedex encourages all its members to work collaboratively and responsibly on these issue areas, sharing responsibilities and actions as appropriate.

When developing a methodology to prioritise action on these more complex areas, Sedex recommends following a due diligence process and prioritising activities based on the most salient risks.

#### **For Suppliers**

Where CARs are raised suppliers should create an action plan for how they are going to address these areas. Sedex also recommends suppliers reach out to their buying partners to understand their expectations on these issues and start a constructive dialogue. The action plans can be uploaded on to the Sedex platform, which will change the status of the CAR finding from “open” to “in progress”. Management and assessment of action plans is encouraged as an activity between linked buyer and supplier members.

#### **For Buyers**

Where CARs are raised buyer members should prioritise resolution of these issues based on a salient risk approach. Buyers should assess their own roles and responsibilities in the closure of these findings, especially considering any increased financial costs and how these may relate to the buyers own purchasing practices. Buyers should work with suppliers to ensure that closure plans are realistic, taking a long-term approach to improvement where it is necessary, and working with multi-stakeholder initiatives, NGOs, Trade Unions and other third parties to address these issues, which may be widespread. In the interests of enabling transparency, collaboration and long-term effective remediation, the application of commercial penalty against suppliers where these issues are identified and action plans are in place is not encouraged.

#### **For Auditors**

Auditors will assess whether the CARs are met through the SMETA audit process and raise the findings where relevant. Auditors will not assess the action plans shared or provide guidance on closure methodology, due to the limitations of assessing scope and responsibilities through a supplier site assessment alone. CAR findings will be superseded and closed in periodic audits. The auditor will assess the Workplace Requirements anew and raise a CAR in following audits until there is no longer a finding to raise.



For more information visit <https://www.sedex.com>

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